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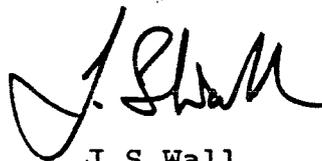
20 June 1988

From: J S Wall, ECD(I)
Date: 29 June 1988
cc: Mr Lever, Sec Pol Dept
Miss Spencer, ECD(E)
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Mr Harrison, Planners-
WED

Mr Kerr

PRIME MINISTER'S SPEECH AT BRUGES: 20 SEPTEMBER

1. I submit a first outline of the Prime Minister's speech at Bruges. It reflects material supplied by Paul Lever. I think the outline should be submitted to the Secretary of State before more detailed drafting is done.



J S Wall

European Community Department
(Internal)

DRAFT OUTLINE OF PRIME MINISTER'S BRUGES SPEECH

Europe: Enterprise and the individual

- 1960s were decade of personal freedom. Those of us with growing families will remember teenagers constantly trying to push out the frontiers of self-expression.

- Like many rebellions, went too far, but understandable rebellion not just against authority but against the whole notion that government existed to run lives of ordinary people.

- Sad irony that period of expression of individual liberty coincided with massive clampdown on freedom in Eastern Bloc (Czechoslovakia 1968) and, so far as UK at least was concerned, of significant growth in state control and intervention.

- History of 1980s radically different. Prosperity in Europe has grown as a result of an economic and political revolution. Yet it is firmly based in tradition and commonsense. It has only seemed

revolutionary because public opinion had been anaethetised by the "government knows best" arguments of the 60s.

- In Europe we were suffering from some of the same malaise. The cry was one of harmonisation and standardisation. We had the state and the next step was the superstate. Not surprising given need to weld a united whole from differing interests of individual member states.

- Rediscovery of spirit of enterprise in the UK. Was made possible by growing realisation that many of the things done by the state were done very badly. Desire to protect the interests of the disadvantaged had led to massive increase in state control where interests of the disadvantaged were increasingly subordinated to those of unions who were taking advantage. We had to break that crippling paralysis. Without undermining essential protections (health care, social security etc), we had to liberate enterprise at the level of industry and the individual.

- Same philosophy must apply to Europe. Community has come of age. No longer Europe of the 1950s emerging from trauma of war. Needed to concentrate then on harmonisation. Priorities of the 1950s were survival, security, sufficiency of supply. In 1980s cannot take those things for granted but equally must not overlook achievements of 30 years of EC existence.

- Security established through NATO and by Community contribution to peace and democracy. Benefits of enlargement to include Spain and Portugal.

- Move from insufficiency to over-sufficiency in agriculture. Essential requirements of reform.

- Common framework of Community law now firmly established. Community of the 50s needed economic crutches. The Community of the 80s not a recuperating invalid but a fit athlete. Need a faster track and different goals. Must mean more liberalisation than harmonisation: increasing liberalisation within Community framework.

- 1992 as much about personal freedom as industrial development. And industrial development itself mainly about breaking down existing barriers. Examples.

- Creation of single European market will enhance European unity without sacrificing national identity. Europe of 1992 increasingly one in which companies will operate on Europe-wide scale. Growing European influence in trade and aid. Significance of European voice in trade negotiations. Hence importance of ensuring our approach to outside world consistent with internal goals. Cannot preach liberalisation at home and protectionism abroad. Cannot preach CAP reform abroad without practising it at home.

- Growing importance of European voice in increasingly complex international scene. Tendency to think of bi-polar world: US/Soviet Union. Economic/political relations much more complex. Soviet Union looks to US as its main interlocutor, but has to take increasing account of economic/political influence of European Community, particularly in relation to countries of Eastern Europe. Impact of perestroika on EC/CMEA relations.

- Even in nuclear relationship, no such thing as strictly bi-polar world. European influence in NATO crucial. Significance of European voice at post-Reykjavik Camp David meeting. President Reagan speaking after full consultation and with full backing of European members of NATO at Moscow summit.

- Europe needs to develop its identity in security as in other areas. Different models so far used in different fields (economic integration, EUREKA, EPC). Security/defence too needs its own model. Shape of this model has to take account of special features of European security:

- it involves very essence of sovereignty;
- it is, uniquely in the world, critically dependent on a system of deterrence based on both nuclear and conventional weapons;
- a purely Western European framework is neither possible nor desirable. Europe's security must be organised to take account of the threat from the East and of the division of the European continent. And it must involve the United States and Canada.

- We therefore need a special defence model.

Fundamental element of this, and must remain, North Atlantic Alliance and closest possible relations with US. But Alliance's European members also need mechanism to develop and improve their own contribution.

- Areas for activity among Europeans are:

- equipment collaboration
- open procurement
- a clearer view of our arms control priorities
- closer bilateral cooperation, in particular involving France and Spain whose forces are not integrated.

- No single mechanism appropriate for all this.

Eurogroup and IEPG have long-standing well-defined roles and should continue. May be that one day Community could develop a defence dimension. But not a feasible prospect in the foreseeable future: includes one non-NATO member and is too heterogeneous. Key role therefore for Western European Union. Last November's WEU platform sets out realities of European security from a European perspective. Must now build in this.

Conclusion

- Britons suspicious by nature of constitutional models (resistance to written constitution in UK).

- But once committed, we are committed to honour our obligations in letter and in spirit. History of our 20th century relationship with Belgium is proof of that. Danger of an approach which sets a distant goal is that the distant goal becomes more important than immediate opportunity, and in the end you miss both. However far we want to go, can only go one step at a time. That is why when some suggest that we should write a new rule book we keep coming back to the existing one: Treaty of Rome. It was written by some pretty far-sighted men, a remarkable Belgian, Paul Henri Spaak, among them.

- Incorporates a great ideal, but is about practical goals. Analogy of Victorian jigsaw puzzle of a man on one side and a map of the world on the other. Jigsaw of the world impossible to put together. That of the man rather easier. But if you could make the jigsaw of the man you would automatically have made the jigsaw of the world. Not a bad guideline for the Community.