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TO THE 'NIGHTMARE'

● Margaret Thatcher caused consternation last week with her attack on the 'Utopian' dream of a United States of Europe. BRIAN MOYNAHAN, DAVID HUGHES and JON CONNELL report on the aftermath, why her speech was less negative than it seemed and how in the final analysis it may do the community some good

IT WAS not until Margaret Thatcher was in Spain that she commented on the broken dreams of a united Europe she had trailed behind her as she stormed through Bruges and Luxembourg last week.

On Friday, after her final meeting with Felipe Gonzalez, the Spanish prime minister, she was asked if she would win her arguments over 1992 and the nature of the European Community. Her reply was an immediate and unadorned "yes".

The initial reaction on the Continent was that Thatcher, who had compared herself to Genghis Khan, was indulging in some cheap Euro-bashing in order to win votes at home. She would eventually be forced into line, it was claimed.

By the end of the week, however, it was emerging that Thatcher's offensive had been well prepared and well targeted.

A MOUNTAIN of "Eurofudge" surrounds 1992, and there has been grudging acceptance that Thatcher may have done the community a favour by concentrating minds on it.

The Single European Act, passed in December 1985 by the parliaments of all 12 EC member countries, including Britain's, lays down the ground rules. It commits the nations to create an "area without frontiers" in which the "free movement of goods, persons, services and capital is ensured".

Although Thatcher approves of the free flow of capital and services, she is adamant that this should not be accompanied by the scrapping of all border controls between the EC countries and the harmonization of Vat and excise duties.

She is particularly alarmed by the vision of Jacques Delors, the European Commission's president, who would like to see an "embryo European government" and a "social Europe" in which workers would have the right to seats on company boards, and to prior consultation on decisions affecting their future. She also vehemently dislikes the idea of a central European bank which, like much of Delors's vision, smacks to her of a Brussels "superstate".

But her offensive last week was not, as some accounts suggested, just the upshot of a fit of pique.

LAST June in Hanover, the EC countries finally endorsed a budget agreement ending the apparently interminable squabbling over agricultural spending. It meant that the drive towards the single market in 1992 could, and would, move centre stage.

Thatcher's initial instinct was to hold fire. She was not happy with all aspects of the Single European Act, but felt there would be little prospect of progress until the beginning of next year when Spain takes over the community presidency from Greece. The intention was for Britain to make its first serious assessment of the single market at the Madrid summit in June.

But the eagerness of the European commission, and of its president, Delors, to preach the gospel of union, led to a shift in Thatcher's timetable. Delors's untrammelled federalism convinced Thatcher she had to move quickly to put the brakes on.

Last July, in a pep-talk to the 1922 Committee of Tory backbenchers, she set about the community bureaucracy with vigour, surprising her audience with the harshness of her attack. Practical policies for co-operation and fewer regulations were the way forward, she told her MPs.

The next day, Lord Cockfield, the European commissioner primarily responsible for the Single European Act, was told he would not be serving a second term.

With Thatcher convinced he had "gone native" and become part of the "Utopian" tendency, his popularity in Downing Street had plummeted. Instead she appointed Leon Brittan, her former trade and industry secretary, to replace Cockfield in January.

Any remaining doubt in Thatcher's mind about moving on to an offensive footing disappeared when, at the TUC conference earlier this month, Delors repeated his claim that within a decade 80% of the community's economic and social decision-making would be made in Brussels..

In an interview on the Jimmy Young programme on BBC radio, Thatcher had already complained that Delors had gone "over the top" and that his ideas of political and economic union were "airy fairy" and "absurd".

Then her official diary provided the perfect opportunity for a more measured response. She had been asked to inaugurate the 1988-89 academic session of the College of Europe in Bruges, where 200 students enjoy the attentions of 52 professors as they prepare for careers in the Brussels bureaucracy.

Professor Jerzy Lukaszewski, the college rector, opened the speeches last week, talking grandiloquently about the need to create a "United States of Europe" and to "rewrite history from the European point of view".

It was hardly music to Thatcher's ears, and after hearing him she crisply delivered her own view of the EC's future. What she said was not in her original text: "Utopia never comes because we know we should not like it if it did."

The tone of the speech may have been personal,

Dropped: Lord Cockfield is no longer favoured by Thatcher

Outspoken: Thatcher's speech has provoked a rigorous debate about the future role of the EC

but the thrust of it was not. According to one of her advisers, the speech was cleared beforehand by at least four senior ministers: Nigel Lawson, the chancellor; Sir Geoffrey Howe, the foreign secretary; Lord Young, the trade and industry secretary; and John MacGregor, the agriculture minister.

"This was not Boudicca in her chariot cutting them all up with her chariot wheels. They were all in the chariot with her. They all think this stuff is right."

FOREIGN ministers throughout the community reacted with varying degrees of frustration and anger. Tory Euro MPs were shaken by her toughness. The Labour party accused her of "foghorn diplomacy". Officials at the European parliament in Strasbourg said it was all being done for domestic political consumption.

Thatcher was unabashed. "I am very pleased with the reaction to the speech," she told a press conference. "It is making people think."

Although none has said so publicly, there *are* senior European politicians who share some, if not all, of Thatcher's reservations. "She makes you think: does she believe in Europe?" mused a top French official. But he added, she was "quite right to denounce Brussels bureaucracy. There's too much of it".

The European superstate, he went on, was as much an anathema to the Elysée Palace as it was to Downing Street. "There should be no fusion of identity. She has the same vision as de Gaulle. That's not just Gaullist, either, it's French."

Thatcher accepts that many criticisms of this "fusion of identity" are obvious and are shared by others.

The commission insists, for example, that border controls should be totally scrapped; Thatcher argues that their continuation is a "matter of plain common sense".

She believes that it is not only Britain which faces a terrorist threat. France and Spain do, too. "Is it reasonable to give drug traffickers, terrorists and crooks of all sorts the superb gift of suppressing identity controls at borders?" was one question heard in Paris last week.

Similarly, her opposition to harmonizing Vat rates within the community finds a sympathetic echo in other European capitals.

Lord Cockfield proposes setting two broad bands of Vat, within which countries can set an exact rate: 4-9% would be levied on basic necessities like food, fuel for heat and light, passenger transport and newspapers. Everything else would attract a rate between 14% and 20%. Excise duties would be set at the average of existing rates, with tobacco duty raised for health reasons.

Britain would get off relatively lightly, as the tax on some items, such as alcohol, would be reduced, offsetting the Vat. But Thatcher is pledged to put no Vat on food, fuel and children's clothing and shoes. Lawson, her chancellor, argues there is simply no need for Brussels to issue a *diktat*. His view is that once 1992 arrives, market forces will oblige governments to set competitive Vat rates.

Delors's suggestion that the bulk of economic and financial decisions would be made in Brussels, and his dream of a "social Europe" have clearly disturbed other leaders apart from Thatcher.

Thatcher insists that Europe's future lies in "willing and active co-operation between independent sovereign states". She sees Delors's social ideas as a Trojan horse for the reintroduction of "collectivism and corporatism" into Britain.

Instead of dreaming about Utopia, Europeans, in her view, should spend more time worrying about the growth of Brussels bureaucracy and contemplating the realities of the North Atlantic alliance and the outside world.

Some countries are obviously less keen on the notion of a "United States of Europe" than others. As one British official, deeply involved in community politics, commented after Thatcher's speech: "The things she said would be accepted by most Frenchmen, all Danes, most Greeks I think, more than half of Spain and all Portugal."

The list is significant for the countries it leaves out, such as Belgium and Italy. Both these countries, seemingly incapable of electing strong governments of their own, seem attracted by the idea of a federal European government which will make the tough decisions their instability precludes them from taking.

In Italy, in particular, the difficulties of getting controversial legislation through the national parliament in Rome are so formidable that there are obvious attractions, as one observer put it, in getting "a community label" on unpopular measures.

West Germany is more equivocal, though many West Germans are taken with the idea of a federal Europe. The hope among right-wing politicians in Bonn is that 1992 will tie West Germany even more firmly into the West, and make the lure of reunification with East Germany easier to resist.

Although Delors's dream currently appears to be a long way from becoming reality, there was one important question after Thatcher's European travels: is she justified in believing that she will win her arguments about 1992?

THE SHOCKWAVES from Thatcher's speech will no doubt continue to reverberate and, if it does not set the agenda for future discussion of 1992, it will certainly have an affect upon it.

Although Lord Cockfield insists that the Single European Act is "not a scrap of paper" but an important piece of community legislation binding all governments, most of the real arguments have only just begun.

For example, the battle over what Eurocrats call "the monetaries" (a putative European central bank and a common currency) promises to be especially difficult and hard fought.

But despite last week's headlines, Thatcher's utterances indicated that she now takes the community very seriously and recognizes that Britain's future is inextricably bound up in it.

Indeed, had her speech been delivered in the early 1970s, it "would have sounded visionary", as The Economist said yesterday.

It is a measure of the extent to which times have changed that the overall impression she left was negative not positive.

Many believe that on a number of issues Britain will eventually have to compromise, but Thatcher, by staking out her position as clearly and firmly as she did, did the community no harm whatsoever last week.

One British official said: "It took her five years to sort out the British budgetary problem and four years to sort out the common agricultural policy. Now she has brought home to everybody in the European Community serious questions that they must address. She is making them face up to the logic of their rhetoric."

Mantle of de Gaulle, page B2

Comparison with de Gaulle not an insult, says Thatcher

By Simon Heffer in Luxembourg

N UNREPENTANT Mrs Thatcher yesterday continued what as been interpreted eading EEC politici ands off Britain.

In Luxembourg on t she remained in unco caused in European abridged version of th centralised European

Attacked: Delors's European vision worries Britain's ministers

Gaullist jibes fly thick and fast

IT WAS La Stampa, the Italian daily, which came up with the rudest headline about Margaret Thatcher's comments about a united Europe last week.

"Elephant in the China Shop of Europe", the paper declared, above a highly critical assessment of Thatcher's speech to the College of Europe in Bruges.

La Stampa's tone found plenty of echoes.

In the opinion of Holland's De Volkskrant, Thatcher "caused more damage during her European trip than the Hurricane Gilbert did to Jamaica".

But press comment in Europe was by no means uniformly critical. While one Dutch newspaper commented that Thatcher "only wants to go along with the EC if it's profitable" and called her attitude "inconsequent", another gave prominence on its front page to a piece saying that she had put her finger on the "sore spot" of fundamental differences which have lacerated the EC for the past few months.

At least one Dutch foreign ministry spokesman seemed to support this view. He was reported as saying Thatcher's speech had signalled the start of "an interesting debate about the long-term future of Europe".

Perhaps the most balanced commentary appeared in France's authoritative national daily, Le Monde.

In a front page editorial, the paper gave Thatcher some qualified support.

"The Bruges speech," it declared, "takes the form of a warning – those few years that separate us from the single market of 1992 will be difficult, laborious and marked by conflicts between the 12. The debate has just begun. It is imperative that it continues."

Liberation, the left-of-centre French daily, was less enthusiastic, but it could not, and did not, deny that Thatcher had triggered a fundamental debate.

"At the moment when most of the members of the European community, caught up in a whirling enthusiasm for 1992, are asking themselves what is the best way to realize the 'United States of Europe' so dear to Winston Churchill, Margaret Thatcher lands on the Continent, more Gaullist than ever, refuting the idea of a 'European superstate' and claiming simple co-operation between sovereign states.

'Thatcher has rediscovered Gaullism as a means of defending her vision of the free enterprise society'

"She is doing everything to deflect Europe from the course it seems to want to follow today."

Predictably, the spectre of de Gaulle was invoked in several anti-Thatcher pieces, and even a few in favour. In particular the Belgians – who, like the Italians, are enthusiastic Europeans – took every opportunity to compare her with the most nationalistic of all European leaders.

The day after the Bruges speech the headline in La Libre Belgique, a right-wing Catholic daily, ran: "Margaret Thatcher plays at being de Gaulle." The conservative Flemish newspaper, De Standaard, echoed with "Thatcher sticks to a Gaullist credo".

Meanwhile, her stand was described by Le Soir as "a strategy to defend the ultra-liberal policies she has followed over the last 10 years in the United Kingdom". It continued that "Mrs Thatcher has rediscovered Gaullism as a means of defending not nationalism but her particular vision of the free enterprise society."

It was left to a Spanish columnist to make the most comprehensive attempt to sum up Thatcher in the context of the Single European Act.

She was a mixture, he said, of "Joan of Arc, Lady Macbeth, Charles de Gaulle, an aunt of mine from the provinces and Winston Churchill".

Another Spanish newspaper, El Pais, reminded its readers that Thatcher had been the first western leader to come vigorously to the defence of Spanish democracy at the time of the attempted coup in Spain in 1981.

Her behaviour, said the paper, perfectly illustrated her personality. She was strong in everything, particularly in her democratic convictions.