

R. A. Minister
CBO
16/5.

PRIME MINISTER

DAILY MAIL INTERVIEW

This note brings you up to date on your interview tomorrow (9.30-10.30am) with Sir David English, Editor of the Daily Mail, who will be accompanied by Gordon Greig. I will support you. COI will record.

Background

The interview was arranged some months ago as an EC occasion and this is what at least 75% of it will be about. But what I cannot rule out, given David English's abiding interest in politics, are other questions on such current issues as:

- NHS
- poverty (on which you will want to support John Moore's speech attacking the concept of poverty put forward by pressure groups)
- SNF/INF/NATO summit

You do not need briefing on these matters, and in any case you should concentrate on the EC. But Charles has done you a note on Hong Kong immigration since David English is hoping to ask you about that, too: he wants to make sure we get our share of Hong Kong emigrant talent.

EC

I will not seek to duplicate Charles' briefing but I would like to set out for you my experience of briefing journalists on the EC.

First, the UK - and yourself - have a presentational problem. We appear negative, even hostile, to the EC 16 years after joining it. The entire approach of the media in my briefings is that we are unreliable members of the club.

This stems very largely from the stance you have had to adopt over the last 10 years in order to get:

- i) the excessive British contribution reduced;
- ii) the EC Budget brought under control and CAP spending curbed;
- iii) the single internal market pushed ahead.

I try to turn all this to advantage - viz:

The EC is forging ahead because of your dogged determination to remove the British grievance, curb spending, get agricultural production under control and to drive forward the completion of the single internal market.

Without an economically resurgent, enterprising Britain and a clear British concept of what practically the EC needs to do to forge ahead the EC would still be floundering around in pious waffle.

Britain is neither anti-EC nor slow-speed EC. It is the driving force behind practical steps to develop a successful EC.

And its success is manifest in the enormous interest which the EC now excites world-wide. What is more, you are instrumental across the world in enhancing the world's view of the EC by staking your reputation on its being an anti-protectionist, open Europe, not fortress Europe. Who else in the EC could carry that message to the world and be believed?

Now it is alright my saying this. But I need you to say it for it to have effect. Please say it tomorrow.

Second, sovereignty. I often feel that whatever conviction I have carried so far, I suffer from the media's impression that you are obsessed by sovereignty and a little Englander.

So I argue as follows:

- i) the fact is that when we joined the Community we agreed to abide by the rules and that those rules inevitably circumscribe sovereignty
- ii) so, too, does the single European Act

Consequently, the preservation of sovereignty is not the issue. The real issue is the extent to which the European Community should exercise control over ordinary life in member States. This is not a new issue. It has been the concern of Departments over the last 16 years of membership since bureaucracies do try to extend their sway, if for no more sinister reason than tidy-mindedness.

Third, co-operation. whatever further conviction I carry with my remarks above on sovereignty, the media then say: Ah yes, but ... you won't even co-operate on ERM, greater economic co-operation, tax harmonisation etc.

This then brings us to the heart of the debate - but a debate which cannot really be joined without the background to your own immense contribution to the EC - see the first point above. Hence your need to put it over tomorrow.

Where I try to end up in this argument with the media - and where I suggest you try to end up tomorrow is:

- you will not give second best to anyone in your commitment to Europe or greater co-operation in Europe
- nor will you give second best to anyone in the extent to which you have facilitated and driven forward the development of the EC
- and you will not give second best to anyone in having a vision of Europe:
 - a free enterprise, minimum-control, non-protectionist, outward-looking Europe building its strength on the power of a single internal market

- a Europe rich in the diversity of its peoples and in its degree of willing co-operation on the great political issues of the world and in its negotiations to free up world trade; a force for freedom, democracy and free trade in the world
- a Europe in which bureaucratic interference in the lives of individuals by Brussels is minimised and permitted only to the extent required by the effective operation of the single internal market; the huge USA/Canada common market requires neither currency nor tax harmonisation nor a central bank
- in short, a non-socialist, non corporatist Europe in direct contrast to the Labour Party whose remarkable conversion to the EC is based upon a belief that it can secure through Brussels the socialist, corporatist society which caused such devastation to Britain in the 1960s and 1970s.
- In short, far from being obsessed with sovereignty, a little Englander and an unwilling partner, you have a great European ideal: a Europe in which freedom - and that means less not more government - works as well as it has worked for Britain these last 10 years.

I think if you can get over this flavour - and Charles' points - you can win over David English - a man who manifestly wants to be won over. I attach two recent Mail editorials for further flavour.



BERNARD INGHAM
May 16, 1989

From: THE PRIVATE SECRETARY

*copy
refer*



Prime Minister

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

16 May 1989

*David English
intends to ask a question
on this*

Dear Charles

CJW 16/5

DAILY MAIL INTERVIEW: HONG KONG

You asked for briefing material on a question which the Daily Mail are likely to put to the Prime Minister this afternoon, about what Britain can do to attract young business talent from Hong Kong.

... I attach briefing consisting of a line to take on this question, supported by a copy of the note recently prepared for use in advising businessmen wishing to enter and remain in the United Kingdom. Our responsibilities to Hong Kong and its future prosperity limit the extent to which the United Kingdom can be seen actively to attract people from Hong Kong. The first point in the line to take is drafted with that in mind, and has been discussed at official level with the FCO.

I am sending a copy of this letter and enclosures to Stephen Wall at the Foreign and Commonwealth Office.

Concurred
John Wall
C J WALTERS

Charles Powell, Esq
Private Secretary
10 Downing Street

BRIEFING FOR DAILY MAIL INTERVIEW**HONG KONG****WHAT CAN BRITAIN DO TO ATTRACT YOUNG BUSINESS TALENT FROM HONG KONG?**

1. Many such people will no doubt see their future in Hong Kong, which seems set to continue its astonishing record of success.
2. Those who do come here will find business attitudes, and government attitudes towards business, which are now rather more like those which have made Hong Kong so successful. That is undoubtedly attractive to many of them.
3. Businessmen from Hong Kong who want to transact business here can do so freely, visiting the UK as often as they wish for this purpose.
4. Those who wish to come here on a longer term basis to set up in business in the UK can readily be issued with entry clearance if they show that they will invest substantial sums creating jobs here.
5. If they then stay here, no doubt with necessary absences on business, they could after four years have all immigration restrictions on the length of stay removed; and after a further year they would be in a position, if they wished, to apply for British citizenship.
6. In short, we have a generous and open approach to those wishing to come here to invest, to establish themselves in business, and to forge links with this country which can lead to British citizenship.

FACILITIES FOR BUSINESSMEN TO ENTER AND REMAIN IN THE UNITED KINGDOM AND TO ACQUIRE BRITISH CITIZENSHIP

The United Kingdom welcomes inward investment and the entry and stay of persons of means, talent and enterprise. To this end the British Government is ready to make flexible arrangements to help investors who are subject to UK immigration control to enter and remain in the United Kingdom and ultimately to acquire British citizenship if they wish. This note outlines the arrangements.

Entry clearance

2. UK diplomatic posts in overseas countries will issue an entry clearance to a person who wishes to establish himself in business in the United Kingdom and who intends to invest a minimum sum (currently £150,000) and whose investment will create two or more jobs in the UK. He will initially be admitted for one year. During this time, the holder can re-enter the United Kingdom freely.

Extension of Stay

3. A person who has been admitted under these arrangements, and whose business is soundly established at the end of the initial year, can expect to receive an extension of stay on application. The normal practice is for extensions to be granted for three years. Again, the businessman concerned will be free to leave and re-enter the United Kingdom as often as he pleases - whether in pursuance of the business which he has established in the UK or otherwise - during this period.

Settlement

4. The next step is for the person concerned to apply for the removal of any time-limit on his stay in the United Kingdom - indefinite leave to remain or settlement. The effect of this is that, thereafter, the person concerned is free to leave and enter the UK as often as and for as long as he pleases, provided he is not away for longer than two years at a time, without further

negotiation with the immigration authorities. The passport of a person who is granted indefinite leave to remain will be endorsed to that effect so as to make the position clear to UK immigration officers.

5. Settled status is granted as a matter of course in accordance with the Immigration Rules after four years, provided that the person concerned is genuinely based in the UK and that his business activities in the UK continue. The normal expectation is that a person applying for settled status will have been resident in the UK continuously during the preceding period, save for holidays, etc. However, this is a matter on which the Home Secretary can exercise considerable discretion. So also is the standard 4-year period. In the exercise of his discretion, the Home Secretary will have regard to the extent of the person's investment in the UK, the extent to which he needs to travel on business and all other relevant factors.

6. Those who have established themselves in business in the UK should find no difficulty in achieving settled status, which gives security with maximum flexibility as to travel, after a reasonable period.

Families

7. Up to the point when settled status is achieved, the wives of businessmen and their children under 18 are free to enter and re-enter the UK, together or separately, on the same terms as the businessman himself. When he obtains settled status, his wife and minor children will be able to do so as well.

British Citizenship

8. Settled status opens the way for an application for British citizenship. An applicant for British citizenship must by law have been in the United Kingdom on the exact date five (or, if he or she is married to a British citizen, three) years before the date of the application, and must on the date of the application be free of any restriction of his stay under the immigration laws. There is no flexibility on either of these two requirements.

9. Provided they are met, however, there is flexibility as regards the other requirements set out in nationality law. The law expects an applicant for citizenship who is not married to a British citizen not to have been absent from the UK for more than 450 days in the five years before the application, nor for more than 90 days in the last year and to have been free of any restrictions on his stay under the immigration laws for the whole of the last year. For those married to British citizens the maximum period of absence is 270 days in the last three years.

10. A British Dependent Territories citizen is entitled to register as a British citizen if the residence criteria are satisfied. For other applicants, there are other requirements such as good character, sufficient knowledge of English and an intention on the part of the applicant to make his principal home in the UK. The Home Secretary has to use his judgement in deciding whether these requirements are met.

11. In general, the Home Secretary expects applicants for citizenship to meet the statutory requirements as to residence. Each case, however, is looked at on its merits at the time when the application is made, and the Home Secretary is prepared to exercise his discretion flexibly with regard to periods of absence. He recognises that, for businessmen in particular, there may be good reasons for long absences from the country. An applicant who has firmly established himself and put down roots in the UK is unlikely to have difficulty in obtaining British citizenship.

Daily Mail COMMENT

Daily Mail COMMENT

Bringing down the language barriers

LET'S start with an honest admission: We are rotten, most of us, at learning foreign languages. We assume that most educated people abroad speak English anyway.

There's a word for it: laziness.

Now the European Commission is keen to promote something called the Lingua project. Funded to the tune of £160million, its aim is to bring down the language barriers that continue to divide us.

There would be exchanges of teachers and an attempt to raise the standards of foreign language attainment throughout the whole Community.

Sounds like a jolly good idea.

But the Prime Minister is intensely suspicious of any move whatsoever by the Eurocrats to meddle (as she sees it) in the way this country is run.

Rightly, she wants her Cabinet colleagues to monitor in advance any attempt by Brussels to extend its influence.

Wrongly, her instinct seems to be to throttle at birth every European initiative — however well-meant — which goes beyond the creation of the free market.

Continent isolated ^{10/5/89}

FEW will be surprised at a survey's discovery that the Continentals dislike British cooking or that most of us don't care much for theirs. More intriguing is the revelation that across the Channel the popularity of marriage has nosedived and people are more inclined to live in sin. By contrast Britons, no more moral but incurably romantic, are keener to plunge into both marriage and divorce. We spend more on booze and cigarettes. Indeed we are top of the squanderbug league but we pay back our debts much faster.

These are just some out of a host of differences between us and our neighbours. Does this mean that we are basically incompatible and that the Common Market is doomed? Not at all.

Daily Mail, Saturday, May 13, 1989

Tory disarray

A DAMAGING split over the Common Market has emerged in Tory ranks. Lord Plumb, president of the European Parliament, didn't need to go so far in his pronouncement yesterday about European economic and monetary union inevitably leading to political union. Mrs Thatcher is touchy about the pretensions of the Brussels bureaucracy and there was no need to affront her in so direct a way. It really is time that the Tories got their act together and found a common approach towards Europe, especially with the elections to the European Parliament coming up in July.

There is plenty of room for compromise. Mrs Thatcher can help by not automatically rubbish Europe even on harmless proposals like community-wide travel concessions to pensioners. By doing so she makes herself look anti-European, which she is not, and may even jeopardise the essentially Thatcherite programme for a more competitive and control-free community in 1992.

Meanwhile it is pointless for Tories to fall out over the complexities of monetary co-operation since there is no disagreement over that being the ultimate aim. Indeed, it is declared government policy for Britain to join the EMS exchange rate mechanism when the time is ripe. Greater unity in economic and in political decision-making cannot be planned and Tories shouldn't worry too much about it.

If monetary and political union is to come — and it probably will — it will evolve naturally to meet the need to assert common European interests in what is increasingly a superstate world.

DAVID ENGLISH LETTER

THE DAILY MAIL, LONDON

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*Northcliffe House,
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From:- The Editor

12th January 1989

The Prime Minister,
The Rt. Hon. Mrs. Margaret Thatcher, M.P. P.C.,
10 Downing Street,
London SW1.

Dear Margaret,

I have asked Carol to bring you this letter because I am very anxious to talk to you about 1992 and Europe into the next century.

You may have noticed that, although we agree with much of your view about European bureaucracy and red tape, the Mail and the Prime Minister may seem to have a difference of opinion about Europe. I say 'may' because I very much suspect that we do not, although I have not had a chance to talk to you about it.

In essence, our view is conditioned by some of the polls we have taken amongst young people. We are excited about the Europe of the future but very much want to see it British led, both in influence, style and thinking. What our research has shown us is that young people see the future as a world of superpowers and want to be a citizen of a superpower in order to hold up their heads economically and politically against the rest of the world.

They like the idea of belonging to a continent which is as big and as rich and as influential as America.

cont....

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From:- The Editor

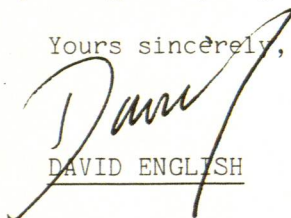
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Of course, they don't want to surrender their British heritage and sovereignty but they want our influence, indeed your influence, to dominate the shape of Europe. And they are puzzled by on the one hand business enthusiasm and David Young's campaign and, on the other hand, the Government's seemingly lukewarm wish to get us really involved in powering the new Europe.

I spoke to Arthur Cockfield and ran an interview with him, which you may or may not have seen, but I have given Carol a copy. I would now very much like to talk to you with similar questions. It may well be that the answers will show that Europe next century is not going to be exactly what is claimed for it and that we must be on our guard. On the other hand, the thrust of my interview will be why can't Britain with its language, its financial power centre and its great tradition set the pace, be in the lead and call the agenda for the post-1992 period?

Can we talk either off the record or in a straight interview. I think there is much interest in the whole subject, particularly among the young.

Yours sincerely,


DAVID ENGLISH

☆☆☆☆SL



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DESTINATION EUROPE

Next month's elections to the European Parliament will be more important and more interesting than the last round in 1984. That poll was only a year after a general election had returned the Conservative Government with a massive parliamentary majority; Mr Kinnock was in the early stages of establishing his leadership and policies, and the European Community was not an issue in the public mind in the way that it now is.

Two things have propelled the Community to the top of the political agenda — the Prime Minister's speech at Bruges and the campaign to raise awareness of the 1992 deadline for the completion of the internal market. As this newspaper argued recently, the position set out at Bruges needs to be extended and elaborated. Lord Young remarked in a speech to the eponymous Bruges Group on Wednesday that evolutions of attitude take time; in that sense, the urgent appeals for Britain to hurry to catch the latest European express can safely be ignored.

But there are other, much more pressing political reasons for a clearer statement of European intention from the Prime Minister before the campaign gets into full swing. They are that the Bruges speech focused attention on Mrs Thatcher's personal scepticism about many aspects of Community development, and that none of the governments or institutions dealing with Britain on European matters doubts the extent to which the Prime Minister dominates her own Government.

The speech, and the misinterpretations of it, raised doubts about the degree of Conservative commitment to the Community. Even those who consider that the past decade has settled the question of British membership are liable to be confused about the future direction of Government policy. These doubts are damaging Conservative prospects in the European election.

This is not to say that the election will be won or lost on arguments about anything as broad and abstract as the future of the European Community. In Britain, it will be a mid-term test of Government popularity. But in that context, the auguries for the Government do not look especially promising. Mr Kinnock can look back to good results in the local elections and in the Vale of Glamorgan; he can almost certainly look forward to an encouraging set of opinion poll figures in the next few weeks. His formulae on defence and other policy items may be unpicked in due course, but if they are that will probably not happen until the Labour Party conference in the early autumn.

That is all the more reason for the

Government to present a clear and coherent policy which assists the Conservative candidates standing next month. It would be ironic indeed if the Conservative Party, due to preventable confusion over European policy, ceded votes to the Labour Party, bitterly divided for two decades on the issue — and only able to claim the European high ground because their new positions are not being subjected to testing scrutiny.

Solving this problem is largely a matter of presentation, but in one vital respect it is a matter of substance. "The search for definitive views and stark positions worries me", Lord Young said on Wednesday. The British contribution to Europe should certainly always stress practical evolution, but this suspicion of any destination at all can be taken too far.

In Bruges, the Prime Minister spoke of the danger of suppressing "nationhood" and said while she wanted to see Europe "more united" it "must be in a way which preserves the different traditions, parliamentary powers and sense of national pride . . .". These words are, in the eyes of our European partners and many British electors, a "stark position".

They are a stark position which remains popular; but the electorate has realised that defining the boundaries of nationhood is inevitably more complex than it was. Where do environmental threats which recognise no borders fit in this picture of nationhood? The Government appears to be unwilling to address the central question: what form of sovereignty do we wish to exercise? Individual examples of overreaching ambition by the European Commission do not make a general case. This lack of definition is becoming a political weakness.

In presentational terms, the Government needs to place simple, direct stress on one plain fact. The Conservative case for a secure and prosperous Europe will be argued from inside the Community. In order for the Conservative voice to be heard, Conservatives have to be elected. In order to be elected, their party has to speak with a single, confident voice and sound as if it believes that they are to be elected in order to achieve important objectives.

The short-term aim of pivotal importance should be holding and winning seats which add to the strength of the European Democratic Group. Weakened, that group cannot advance any argument in Europe with much confidence. Strengthened, it can put the common-sense case against economic and social interventionism across the whole of Europe. It can then be properly heard above the distracting din of reheated arguments about British semi-detachment.

Europe: Let's

'I have a stronger national feeling than most Englishmen and I want to see my country take a lead'

DM 29 DEC 88

B RITAIN is the least enthusiastic of Common Market members over the year 1992, when the Single European Act comes into force. The Prime Minister has warned about a loss of our national identity and the dangers of open frontiers.

She and her Government are strongly opposed to a European bank and the idea of a single unified European currency. She is said to be concerned that the bureaucracy in Brussels will impose on Britain all the state controls she has spent several years removing.

Yet the man behind 1992, the Commissioner for the Internal Market, is British. Appointed by Margaret Thatcher in 1984, Lord Cockfield drafted the original White Paper for the single European market which will harmonise laws and taxes and open frontiers in Europe, bringing it towards a single dynamic economic force.

Lord Cockfield, unlike several of his fellow Commissioners, has not been reappointed. Mrs Thatcher has allowed him only one term, perhaps as a signal of her disapproval.

Here, in a farewell interview with the Editor of the Daily Mail, David English, and Diplomatic Correspondent John Dickie, he speaks frankly of his passion for Europe — and his disappointment at Britain's refusal to seize the key role which he believes it should and could play.



Lord Cockfield: 'Vital part to play'

QUESTION. Why is it vital that Britain becomes a fully committed member of the post-1992 Europe?

ANSWER. The next century is going to be the century of the superpowers. The Soviet Union, the United States, China, Japan and Europe. Unless you are a superpower, your views are not taken into account and your interest disregarded.

Despite all the rhetoric, Britain will not get its way in the world unless it does it as a part of a United Europe. We're not big enough. We haven't got the economic strength or the defence muscle — not by ourselves.

Q. What do you say to the argument that Britain will lose its sovereignty as the new Europe develops?

A. Any international agreement involves some sacrifice of national sovereignty. Being a member of the United Nations represents giving up an element of one's own sovereignty. But we will give up less by being part of Europe because we are essentially pooling our sovereignty.

You are not surrendering it, you are getting a share in a much larger and more important sovereignty. The strength of 12 member states is much greater than the sum of 12 individual states.

Q. What happens then if Britain does not accept its place in Europe and stays aloof?

A. The momentum to 1992 is now unstoppable. Progress is irreversible. If Britain stays on the sidelines, however, and lets Europe develop largely outside British influence, it will be to our nation's detriment. Any country that is not a superpower would

simply become an outpost of one of the superpowers with little strength of its own and very little true independence of its own.

Q. Will Europe have its own currency?

A. We will move to one European currency. There's nothing exceptional or unusual about this. After all for many years we had a gold standard which meant in effect that currencies were tied to one another.

The view I have always expressed is that we ought to have a single currency as soon as possible after 1992. In practice, I think as soon as possible means about the turn of the century.

Q. What happens if Britain won't accept it?

A. The United Kingdom is not a full member of the EMS (European Monetary System). It has stood out of it all these years. And yes it might stay out of the single currency.

Q. What would be the effect of that?

A. We would impose on our own trade and industry costs which would not be incurred by other people in Europe. We would become less competitive and sell fewer goods. We would become poorer. At the same time, there is a serious risk that the financial centre of Europe might well move away from London.

Q. But national money is symbolic. Do you think the British will want to give up their money?

A. National reaction against change is understandable because you are changing long standing traditions. But it is possible that symbolic things can be accommodated with national symbols on coins and notes the way the Scots have their symbols on their notes.

Q. On this subject the Prime Minister is worried that we would be in danger of losing our national identity and become Identikit robotic Europeans. What do you say to that?

A. It is total nonsense. The Scots remain just as fiercely Scottish whether they remain in Scotland or come to live and work in England. The same is true of the Welsh. They do not lose their national identity. We no more intend in Europe that the French or the Germans or the British should lose their national identity than the Scots, the Welsh or indeed the English.

Don't forget we are European as well as English or Scottish. Our people came from Europe and our people have gone to Europe's rescue on many occasions. Yes, there are quarrels between Europeans but these are arguments between relatives not arguments between strangers.

Q. But why is it that so many British people don't recognise this?

A. Public relations about Europe has a very long way to go, and perhaps more in the UK than most other countries. It's also an age division.

The younger generation in Britain increasingly regards itself as part of Europe. Or to be more precise it doesn't recognise the existence of the question. They already act as though they are part of Europe. They go freely into Europe, more of them are getting some ability in one of the European languages, and more and more they are getting used to trading with and within Europe.

So I believe the change is coming in Britain, but it's slow and I would like to see more positive political leadership to push it along.

Q. There is an opposing view that we are more linked to

America because of the special relationship than we are with Europe?

A. What have we got out of the special relationship with America in hard practical terms? It's very difficult to identify anything that has given us any clear positive advantage. Since we joined the Common Market, our exports to Europe have gone up 30 per cent. That's a hard, solid gain.

All we get from America are arguments over trade and protection. Let me make it clear that I have no anti-American feelings. I have had contacts there for years. There are some anti-American strains within the Community and we have to stand up to them. We can do that as part of Europe.

Q. You must have heard the phrase used in British Government circles that, although you were appointed as a British Commissioner, you became so pro-European that you had 'gone native'?

A. I don't know where the allegation comes from. I have never found anyone prepared to repeat it to my face. And I don't know what they mean by it. Because after all we are a member of the European Community.

You might just as well describe a Scot who came to Westminster and became the Lord Chancellor as having gone native. You see the accusation and the phrase itself shows an attitude of mind which disappeared even before the 19th century.

Q. Nevertheless, it does seem that you went to Brussels as a British Commissioner and now there is a distinct difference of opinion between your view of the Common Market and the British Government's?

A. It's the Government which has changed, not me. What was

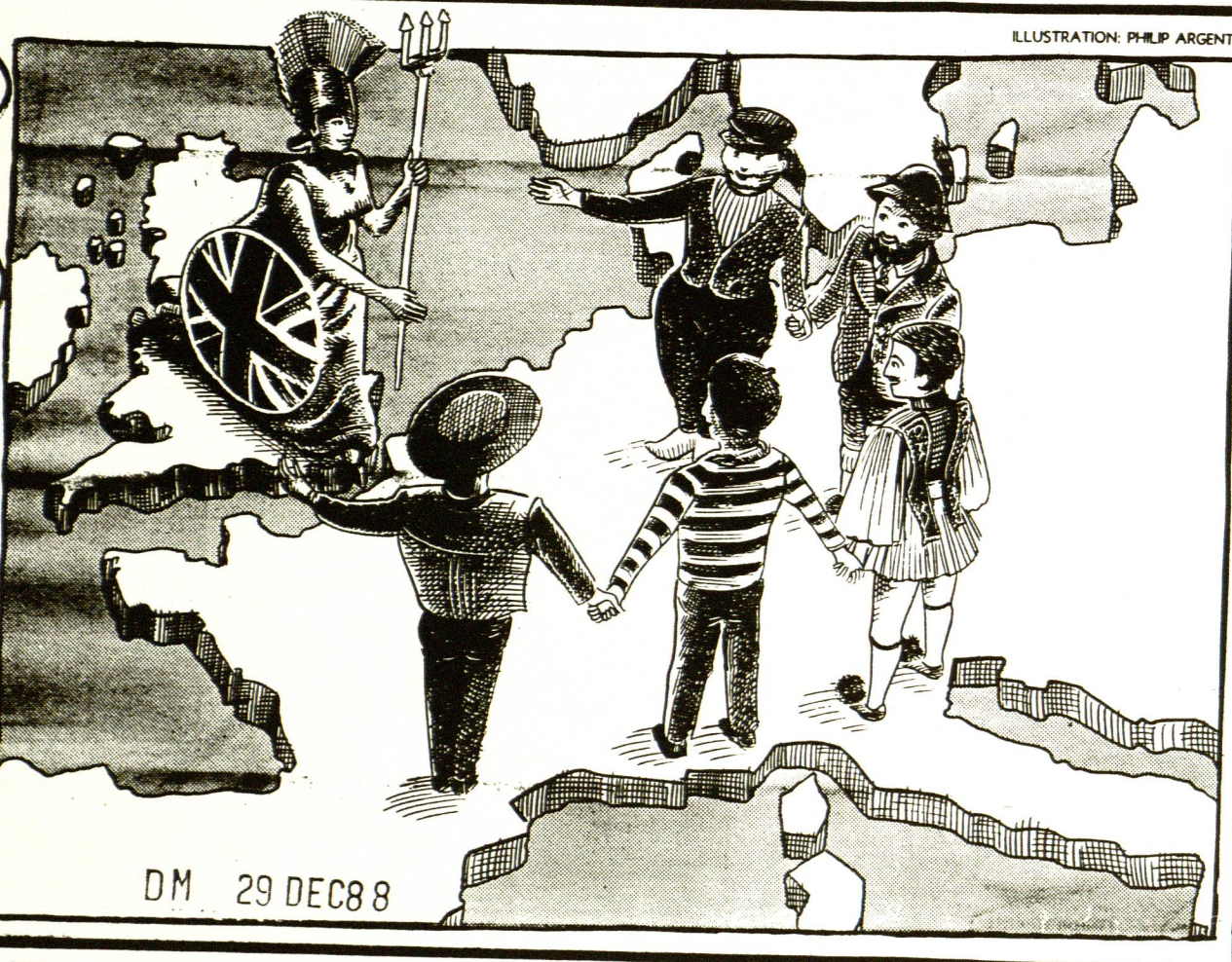
IMPORTANT ISSUE BRITAIN HAS FACED FOR DECADES

1992



grasp the challenge

ILLUSTRATION: PHILIP ARGENT



DM 29 DEC 88

The step we must take if we are to have a proper say in Europe's future

asked to take this post we had just had the Fontainebleau Summit which had solved what were thought to be the outstanding problems. Everyone said: 'We have put these problems behind us. We as Europeans are going ahead.'

So it was in the spirit of relaunching Europe that I accepted this appointment. That, at the time, was the outlook and the attitude of the British Government. In effect what I have done is to remain consistent but the Government has changed.

Q. Why?

A. The Government was trapped over VAT by the Labour Party in the last general election. And it reacted to Labour Party statements by refusing to accept change,

though at that time we in Europe had made no proposals.

But it goes much deeper than that. I believe the Falklands War has had a very big effect in feeding English nationalism. And in particular it fed the nationalism of the Prime Minister who, after all, was the general who won the war. She was not just a politician who sat at home; she was virtually the general who won the war and it's not surprising it should have moulded her outlook.

It was absolutely necessary to fight that war and to stand up against what was naked aggression. But the repercussions of that war have been much greater than most people realise. I'm not going to speculate on new Conservative governments, but I believe a new

government would probably have a new outlook.

Q. Nevertheless many people do feel that Britain would not have the right to manage its own economic affairs if, for example, our financial affairs were controlled by a European bank. It's not just the Government which feels this.

A. None of us has total independence in our own economic affairs and we haven't done so for many years. Britain can no longer manage its economic affairs in total disregard of what happens in the USA.

A European central bank and a common currency will create a better international environment in which we can operate. And operate more effectively to

our own advantage than we do at present when we are exposed to the buffeting of economic forces elsewhere.

If you could point to a perfect example, a perfect record of economic management in the United Kingdom, I might be prepared to modify my view. But it doesn't seem to me that we set an example for the world. There must be a better way of running an economy.

Q. Still on running our own affairs, the Government and many people in Britain are not in favour of abolishing frontiers. They say it will open up Britain to illegal immigration, drug trafficking and rabies.

A. Routine frontier controls make only very limited contributions to dealing with drug

trafficking, terrorism, international crime and illegal immigration. You can deal with all these things anywhere. You do not need to confine it to the frontier.

We know that drug trafficking takes place in Piccadilly Circus. But no one says that the police are not entitled to go there and make arrests. But if the police were to put up barriers across Regent Street, Piccadilly and the Haymarket, to stop and question every individual going to Piccadilly Circus, what sort of an outcry would there be?

We intend to strengthen the perimeter controls and we are working on a common European entry visa. These will be effective.

As for rabies, the long term answer is to stamp the disease out. But the best protection against rabies is quarantine. And there's no proposal to do away with that. Carriers, shipping companies and planes would be made responsible for seeing the animals went into quarantine.

If we insist on maintaining the full panoply of our border controls it imposes an additional cost of about 2 per cent on all British exports. Our costs are not sufficiently competitive as it is. Many concerns do not make 2 per cent profit. How will they stay in business? That is the risk we impose on ourselves.

Q. The biggest struggle between you, the Commission and the British Government is over the harmonisation of VAT rates. This could involve removing the zero rate in Britain. Surely this is politically almost impossible?

A. Of course there are great problems. I've always recognised this and I said in the original White Paper, not once but twice, that there might be a need for derogations (whereby one country be excluded from an agreed Community regulation). And I've said it three times since.

The Commission stands ready to enter into what I called a constructive dialogue. My difficulty is that the United Kingdom up to date has not been prepared to enter into any dialogue on this matter, constructive or otherwise.

It's odd if you think of it because British Chancellors, including the present one, have been steadily reducing the scope of zero rating. Mr Lawson taxed the staple item in the British working man's diet, fish and chips. He extended the charge to VAT on repairs and

improvements and on newspaper advertising. So they have been reducing zero rating themselves over the years.

But there's no doubt if Britain set about it they could get a deal over this matter.

Q. What about the taxes on wines and spirits and alcohol? These would all be reduced but the British Government is not happy about that.

A. Oh yes, the British Government is now showing a great solicitude for the health of its people. And it regards high taxation of alcohol and tobacco as a major instrument to keep the consumption of these items down. It seems to regard lower taxes on these things as evil.

Q. So let us be positive. What is really in the Common Market for Britain?

A. Enormous opportunities. The United Kingdom is strongest in the three key major industries of the next century. First the financial services area, banking, insurance and securities. Second, high tech information technology where we ought to make a real impact. Thirdly, communications, the media, advertising, promotion etc. And of course we have our great language. It is the language of trade and industry, and of science.

Q. What sort of chances would be lost by not seizing the initiative?

A. Take a simple example — standards. We're moving gradually towards European standards but the bodies drawing them up in Brussels rely upon the input of the national standards-making bodies. Unless we are prepared wholeheartedly — and British industry is prepared wholeheartedly — to make a full input into that exercise, then the standards will be dominated by the Germans or the French, and not by the British.

So you see we can exercise an enormous influence on Europe. It's historically vital that we take up this role.

Q. Would you have liked to have stayed on for four years to see the Single European Act implemented?

A. The simple answer is Yes. I have a very strong national feeling, much stronger than most Englishmen. And I want to see my country leading Europe. That is the way my nationalism is reflected.