



10 DOWNING STREET

Prime Minister

Conservative European Reform Group.

1. Herewith Note of your meeting with this Group held on 15th December.

2. Have I your consent, please, to send copies of this Note to Ian Gilmour and to the Chief Whip?

Note to

Mr F.O.

- can go to Chief Whip,

29th December, 1980

Ian Gow

mg

NOTE OF A MEETING HELD AT 10 DOWNING STREET, LONDON, S.W.1. FROM
7.15 P.M. TO 8.40 P.M. ON MONDAY, 15TH DECEMBER, 1980.

Present: Prime Minister
Sir Nicholas Bonsor, Bt. M.P. (Chairman)
36 Members of the Conservative European
Reform Group.

1. Sir Nicholas Bonsor - Sovereignty.

(a) He spoke as a lawyer of the very undesirable consequences for our legal system of the Brussels beurocracy, which now employed 10,420 Civil Servants. During the eleven months ended 1st December, 1980, 3,098 Regulations and 1,102 Directives had emerged from the Commission. These included actual or prospective Regulations governing the noise made by lawn mowers; laws on pollution where our existing laws were already superior, tachographs for Range Rovers pulling horse boxes where the Department of Transport had told him that it could provide no answer until there had been test cases in the Courts.

(b) These new laws imposed by Brussels were creating mounting resentment among the British people. New Regulations were in prospect governing the size and shape of motor bicycle mirrors and changes in accountancy, where our methods were far superior. Advertising Regulations hitherto the responsibility of the United Kingdom, were in the process of being transferred to Brussels. The Poultry, Health and Hygeine Regulations were cuasing dismay among poultry farmers. An increasing burden was being placed on medium sized industries in checking the incessant flow of European legislation. We have no control over all these matters. As a lawyer, he considered this trend very dangerous.

/(c).....

(c) The people must have a chance to acquire, easily, knowledge of the law; the law must be certain; the law must be simple.

In all these ways, the E.E.C. is falling down.

(d) "It is argued that if you challenge the wisdom of these matters, you are threatening to leave the Community. I disagree."

He then referred to an E.E.C. Press Statement and to the words of Mr. Roy Jenkins who called, apparently, for Britain to give a lead in reversing this trend.

2. Mr. Teddy Taylor - C.A.P.

(a) There is a chance of radical change when the Community runs out of money.

(b) He referred to the objectives of the C.A.P. as set out in Article 39. But the reality had been a protectionist policy, keeping alive lame ducks, high prices, massive surpluses and the destruction of food.

(c) Since the Soviet invasion of Afghanistan nearly a year ago, we had exported more butter, wheat, barley and wine to the Soviet Union, all at heavily subsidised prices than ever before.

(d) Reform had been talked about for too long. We must now look for a new way, with Member States working out their own policies.

(In that connection, see paragraph A of the Objectives of the Conservative European Reform Group which refers to "the sending of the C.A.P. and the restoration of national governments of control over agriculture policy.

3. Teddy Taylor - Politics.

It was significant that half of the Members of the Group were elected to Parliament in May, 1979. Many of them had won seats from Labour.

These members tended to be in the closest touch with their electorates. There were real political dangers for our Party at the next Election, if we were seen to be slavishly following the European line. He was delighted with the deal which the Prime Minister had done about our contribution to the Budget. "We want to be reformers, not apologists, for the Community."

4. Peter Lloyd - Budget in Balance.

(a) Duties fall unfairly on us because of our earlier pattern of trade. He was still worried about when and how the United Kingdom would receive its Budget Rebate. We must use the Budget refund not to spend on additional projects, but to reduce the P.S.B.R.

(b) We were still faced with considerable dumping inside the Community and unfair trading outside it. There was not nearly enough information available and all the procedures for dumping and unfair trading were woefully slow. The procedures for countering dumping and unfair trading should be more responsive and quicker. The great achievement of the Community lay in free trade within the Member States - but that trade must be fair as well.

5. The Prime Minister.

(a) The Prime Minister started off by asking whether the Group were all committed to Britain's continuing membership of the Community. There was a loud response of "Yes" from most of those present, with Dick Body and Ronnie Bell dissenting.

(b) The Prime Minister said that we needed an area of political stability in Europe with growing co-operation between the Member States. She said that she believed that the Community had played an important part in extending democracy to Spain, Portugal and Greece, and believed that the Community would continue to extend a democratic influence in those countries. If the Community were to break up, Moscow would rejoice.

If we cannot learn to live together within rules that are reasonable, the alternative would be much worse.

(c) The Prime Minister said that Britain would not get a perfect deal on the Budget contribution, but we were getting a very much better deal now. For her, the political aspects of the Community were the most important. Communism was obsessed with the need to have one centre of power, and we saw how that was being challenged today in Poland.

(d) The Prime Minister said that we were now getting rid of the worst of the resentments of the British people. She hoped that the first £100 million of Budget rebate would be received before the end of this week. Now Germany, France and the United Kingdom were the net contributors to the Budget. The Germans, the French and ourselves were determined to stick to the 1% V.A.T. ceiling. We have a common view about this. The joint determination of these three countries to stick to the 1% ceiling would force a review of the C.A.P.

(e) The Prime Minister said that her objective within the Community was to achieve harmonisation, not standardisation. "We have got to fight for commonsense". The Prime Minister agreed that we did not need anything like as many directives nor, after the accession of Greece, Spain and Portugal would we need seventees Commissioners. She wanted to see a common policy in insurance and free trade in services.

(f) So far as the C.A.P. was concerned, we had no quarrel with the Objectives of the policy; the trouble was large subsidies were being used to produce services which were sold off cheaply. Even some of our own butter goes straight into intervention.

(g) It was said that there should be no protection. We have always had some protection for our farmers. Even before we joined the Community we had wanted to go over to levies rather than deficiency payments. We were determined to stand rock solid on the 1% V.A.T. ceiling. Peter Walker was negotiating about the Common Fisheries Policy this week.

(h) So far as Sovereignty was concerned, some sovereignty was lost with every Treaty that we signed.

(i) So far as dumping was concerned, we have to obtain the full facts in each case. We have been worried about dumping. Steel and British Leyland are both subsidised by us. Of course it was ridiculous for the C.A.P. to continue to build up surpluses.

(j) We must not throw away the political stability which the Community has given; the fact that the Heads of Government meet often has prevented a revival of protectionism.

5. Dick Body.

He said that the E.E.C. had failed. We needed a partnership of nation states with laws and taxes passed and imposed on the people by their own elected representatives. He did not believe in

supra national powers. There was no prospect of genuine European co-operation without bringing in Sweden, Norway and Austria, all of which are just as European as we are but who would not join the Community as it is.

6. The Prime Minister.

The Prime Minister said that we had already accepted a higher authority than our national laws by recognising the lawful authority of the International Court at The Hague.

7. Nicholas Winterton.

He asked why we did not show the same disregard for some of the Community Regulations as the French. He asked who was going to pay for Greece, Spain and Portugal.

8. The Prime Minister.

The Prime Minister said that it would be wrong for any nation to be by so much the largest contributor. There must be a structural change in the system of Budget contributions. However, the worst of the resentment over our Budget contributions are over. The great virtue of the Community was the political working together of the Member States, stability and the extension of democracy. "I have not been docile in defending Britain's interests."

9. Tony Marlow.

He said that we were having to buy our food from the Community and this was costing us £1,500 million a year above the world market prices.

10. The Prime Minister.

Said that the increase in the food component of the R.P.I. had been only 12%, at a time when the R.P.I. itself had risen by 20%. The Prime Minister pointed out that our farmers were asking for higher prices.

11. Hugh Fraser.

He said that he had always been against Britain joining the Community. Everyone acknowledged what the Prime Minister had done to stand up for Britain's interests. Political stability in Europe was very important. He thought that we would become the strongest country in Europe over the next five years because of our energy resources. He said that the Prime Minister's hand in Europe was a very strong one. British interests must come first. The Prime Minister had always followed this precept, "but some of your colleagues talk differently). We must keep an eagle eye on British interests; we were dealing with difficult people. We must go into the next Election with our national interests paramount. We must not go for a Federal Europe.

12. The Prime Minister.

"I agree entirely." It is in Britain's interests to have an enlarged Community. To negotiate as a trading unit is an advantage. Regular meetings to Heads of Government have nothing to do with Federal Europe. We must keep our own customs and there is no suggestion either of a United States of Europe and no question of a Federal Europe.

13. Nicholas Bonsor.

"That is not clear from the Foreign Office.

14. The Prime Minister.

We have challenged the Commission on a point of principle about subsidies because it is the Council of Ministers and not the Commission which should have power to decide on matters of this kind. We have taken the Commission to the Court.

15. Roger Moate.

"We are fighting for a Gaullist Europe. We are not a smokescreen for getting out of Europe. The C.A.P. cannot survive in its present form".

16. The Prime Minister.

"No, it cannot".

17. Michael Brown.

People are getting fed up with all the detailed Regulations coming out of the Commission. If we are seen to view Europe in the way that the Foreign Office sees Europe we will be in real political difficulty at the next Election".

18. Den Dover.

"We want to stay in Europe but we really must fight our own corner. We want to re-assure you that we are not a pull out of Europe group. We heard that you were upset when you heard of the formation of our group".

19. Prime Minister.

"No, I was not upset by the formation of the Group. I was upset by the way the press had reported the purposes of the Group".

20. Ronnie Bell.

Directives from the Commission on such a massive scale created a very bad impression. This was substantive law. It was displacing U.K. law. Within five years we would have in this country mainly Commission made law. This was producing a growing resentment in the country.

21. Prime Minister.

"I resent some of them - I totally agree."

22. Ronnie Bell.

New Zealand has been served badly. Australia has been dealt with scurvily.

23. Prime Minister.

The Prime Minister said that the sheep meat arrangements had been good for Australia and New Zealand.

24. Bill Walker.

He said that his Constituents, who were mainly farmers, were unhappy about Europe. He detected the same note among them as he detected before Devolution when their opinion had been ahead of their Party. He said that he thought that his Constituents were right about Europe, as they had been right about Devolution.

25. Prime Minister.

The Prime Minister said that his dairy farmers had a monopoly in milk and if it were not for the monopoly the price of milk would be cheap.

26. Bill Walker.

He said that the General Accident in Perth were worried.

27. Neil Thorne.

He asked whether we had our proper entitlement of top Civil Servants in Brussels. The Prime Minister said that we did have the correct proportion.

28. Warren Hawksley.

He said that the farmers were not happy and that the French were subsidising their own industries. He said that there was a widespread view that the French were disregarding the Community Rules when it suited them and were getting away with it.

29. Gerry Neale.

He said that his farmers were very unhappy about the Community.

30. Geoffrey Dickens.

He said that those who were opposed to Britain's membership of the Community must get out of the Group.

31. John Townend.

"I joined this Group, because I wanted to strengthen your hand."
There had been a loss of sovereignty because of our lack of ability today to deal with other countries as suited us best. Cars were being imported from Russia or from other countries parts made in Russia by slave labour. The Prime Minister asked him to let her have details of this.

32. John Carlisle.

He said that we must not agree to any increase in farm prices.

"We keep to the rules, but others do not". He gave a particular example of the French catching herrings, in defiance of Community Rules.

33. Michael Brown.

He said that France was subsidising much of its own industrial production and that subsidised steel from the Community was being imported into this country.

34. Ronnie Bell.

He said that frauds on the Community Rules were being perpetrated on a massive scale by France and Italy.

35. Albert McQuarrie.

He expressed anxiety about the way in which the French were flouting the Fishery Regulations. He mentioned one case where a catch had been sold for £43,000 and where the trawler captain had been fined £5000.

36. Nick Winterton.

He said that we must be much more robust in defendint the interests of the United Kingdom.



15 / 12 / 1960.

W HART
BARON
WIND

BONSOR.

NOT A GROUP DEDICATED TO DISCUSSION
OF E.E.C.
45 MEMBERS

1. C.A.P.
2. ANTI DUMPING
3. CONTRIBUTIONS
- 4.

SOVEREIGNTY

Comparison to legal system of
Bonnels bureau
Oil Grants.
10,420 - Commission
11 months up to 1/12/1960.
3.095 Regulation
1102 Decision

Noise made by law makers.

New laws on pollution

Tachographs.

Range rules public buses -

Dept of Transport cannot give
answer because there must be
test cases.

Marketing: resuscitation of the product
Size - whole of market beyond
unions.

Changes: accentuating methods

Pros of monopoly common to the E.E.C

Advertising: Regulation covers from
as to Brussels.

Public Health: Hygiene Regulations

Reduce size industries - leading

of European Legislation

We have no control over all
these matters

As a lawyer - very dangerous

People must have chance to
acquire knowledge; the law
must be certain; it must be simple

In all these ways the E.E.C. is
falling down

We must look for a new
way with Senate style
working at the conference

POLITICS

$\frac{1}{2}$ great newly elected
in tandem with the electors

Political Danger for us abt F.F.C.
at next election

Reluctant about P.M. - best -
Contributions. We must be
reformers not apologists.

LL07D

BUDGET in BALANCE

Duties fall unfairly on us
because of our other pattern of trade

STILL WORRIED ABOUT

WHEN - HOW OF REBATES

- AFTER FIX

Need of rebate re spending
at projects.



It is agreed that the
 F.E.C. A. you challenge these matters
 - I disagree

F.E.C. Press statement by Jenkins.
 We not give a lead.

TAYLOR.

C.A.P.

Change of radical change with
 F.E.C. runs out of money.
 Agree to - C.A.P. under Article

39.

Protect

Low levels

High prices

| Supplies. |
 | Restriction of Food. |

H.

Excluded one to Russia at

subsidised prices.

Refuse has been lifted about for too long

and greater co-venter.

Extending down to Spain, Portugal
Greece. I am convinced but no
doubt would require.

I am convinced to live together
with rules that are reasonable that
would be much worse.

Not you to get paper deal.

Political there is most important

Seen the side of I am convinced.

Common is dressed with the center of
power, but first steps to be taken
are taken place.

We are getting rid of our worst
restrictions

First 100 in the world

Germany }
France } part of the
U.S. }



Resignation to buy about emergency -
 spending not within our hands -
 we must expect you to reduce
 P.S.B.R. NOT ON SPENDING.

Continuing problem with Budget.

DUMPING INSIDE - shortage of infrastructure
 UNFAIR TRADING OUTSIDE

County facilities for imports must
 be available

SLOWNESS OF PROCEDURES

Procedures for customs: these
 should be more responsive - quite
 best achievement of E.C. is free
 trade - must be fair as well.

P.M. ARE YOU ALL COMMITTED

TO EUROPE

We need a lot of political stability



Common trend involves sticking
 at 1% v.a.t. that will
 face a review. We have a common view
 about that;

This area of political stability

SOVEREIGNTY

Hammerhead with

standardisation

up to us to do the best

we can FORK LEFT TRUCKS

We have got to fight for

Common sense

We don't need anything like

as many decisions

Don't need 17 Commissioners

frustrated to death.

I want a common policy - insurance

We want free trade - services

Money, feet - a change in focus.

C.A.P.

OBJECTS we are can

gravel with the objectives

As it works with water

large part of water go to produce
refuses what are not M. cheap.

We produce some better what
goes straight into stomach

10% V.A.T. with water.

You suit us perfectly. We have
always had some perfect.

We wanted to go we to leave
with the depositing papers
anyway. Agricultural Budget is

have £450 in

F.R.C. £400 in.

We are standing now with

on 190 V.A. with

SHARP with It is a shaving
system.



C.A.P. HOUSEWIFE - FARMER
Get good deal.

NOW DOING FISH

NOT have to wait for fish.

Bill of report £710 - report
1 May to 70 lbs pound year to be send
£100 in next week.

Let some sovereignty go with any
Treaty.

Navy's Committee is NOT a
Veto Committee

Dumping We have to find facts
in any case. We have been worried
about dumping against us. Steel
& B.C. are both subsidised by us.
C.A.P. - intention to report
may be building up surplus.

DO NOT THROW ANY GEM:
Political stability - the fact that
we meet after the prevented revival
of protectionism.

DICK BOSS

Always attend Convention board
for Europe. A EEC has failed - we want
a partnership of nations states laws & taxes
based on its elected representatives - not on
in EEC - I don't believe in
super national forces - no general European
co-operation was being in Sweden Norway
in Austria all of which are just as
European as we are.

P.M. We go to international Court at Hague
as it is - if we argue about
the Falklands - international disputes.

WINTERTON

Why don't we select the law
like the French - political changes.
When you go for Greece, Spain
& Portugal.



P.M. I'll send you what to send. -

NO 40

Why for me notes to be around the
largest contribute

There must be a Budget standard change
Want of resentment a Budget note as
over. Political notes, typical
Stability
Standard Language.

I have not been done.

MAPLOW We have to buy a food for
the F.I.E. £1500 - a year about
world market prices.

Increase in food cost of R.P.I.
was 12% when the rest was
20% 10m farmers are asking
for higher prices.

HUGH FOREMAN

Always agent.

Freya agrees with you have done
political stability I think very important
We will become the struggle center; Frank
behave that we next 5 years.

You had in very strong.

British interests with come first. Some of
your colleagues told differently.

Eagle eye about British interests - clearly with
difficult people.

We must go into relation with various interests
Parsons. Not a Federal Empire.

"P. 4" I agree entirely

British interest to have a sub-agent
for committee. Negotiating as a
trading unit is a advantage. Regular meetings
nothing to do with a Federal Empire -

we must keep an constant at hand
no support of United States of

Empire. No question of Federal Empire

Bowman T. H. at clean for France & N.



P.4. Sovereignty. National rights
for nations: - E.R.C. Dietrich
Weld not done until it lay down to
the world. We have challenged
Communism - the Com. Power shall
be Court of Nations NOT COMMISSION
WE TOOK POINT ON PRINCIPLES
NOT THE COMMISSION.

NO ATTEMPT! We are fighting for a
Gaulle's Empire. We are not a
submission for getting out of France.
SMOKERS CANNOT

C.A.P. cannot come in its present
form.
P.M. NO IT CANNOT.

NO ATTEMPT! In the context of England
France will be different.

P.M. Steel is a corner of of
the world.
I.

BROWN We call for people fed up
with the DEIANS. If we are
seen to be like F.O., see it we
will be in difficulty.

DOVER What to stay - Europe - I thought we
were how long to Europe.
rest says no, fight for us.
What to re-assure you.
Make me out a full set of Europe graph
We heard you were upset
P.m. No - I was upset by

BILL ① 3000 - 4000 Duescher - but upon
Substitute Law, Disposal v. 4. Law
② 5 years more, European Law, being come
1 resorted.
P.m. I resort some of them - I still agree.
③ It was the British race egg and the
glide v. 2. small bath
Duescher dealt with summit
We have death bath
P.m. Sheet next was good for them



BILL WALKER My Certificate may fames
and unhappy about Europe —
some word or about devolution.

P.m. What do you mean with.

Walter. My Dam Fames

P.m. But for you Fames Receipt, will
would be cheap.

Walter G.A. — Part - the are women

NEIL THORNE I o'it the the a do not have
comet profatis of lot people in Bunsels

P.m. We have comet profatis.

T. May I show you some pages

FRANKS Fames NOT HAPPY

Frank writing on industries
VIEW THAT Frank didn't make with
it suits the.

NEALE Fames unhappy

DICKINS ARTS NOT GET OUT
OR GROUP

Townsend I just became we wanted
to strengthen your hand.

Loss of sovereignty because of
that countries - SCHMIDT'S POLICY
OF EXT POLITIK

Can not get for Russia with some
Golem -

P.M. Please let me have details

DOLAN CALLAHAN

Not yet agree to means
- for prices; we kept to
under + others. don't.

FARMER - HARRIS.

BROWN

They subscribe in the price
pay lower price. - STEEL firms
into the country.

BALL

Franks by France - I.G.B.

M. C. GUARIE

FISH ANXIETY

£43,000 for catch

Fine £5000.

W.
B. D.

All agree in to reform
Nations to be more robust. W. and others /