PRIME MINISTER

CHANCELLOR SCHMIDT'S VISIT: YOUR SPEECH AFTER DINNER ON 10 MAY

You said that you would like to make a short speech at your dinner for Chancellor Schmidt, with a European emphasis. I attach the first draft for you to consider. It has been seen by David Wolfson and Richard Ryder, as well as by the Cabinet Office and the Foreign and Commonwealth Office (who prepared the original draft); we have all made a number of minor changes.

Do you agree that the final text should be released to the Press on Thursday evening, embargoed for 2200?

8 May 1979

cc: Mr. Stowe
Mr. Wolfson
Mr. James
Mr. Ryder

This is excellent. See various comments scattered throughout.

(Caroline can read my writing - through long experience).

DRAFT SPEECH FOR THE DINNER IN HONOUR OF THE FEDERAL GERMAN CHANCELLOR, 10 MAY 1979

Now we both know what a "blind date" feels like!

Press Release.

I could not be more delighted to have, as my first visitors, the Chancellor of the Federal Republic of Germany and his colleagues.

Mr. Chancellor, your country was mentioned with admiration in two recent documents, in one of which I myself had a hand. I refer, of course, to the Conservative and the Labour Party manifestos. It is not difficult to see why. The Federal Republic offers an enviable example of economic and social progress combined with social and political stability. (In less than two weeks' time you will be celebrating the 30th Anniversary of the German Basic Law, your Constitution, which has provided the framework for this.) I firmly believe that, given the right policies and the right leadership, the same progress lies within the grasp of the British people. That is the task to which my Government has this week set its hand.

/Our

Our countries share a wide range of vital interests.

First and foremost, we are both members of the North Atlantic Alliance. That membership is a cornerstone of our foreign policy, as it is of yours. The British forces committed by Treaty to the mainland of Europe are, after those of the Federal Republic and the United States, the largest NATO forces in the central region. The United Kingdom is one of the three protecting powers in Berlin. As Her Majesty The Queen reminded the people of Berlin only last year, our commitment to the freedom and security of Berlin is absolute. It is my Government's firm intention (though, with the Chancellor of the Exchequer here, I need perhaps to say, "So far as our means permit"), to maintain and improve the capability of Britain's armed forces. We shall play our full part, with such measures as may be agreed to be necessary, in countering the military threat. We share a common interest in a military balance between East and West, for we share a common belief that such a balance genuinely contributes to stability and peace in Europe.

The framework within which we operate is the same for both of us: a world of scarce and dear raw materials, tough competition and demanding markets. In this world, the largest single trading unit is the European Community. Let me therefore here and now, at the very beginning of what will I hope be a long and close association between us, make clear the spirit in which I and my government approach the E.E.C.

We as a Government are committed to British membership of the Community. ~~We do not yearn nostalgically for a Britain separate from Europe.~~ The decision ~~which~~ was taken by Parliament and confirmed by the British people ~~with a majority of 2-1 in the Referendum of 1975 is final~~. ~~I believe that most responsible British opinion has long since accepted this reality.~~ Ours is not a grudging acquiescence in Community membership. We believe it is not only right for this country but right for Europe. Our purpose is to engage fully and actively with our partners in developing the Community.

/Let me

Let me repeat what we said in our manifesto: "there is much that we can achieve together, much more than we can achieve alone". This approach will underlie all our dealings in the Community. ~~We are going to seek solutions to Community problems by working with you and our other partners, not by seeking to stand out in isolation against you.~~ We shall want to narrow areas of disagreement, not to enlarge them; to solve disputes, not to ~~inflate~~ exacerbate them.

There is a task in this for the European Assembly, the Parliament to which the British and the German peoples will be electing representatives next month. It will be for the European Parliamentarians to bring out into open, democratic discussion the issues which concern all our peoples. There can and must be a useful role for the Assembly to play in our Community.

It has been suggested by some people in this country that I and my Government will be a "soft touch" in the Community. In case such a rumour may have reached your ears, Mr. Chancellor, from little birds in Smith Square,

/Belgrave Square

Belgrave Square, or anywhere else, it is only fair that I should advise you frankly to ~~give it a zero rating~~ dismiss it (as my own colleagues did, long ago!). I intend to be very discriminating in judging what are British interests and I shall be resolute in defending them. But I find that these interests coincide more often with a general Community interest than has sometimes appeared in the past. Nevertheless, where we consider that there is something seriously wrong in the Community we shall work ~~very hard with our Community partners~~ unremittingly to see that it is put right.

This is not just a question of demanding a bigger share of the cake or a lesser burden for this or that Member State. If policies are working badly, the fact will indeed show up first in the form of unfair consequences for one member or another. When this happens, to put the policies right is not just an act of charity or of justice. It is essential for the health and well-being of the Community as a whole. Of course it is bad for the United Kingdom if the Community spends a large part of its resources storing and disposing of unwanted agricultural surpluses. And of course it is unacceptable to the United Kingdom to pay the lion's share of the enormous costs of this operation. But

/it is not

it is not good for the Community either. If we are genuinely working together to build something of which we can all be proud, to develop policies and institutions which will progressively draw us closer together in the pursuit of common goals and common prosperity, we have got to solve these problems. There is nothing shameful in finding that after a certain number of years policies ~~adopted by the Community~~ need to be changed to meet new circumstances, or that anomalies which flow from them need to be corrected. Such necessary changes must be made by agreement amongst the member governments. In making them, we shall not undermine the Community: we shall make it better able to serve the common interest, and to be fair, just, and reasonable to all its members.

We shall therefore be looking to our partners to make an effort of understanding and of good-will. Of understanding, because we shall be asking them to take a new look at the way certain policies have worked and not simply to cling to them because they are long established and familiar. Of goodwill, because it is hard to accept modifications of policies and arrangements which bring national

/advantages.

advantages. If other countries' own interests are being well served, why should they take account of the disadvantages incurred by Britain? They will do so only if they too firmly believe that the Community is not just a matter of seeking advantages for oneself; if they, too, believe that we must all prosper together if we are not one day to fall apart; and if they, too, believe that the rising tide of prosperity must indeed lift all the ships and not leave one or two stranded in the shoals and on the sandbanks. This is my European philosophy. If our partners share this vision I believe that together we shall find solutions to our problems, and especially the alleviation of the grave budgetary burden at present imposed on the United Kingdom. Without that vision and without a readiness to make adjustments and sacrifices in the broader Community interest, our enterprise could not succeed. But I believe that with your help, Mr. Chancellor, and with the support of our fellow Heads of Government, we shall succeed and that we shall make it better able to go forward in the common interest.

/In conclusion

In conclusion, Mr. Chancellor, I invite you to join me in a toast to the peace of the world, to the health of the Atlantic Alliance, to the well-being of Europe, and to the friendship of our two peoples.