



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 April 1990

Dear Sir,

INFORMAL EUROPEAN COUNCIL, DUBLIN:
LUNCHTIME DISCUSSION

The Prime Minister took only sparse notes of the lunchtime discussion between Heads of Government on political union. It is not at all clear from them in what order people spoke. But my understanding is that Kohl and Mitterrand spoke early on in elaboration of their joint message to the President of the European Council. The Prime Minister spoke to the speaking note enclosed. Others contributed as follows:

- Andreotti said there should be no difficulty in bringing the Inter-Governmental Conference on EMU to a successful conclusion. Beyond that the Twelve faced a choice between on the one hand a free trade area plus political cooperation: and on the other 'living together'. He suggested that Foreign Ministers could be given a mandate to set out proposals on political union in greater detail by the time of the European Council in June. He preferred two IGCs, with both producing results by 1993. Italy had no wish to force any country to lose its sovereignty. He thought it best not to try to reach a clear cut definition of political union: that would be dangerous.
- Schluter asked what political union meant. There were at least a hundred definitions not just one. Did it mean better decision-making, more efficient institutions, more majority voting? He thought all these matters, including EMU, were linked and it was better to treat them in one IGC.
- Santer said that the task was to find a procedure to define what was at stake in political union. It was one thing to call an IGC. That required only a simple majority. It was another thing to bring it to a unanimous conclusion. An IGC must be well prepared. It would not be feasible to set a distinct time limit for its work: and it would be a lengthy process to ensure its entry into force. It was very important to define what we meant by political union and on this he agreed with Mrs. Thatcher. In his view, we should give priority to EMU.

CONFIDENTIAL

- 2 -

- Lubbers said that the Community was working towards a new Europe which was more united and more democratic. The question was: did we need new steps on institutional change? His answer is yes we did need them, in order to enlarge the field in which we cooperated, especially in foreign policy. He was against a fixed timetable, but thought the Community must make up its mind and act before the next European elections. He was in favour of deepening European integration. But we should move forward step by step, in a balanced fashion. He did not favour a quantum leap. Moreover, there were not yet any detailed documents about what was intended. It was far from clear what the Twelve wished to achieve. Some in-depth analysis was needed. There was a lot of work to be done in the Community and in the individual countries. We needed to set out the reasons for, and the advantages to be expected from, a new Treaty. We should make progress on EMU first and when that IGC was complete, we should consider whether to call another. He added that security was a matter for NATO not the EC.
- Mitsotakis accepted the Kohl and Mitterrand proposals, supported an IGC, and wanted a mandate for Foreign Ministers.
- Gonzales said the key question was whether we were prepared to share sovereignty. We needed a political and institutional response to the new Europe, but should proceed with all necessary caution.
- Kohl said that we had to define soon how we saw the future of Europe. So far the Community had side-stepped the issue. He suggested that Foreign Ministers should draw up a questionnaire which could be discussed. He favoured two IGCs. He himself felt in no danger of losing an identity: Germany was his fatherland and his future lay in Europe.
- Delors said that the full preparations necessary for an IGC on EMU could be completed during the Irish Presidency and the June European Council could conduct a high level evaluation. But there was an enormous difference in the pace of progress on EMU and political union. Economic integration was moving like an express train, but political union only at turtle's pace. It was not practical to think of a common foreign policy, but the Twelve could cooperate more closely. He himself was constantly fighting for subsidiarity, but found all too often that he was overruled by the Council (e.g. on the Rare Birds Directive). On monetary union we had described the final objective. On political union we should indicate the progress which could be achieved soon, with the aim of agreeing on a second version of the Single European Act. We also needed to consider how to reconcile the European Parliament and national parliaments. The Commission represented continuity in the Community: there had to be a store of memory.

CONFIDENTIAL

CONFIDENTIAL

- 3 -

In his summing up, Mr. Haughey said that he thought that virtually all the points mentioned by the Prime Minister in her remarks would be excluded from political union. He would draft a text which referred to the need for analysis and preparation by Foreign Ministers, who should report to the European Council in June.

I am copying this letter to Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

*Yours sincerely,
Charles Powell*

(CHARLES POWELL)

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BREAKING NOTE: POLITICAL UNION

The first thing our people ask when they hear we are going to discuss political union is: what is it? what does it mean? Unless we agree on how to define it, it will mean different things to different people, and raise fears which may be totally groundless. For instance, some people in Britain interpret the message from President Mitterrand and Chancellor Kohl as a call to create a single, unitary state of Europe by 1993: so what would happen to our beloved monarch - The Queen - and our Parliament which is over 700 years old? It's a mistake to under-estimate the anxieties this causes.

Perhaps the best way to dispel fears like these is to make clear what we do not mean when we talk about political union.

- people's greatest fear is that they will lose their national identity - and at the very time when the people of Eastern Europe are struggling to regain theirs. We need to reassure them that none of us wants to see the historic nation states of Europe, each with their national characteristics and identity, disappear. Indeed they are our greatest strength.

- let's make clear also that political union does not mean giving up separate Heads of State, either the Monarchies to which six of us are devoted or the Presidencies to which six other member states are dedicated.

- nor do we intend to suppress national Parliaments, their powers and the accountability of national governments and Ministers to them. We should say so. The European Parliament has a role but not at the expense of national Parliaments, which are so much nearer to the people.

- we don't intend to question national electoral systems: they differ because our histories differ. Nor are we thinking of suppressing our own national legal systems. After all we have two entirely different legal systems which co-exist perfectly well within the United Kingdom, one for Scotland and one for England.

- we need to reassure people that we do not intend to alter the role of the Council of Ministers - one Minister representing each state - as the key decision-making body in the Community, with Ministers accountable to their national parliaments. Indeed in the Single European Act, we strengthened the status of this European Council.

- nor, I hope, are we aiming at greater centralisation of powers in Europe at the expense of national governments and Parliaments. Surely we all accept the concept of subsidiarity and the principle that the Community should only do those things which it can do better than individual countries. I thought the Wall Street Journal put it very well in an article earlier this week when it said that we ought not be moving towards government by a technocratic elite: that is precisely what the people of Eastern Europe are moving away from.

- nor do we regard political union as involving any weakening of the commitment of eleven of us to strong defence through NATO (although we recognise Ireland's special position, of course). Indeed many of us have recently and publicly emphasised the importance of maintaining NATO, and indeed strengthening its political role, and bringing forward a NATO meeting to discuss defence in a changing but uncertain world.

- although we have all signed a Treaty less than three years ago on foreign policy cooperation, surely no one is suggesting a restriction on our right to issue national statements, or hold bilateral meetings and issue bilateral statements. Indeed we have seen an example just this week of how governments value that right, when President Mitterrand and Chancellor Kohl sent off a message to the President of Lithuania only a few days after the Twelve had issued a statement. I am not criticising: I welcome it, because we all attach importance to our national freedom of action.

- so if we can agree that none of these things will be affected by political union, we shall know where we are. We can bring our people to the starting-line with much more confidence and enthusiasm. And each of us will have ideas to contribute to discussion of how to make the Community and its institutions more effective - the

Belgian Government has already put forward its proposals.

Our aim should be to develop the habit of working more closely together, particularly on issues which have a cross-border significance. At the same time, we need to think how we can make the Community more efficient; whether we have got the balance right between the Community and national institutions, and between the institutions of the Community itself; how we can improve financial control and accountability; and how we can ensure that Community decisions are rapidly and effectively implemented.

These are just some ideas and there will be many others. We are very ready to discuss them. But it would be putting the cart before the horse to agree now to an Inter-Governmental Conference. We need to define first of all what we mean and then see whether we have the relevant proposals to make it worthwhile. That is a task for our Foreign Ministers in the first instance.

- but I hope my general point is clear to everyone. If we explain to our peoples what we don't have in mind when we talk of political union, it will reassure them and make it easier for us to explain how we do see the way forward and we shall have many ideas to contribute.

In the meantime we have so many urgent things to tackle:

- the completion of the single market, with the most difficult decisions ahead
- the consequences for the Community of the unification of Germany
- the Community's association with the new national consciousness of the nations of East Europe
- getting down protectionism in the Uruguay Round
- the way ahead following German monetary union and its effects on EMU and the proposed IGC

- our relationship with the EFTA countries
- the environment in Europe and beyond, and so on....