

22/11/82
H Thomas
Meeting

STRICTLY CONFIDENTIAL

TO: THE PRIME MINISTER

THE UTLEY GROUP

Chairman: Peter Utley

BRITAIN AND THE EUROPEAN COMMUNITY

The group has devoted a number of meetings to this issue. Its conclusions are embodied in the attached mock manifesto paragraphs, which it hopes to discuss with the Foreign Secretary when he comes to lunch in the Research Department on 29th November 1982.

Conservative Research Department

A B Cooke
Secretary to the Group

Copies to: The Rt Hon Cecil Parkinson MP
The Rt Hon Francis Pym MP
The Rt Hon Douglas Hurd MP
Ian Gow Esq TD MP
Ferdinand Mount Esq
All members of the Group
Scott Hamilton Esq
Edward Bickham

Handwritten notes:
URBA
GEOFFREY
KHOON
ANDREW POLONSKY L.S.F.
CHARLIE DOUGLAS - Hon. MALCOLM JARVIS
MALCOLM MENDOSA
CHAIRMAN OFFICE
DATA REPORT.

Suggested manifesto draft on EEC
By the Utley Group

Membership of the European Community plays a crucial part in many of Britain's domestic policies and is of central importance to our foreign policy. The Labour Party's ideologically motivated advocacy of withdrawal is purely destructive, and we reject it completely.

We must face the fundamental fact that if our withdrawal meant that Britain was no longer part of this large European market, it would put over two million jobs at serious risk; for we would lose the very real export advantages in Europe which we now enjoy. We would also lose the attraction for overseas investment which membership of the community gives us.

If Britain withdrew from the EEC the Soviet Union would almost certainly regard this as a sign of growing Western disunity - and this would be gravely damaging for the cause of world peace, to Britain's influence in the world and to our capacity to defend ourselves against aggression.

Nevertheless, the period of our membership of the European Economic Community has been characterised by disagreements with other member nations over such matters as the working of the Common Agricultural Policy and, indeed, EEC finance as a whole, and fishery limits. In addition because of the world recession and the mismanagement of our economy by the previous Labour Government, which also made no progress towards resolving our main problems with the EEC, we have not experienced the improvement in our living standards which were widely expected at the time of our joining the EEC. As a result many people have tended to question whether continuing membership of the EEC is in Britain's best interests.

To reject withdrawal from the EEC does not mean that the Conservative Government is uncritical of the present workings of the European Community. Thanks to the determination of this Government, and notably the Prime Minister, we have already secured a considerable reduction in our financial contribution to the EEC; but what is needed is a thorough rearrangement of EEC finance, which, as well as giving Britain a far better deal, would, in our view, be in

the longer term interests of Europe as a whole, because it would mean that the funds available would be used where they were most needed instead of continually subsidising the over-production in agriculture. The Liberal/SDP Alliance in its blind enthusiasm for the EEC has criticised this Government's firm stand to obtain a better deal for Britain as inflexible and obstructive. The Conservative Party totally rejects the notion that Europe could be turned into a federal-type super state. It must develop in such a way as to accommodate the historic diversities of the great nations who co-operate within it.

The Conservative Government will be particularly watchful of proposed regulations emanating from the European Commission, some of which seem to have had more to do with increasing uniformity for its own sake under the guise of harmonisation, than with smoothing the working of a Free Trade Area - for example the document from the Commission dealing with the noise level of electrical goods used in the kitchen.

There is no doubt in a number of fields, both economic and defence, there is fruitful scope for Britain and her EEC partner nations to work more closely together. We share the same beliefs in freedom and democracy and there is already a great deal of co-operation in the defence of the Western world as a whole.

The Conservative Party, in its attitude to the EEC, takes the same broad, sensible, middle of the road view that it takes on domestic issues. We reject the extreme of complete withdrawal as advocated by the Labour Party, equally with the other extreme of working towards a Federal State of Europe which seems to be favoured by the Social Democrats. We believe that the course which we would follow is that which the broad mass of British people will support.

The Utley Group
(Chaired by Peter Utley)
Conservative Research Department

21.10.82