

Conservative and Unionist Party, GB
Det konservative folkeparti, DK
Ulster Unionist Party, N. Ireland



EUROPEAN DEMOCRATIC GROUP
EUROPEAN PARLIAMENT

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PRIVATE AND CONFIDENTIAL

31st July, 1984

Rt. Hon. Margaret Thatcher, MP
Prime Minister,
10 Downing Street,
London S.W.1.

Prime Minister
An attempt to pass the
back from the Parliament to
the Member States.

I have commissioned
a draft reply. C.D.P. 31/7

Dear Prime Minister,

I have already written to you about the election of Monsieur Pflimlin to the Presidency of the European Parliament last week. I now wish to inform you about the unhappy conclusion to our last week's work in Strasbourg, when the Parliament blocked again the negotiated British and German refunds for 1983.

Last Wednesday, we learned that following Garrett Fitzgerald's report to the Parliament on the Fontainebleau Summit, the Socialists had put down in the name of Madame Hoff a wind-up motion deploring the small role the European Parliament had played and would continue to play in the budgetary negotiations of the Council of Ministers: this is a familiar theme of the Parliament. More disturbing was an amendment proposed to this wind-up motion by a German Christian Democrat, Gero Pfennig; this amendment sought to make payment of the British and German rebates for 1983 conditional upon a supplementary budget being agreed for 1984.

Most of Thursday was spent by various Members of my Group attempting to persuade Pfennig and his colleagues to withdraw or modify that amendment. We stressed the parliamentary difficulties its adoption would cause to you both in the general presentation of the Fontainebleau settlement and, in particular, in making out the case at Westminster for an increase in own resources. We reminded Pfennig that the Budgets Committee had already decided the matter on 12th July; and we predicted (correctly) that the major beneficiaries of his action would be the British Labour Party.

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On Friday, I myself went to put these points to the Christian Democrats. Although they listened to me politely, I am convinced that the Christian Democrats had already made up their mind to support the Pfennig amendment. I believe, in retrospect, that they were encouraged in this decision by others outside the Parliament - a point to which I shall return.

Shortly after my unsuccessful meeting with the Christian Democrats, Herr Pfennig's amendment was put to the vote. Pfennig informed the plenary (an undertaking later repeated by Klepsch) that the Christian Democrats would vote for the disbursement of the 1983 rebate when a supplementary budget for 1984 was agreed: the Community should not, however, pay out rebates until the "liquidity" of the Community had been assured for the rest of 1984. We, of course, vehemently protested that the amendment was inadmissible, pointing out that the Budgets Committee had already decided the matter of the rebates on 12th July 1984 and that the President should have already written to the Commission releasing the monies. Monsieur Pflimlin overruled us, as no doubt would have his predecessor, claiming that the plenary session of the Parliament retained sovereignty in the matter; he was undoubtedly influenced in his decision by a disingenuous letter to him of Erwin Lange, former President of the Budgets Committee, who mischievously represented the Budgets Committee's decision of 12th July to release the rebates as conditional upon Parliament's judgement of the acceptability or otherwise of the Fontainebleau settlement.

When Pfennig's amendment was finally put, it was almost exclusively British Conservative and Labour MEPs who voted against it. Interestingly, Rudi Arndt, the new leader of the Socialist Group, voted with us and against his colleagues; Arndt has not always been a friend of ours, but he has always been a critic of the Common Agricultural Policy's excesses, and he made a point of coming to me afterwards and asking whether I had noticed that he had voted with us.

You will be aware from the press how quickly and unequivocally my Group and I condemned the decision of the European Parliament to suspend again the British and German rebates for 1983. The Parliament is unwilling to give up the one small ability it has to influence, however marginally, the negotiations of the Budget Council; equally, there is in the Parliament genuine concern about the financing of the Community for the rest of the year.

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These concerns are not new and would not, I think, of themselves have sufficed to bring about last Friday's vote. More worrying is the apparent willingness of some national governments to turn at least a blind eye to the vote of their colleagues in the Parliament. It was quite clear to me that the Germans in particular had been intensively briefed and possibly encouraged in their attitude by German government officials. Pfennig and his colleagues repeatedly criticised, in private conversation, the "unhelpful" attitude of the British Government at Budgetary and Foreign Affairs Councils since the Fontainebleau Meeting. They insisted that there was possibly a legal and certainly a political obligation upon the British Government to agree upon a supplementary budget of the Community for 1984. Nothing we said could convince them otherwise. This view of events can only have derived from Bonn. Certainly, in its present mood, the European Parliament is most unlikely to agree to release the British and German rebates for 1983 unless a supplementary budget for 1984 is agreed beforehand. It would require a massive effort of persuasion by your fellow heads of government, directed at their colleagues in the European Parliament, to change this position.

My colleagues and I will, of course, do everything possible to persuade our friends in the Parliament to see reason. I should be failing in my duty, however, if I did not warn you that the problem may lie as much with other Community Governments as in the European Parliament.

Yours ever,
Henry.

HENRY PLUMB

c.c. Rt. Hon. Sir Geoffrey Howe, QC, MP