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MALCOLM SKIPP.

EUROPE, MORE THAN A MARKET LESS THAN A STATE:

THE CONFLICTING VISIONS OF MARGARET THATCHER

AND JACQUES DELORS.

MASTER OF ARTS.

1997.

ABSTRACT.

The antipathy between Thatcher and Delors is examined, in particular their socio-economic divide and its influence upon their conflicting visions of the future of the EC. Thatcher was a neo-liberal realist with an inherent distrust and suspicion of the EC; she equated it with her domestic attack upon the post-1945 Keynesian consensus. She was divided from Delors over many issues, including national concepts and the US relationship; however, underlining this division was her vision of a total Europe-wide free market, with little regulation to hinder market forces. She saw the SEA as a vital step in the creation of her vision of the EC - a stateless market.

Delors, the personalist and pragmatic socialist, had a contrasting vision of Europe. His philosophy was critical of liberalism in that it put community before individuality; he supported protection, wanted regulation in the market, and believed everybody should be helped, especially the agricultural community for which he had a near spiritual affection. He saw the SEA as a stage in the development of EC integration; the Delors' package, EMU, the social dimension and

political union were all part of his vision of the creation of state-like structures to avoid the stateless market. That was when the division with Thatcher could be clearly seen and became more personal. Thatcher and Delors were the extremes of the debate; the more realistic way forward for the EC appeared the middle way with inter-governmental bargaining slowing integration, making Europe more than the pure free market visualized by Thatcher but less than the more integrated state which was the dream of Delors.

**EUROPE, MORE THAN A MARKET**

**LESS THAN A STATE: THE**

**CONFLICTING VISIONS OF**

**MARGARET THATCHER AND**

**JACQUES DELORS.**

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**1997.**

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## ABBREVIATIONS.

BBQ	British Budget Question.
CAP	Common Agricultural Policy.
CDU	Christian Democrat Union (Germany)
CFSP	Common Foreign and Security Policy.
COREPER	European Council Committee of Permanent Representatives.
EC	European Community. Term used in this text.
ECSC	European Coal and Steel Community.
EDC	European Defence Community.
EEA	European Economic Area.
EFTA	European Free Trade Association.
EMS	European Monetary System.
EMU	Economic and Monetary Union.
EP	European Parliament.
EPC	European Political Cooperation.
ERM	Exchange Rate Mechanism.
ETUC	European Trade Union Confederation.
FCO	Foreign and Commonwealth Office.
G7	Seven most industrialized states: Canada, France, Germany, Italy, UK, USA, Japan,
GATT	General Agreement on Tariffs and Trade. In Rounds, Kennedy, Tokyo, Uruguay.
GDR	German Democratic Republic.
IGC	Intergovernmental Conference. Called by the Council for major projects, reviews and revisions of the Treaties. For example, EMU and political union.
MEP	Member of the European Parliament.
MTFS	Medium Term Financial Strategy.
NATO	North Atlantic Treaty Organization.
PS	Parti Socialiste.
QMV	Qualified Majority Voting.
SDI	Strategic Defence Initiative.
SEA	Single European Act.
SEM	Single European Market.
UNESCO	United Nations Educational Scientific Cooperation Organization.
VAT	Value Added Tax.
WEU	Western European Union.

None of the material offered has previously been submitted by me for the degree in this or any other university.

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## 1. INTRODUCTION.

Delorism and Thatcherism will define as they do today the extremes of the European debate. (1)

This study will assess the antipathy between Margaret Thatcher and Jacques Delors. Their division of opinion and conflicting visions had many contributory factors. Thatcher inherited the British historical preoccupation with sovereignty and national independence and British suspicions of Europe and the importance of the relationship with the US. She was also influenced by issues of national interest and nationalism, the pressures of party politics and the influence of economic and elite interest groups.

However with Thatcher and her extreme neo-liberalism these differences were exaggerated. This study will show that the conflict between Thatcher and Delors was intensified and there was a socio-economic ideological chasm over the role of the market and the state and ultimately over the future of Europe.

Thatcher was an ideologically motivated Prime Minister whose belief in 19th. Century economic liberalism (neo-liberalism) and free market concepts dictated her relationship with Delors and the European Community (EC). She saw in Delors a strand of thought in Europe which she equated with the post-war British Keynesian consensus, its compromises and ultimate failure.

Her relationship with the EC changed over the period discussed. She was unbending in pursuit of a "fair deal" on the budget issue and



attacked the Common Agricultural Policy (CAP) and EC finances from the Strasbourg Council in 1979 to Fountainebleau in 1984; she promoted the concept of the single market and signed the SEA; finally she was the nationalist who opposed the EC she had helped to create and feared a potential superstate - a "Leviathan" which would pervert and regulate the market.

Her view of Delors also changed. In 1984 she knew he was a financially prudent finance minister whose socialism was pragmatic; in 1986 she believed he was a federalist with his own agenda and humiliated him at the press conference following the London Council; but it was not until 1988 that her dislike became intense, personal animosity developed and he became the epitome of everything she disliked about the EC.

Delors' character also played a role in this divide and he was not an innocent party hand-bagged by a wild woman. Delors was a personalist, socialist and *dirigiste* who was critical of liberalism, believed in state intervention, had a vision and was as determined as Thatcher to turn it into reality. The conflict became intense over the future of Europe following the SEA when Delors' plans for European state building became major issues in the EC.

The divide can be illustrated by applying a theory of European integration and by examining different views on regulation. Paul Kapteyn uses the Single European Act (SEA) and its repercussions to examine three possible scenarios for EC development. The first

scenario is Thatcher's vision of the stateless market, where there is no regulation and the gap between the negative integration of the market and the positive integration of state-like structures is very wide. (2) To Kapteyn: "Certainly in the period of Margaret Thatcher's premiership a form of economic liberalism was allied with a conservative nationalism, thus supporting a market without a state." (3) In the past the state was built before the market, but with the SEA a market was built without state-like structures - a market without a state. The momentum towards state building which followed the SEA was an attempt to redress this balance, to narrow the gap between the negative integration of the market and the positive integration of the state. "The downward spiral" is what he calls the "grimmiest" scenario, where there are no controls amidst rampant competition, which ultimately will result in a return to national protection. (4) This scenario is near to the vision of Thatcher. She promoted the single market project after the settlement at Fontainebleau and believed she could restrict integration to a negative form and produce a giant free trade area - Thatcherism on a European scale.

The SEA disappointed Thatcher, as negative integration became positive with the *paquet Delors*, economic and monetary union (EMU), the social dimension and talk of political union. Kapteyn's second scenario is of a transfer of national government powers to a central supra-national European government which would narrow the gap between negative and positive integration. This form of state building,

to avoid the "stateless market", is near to the vision of Delors. There would not be a stateless market and the downward spiral of uncontrolled competition would be resisted. (5) The proposals, promoted by Delors, that followed the SEA were attempts to move in that direction.

However, the resistance to EMU, the social dimension and political union made the more obvious scenario for EC integration the third option, interstate cooperation, with a greater role for intergovernmental bargaining and due to the fear of loss of national sovereignty there would be a restriction on the amount of supra-nationalism. That scenario stops the downward spiral of the stateless market but stops short of state building. (6) It is a form of middle way between the two extremes, represented by Thatcher and Delors. This was the compromise and to Kapteyn the most likely way forward. (7)

Kapteyn helps illustrate the divide between Thatcher and Delors as does the issue of regulation. Both Steven Woolcock and Kenneth Dyson compare British and German attitudes to regulation. The German system provides a good comparison because "...the German approach to market regulation has developed in parallel with the evolution of the Community." (8) According to Woolcock, the SEA had a link with domestic policy which had seen much deregulation in the industrial sector since 1979. The regulation that was introduced was to ensure liberalization of the market. (9) To the British, regulation rests with an interpretation of public interest by the government of the day.

(10)

The German approach emphasizes the establishment of a framework via the general consensus of policy objectives, the detail being implemented at a lower level. German regulation is "anchored in statute" and allows the free flow of the market within set parameters.

(11)

To Dyson, the British view of regulation is less government-led, and has a market approach where regulation comes from market failures. There is a resistance to an institutionalization of regulation. The German variant has regulation as part of the legal framework, as an embodiment of public requirements and as part of the "domestic political consensus about the proper relationship, between the state and the economy." (12)

Delors' opinion on harmonization, on a more consensual and corporatist approach and the necessity to regulate to make the market work in the public (as well as the private) interest reflects a great deal of the German regulatory culture. (13)

The British view of regulation provides a continuity in policy towards the EC. However, as with many other issues, with Thatcher it became more intense and the divide with Europe more pronounced.

By 1990, there was the contrast between a pragmatist who, despite the slowing down of his vision through public scepticism and recession, retired gracefully and with dignity at the end of his term; and Thatcher, who seemed the intransigent ideologue who could only say "no no no"

to such an extent that she alienated the "true believers", lost the support of her party, and was destroyed by "treachery with a smile on its face."

(14)

## 1. INTRODUCTION.

- 1 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 283.
- 2 Kapteyn, P, *The Stateless Market* (London, 1996), pp. 69-70.
- 3 Ibid.
- 4 Ibid., pp. 73-91. This scenario creates its own problems, including, fraud, unfair competition, border controls and contradictory national laws. One problem is the Schengen Treaty of open borders and the different national laws, for example the Dutch drug laws are less strict than the German. See also, Ibid., p. 69. This scenario of uncontrolled competition could drive states back towards national barriers.
- 5 Ibid.
- 6 Ibid.
- 7 Ibid.
- 8 Woolcock, S, et. al., *Britain, Germany and 1992* (London, 1991), p. 102. See also, Ibid. "...both Germany and the EC have drawn on similar philosophies in order to deal with the issue of how to structure regulatory policy in a liberal economy that comprises a number of different states."
- 9 Ibid., p. 96.
- 10 Ibid., p. 97.
- 11 Ibid.
- 12 Dyson, K, "Regulatory Culture and Regulatory Change: Some Conclusions", pp. 257-271 in K. Dyson (ed), *The Politics of German Regulation* (Aldershot, 1992), pp. 259-260. See also, Lehmbruch, G, "The Institutional Framework of German Regulation", pp. 29-52 in K. Dyson (ed), *The Politics of German Regulation*, p. 36. The British wish to regulate only where necessary; there is an influence of outside bodies, for example, the Adam Smith Institute; and a reluctance of the state to take the lead and usually only when invited. Webber, D, "The Politics of Regulatory Change in the German Health Sector", pp. 209-234 in K. Dyson (ed), *The Politics of German Regulation*, p. 225. This culture was exaggerated by the Thatcher government with the exclusion from regulatory discussions of interest groups and lobbies, as well as trade unions.

13 Ibid., pp. 259-60.

14 Thatcher, M, interviewed in, Tibbarnam, P, *The Downing Street Years* (BBC TV 1993).

## 2. VIEWS ON THE THATCHER - DELORS ANTIPATHY.

There are various interpretations of the antipathy between Thatcher and Delors and they can be categorized as follows:

1. The personality clash.
2. The importance of the domestic audience.
3. The free trade and cooperation argument versus the protection and integration view.
4. The intergovernmentalism versus supra-nationalism and federalism debate.
5. The role of the market.

1. The personality clash. Charles Grant in a biography of Delors said that Thatcher had a dislike for both Frenchmen and Commissioners. He quoted an unnamed diplomat who said that personalities rather than ideology caused the problem between them. (1) There was a personality clash but her treatment of Delors seemed no better or worse than that of her own cabinet members, especially Sir Geoffrey Howe. (2)

2. The importance of the domestic audience. To Hugo Young in his biography of Thatcher, Delors was a breed of politician with whom she was not used to dealing; a man of the left who had to be taken seriously. Young states that Delors filled a need for Thatcher; like Scargill and Galtieri he entered the "lexicon" of a leader who always had to have conspicuous enemies, upon whom she could focus her fury. He quoted Howe, who believed she was not just anti-Delors; but was and



always had been anti-European and that the antagonism had perhaps more to do with domestic nationalist politics than anything else. (3)

Domestic politics naturally influenced Thatcher in that she was elected on a set programme and saw the EC as an obstacle. Her views did appeal to a nationalist audience but she was far more sophisticated than a simple nationalist. She knew the limitations of the nation state in the global world of today and had a world outlook. But it was an outlook which was neo-liberal and monetarist as illustrated by her friendship with Reagan and the debates over the SEA, EMU and social dimension.

3. Free trade versus protection. Derek Urwin takes the view that the difference was between Delors' view of maximizing integration and Thatcher's of an economic single market and cooperation. The battle-ground was EMU, the budget and the Social Charter. The differences were over the future of Europe; political union or a free trade area. The choice was between Delors, the Europeanist, who used the SEA to enhance his view and Thatcher who resisted non-elected central control. (4)

Stephen George made the following points: Thatcher was an internationalist who pursued the desire for a global market and world-wide free trade. She was not just the nationalist of the Bruges speech but was also the foe of European protectionism. To George, the gulf was between internationalism and regionalism. The same divide that had always existed in Britain's relations with Europe. (5) To him it

was Thatcher and her economic liberal philosophy against regionalism and the closure of EC commerce to the rest of the world. (6)

4. The intergovernmentalism versus supra-nationalism and federalism debate. Martin Holland said that the division was over the future of Europe. He called Thatcher the intergovernmentalist and Delors the federalist. The dispute went beyond personalities into what he called "the serious tension in the Community." (7)

Thatcher did want intergovernmentalism but she wanted more - Thatcherism on a European scale. She could accommodate supra-nationalism when it was passive, for example when Gaston Thorn was President of the Commission, (8) but she resisted when it became active and took the EC in a ideological direction away from her own. Albert Bressard made the point that the argument was over the future of Europe. He put a slightly different emphasis on the divide when he said that Delors and Thatcher represent two extremes, neither of which seems to have been born out by observable trends: Delors the federalist, and Thatcher with her "roll back the state model." (9)

5. The role of the market. Vernon Bogdanor stated that the British view has always been that the Community should provide a more free and effective market and Thatcher viewed the internal market as an end in itself. He contrasted this to the Christian-social democratic view of the market as just one means to union. He believed there was a deep ideological gap between Britain and the continent regarding the future of the market. (10)

However, this deep ideological gap which has always existed, was more intense and profound during Thatcher's period of office. For example, several of the "true believers" had ideological arguments with the EC, but it was Thatcher who stayed ideologically pure in her resistance, especially during the protracted EMU debate. There was also more to the Bruges speech in that it was triggered by Delors' TUC appearance where he touched upon the social dimension, an area of intense ideological division between himself and Thatcher.

John Young concluded that the ideological difference between Thatcher's *laissez-faire* doctrine and the continental belief in the social market is the key. (11) David Allen agrees and he believes Thatcher felt she was playing a zero sum game; more power to Brussels would mean less power for Britain. To quote Allen: "However, the argument between Mrs Thatcher and Jacques Delors went beyond the theological dispute about the nature of sovereignty and integration and into the much more interesting realm of political ideology." (12)

This view does seem to be the reason for Thatcher's intensity of resistance to the EC in certain fields. However, it was not just her free market conservatism which caused the rift over EMU; it was her strict adherence to monetarist doctrine in the face of other free market conservatives who wished to negotiate and compromise over the issue. She saw the Community as threatening while others saw it as a means of bringing increased gain for all.

All the views stress that the argument was over the future of Europe

and need to be acknowledged. However, these market models are general and do not investigate aspects of monetarism and the social dimension. Thatcher wanted the stateless market because it fitted her neo-liberal beliefs of competition and non-intervention; she resisted any centralization of economic policy because it would infringe upon the doctrines of monetarism. In addition, she saw it as fitting Britain's role in the world, especially the US relationship and her belief in the sovereignty of the nation state. She deluded herself in promoting the SEA and believed she had not compromised sovereignty in signing it. She believed that it was only the ambition of Delors which destroyed her vision.

## 2. VIEWS ON THATCHER - DELORS ANTIPATHY.

- 1 Grant, C, *Inside The House That Jacques Built* (London, 1994), pp. 89-90.  
See also, Calvocoressi, P, *Resilient Europe* (London, 1991), p. 207. He disregards the ideological differences and stresses Thatcher's personality, lack of compromise and patience with those who disagreed and her lack of intellectual ability.
- 2 Sir Geoffrey Howe: Chancellor of the Exchequer 1979-83, Foreign Secretary 1983-89, Deputy Prime Minister and Leader of the House of Commons 1989-90.
- 3 Young, H, *One of Us* (London, 1993), pp. 549-550.
- 4 Urwin, D, *The Community of Europe* (London, 1991), pp. 238-240.
- 5 George, S, *Britain and European Integration Since 1945* (London, 1991), p. 62. "So although the press treated the Bruges speech as a sustained assertion of nationalism it was also compatible with global internationalism and resistance to European regionalism that had long been constant policy of the British state towards the EC under successive governments since 1945."
- 6 Ibid., p. 61.
- 7 Holland, M, *European Community Integration* (New York, 1993), p. 87. See also, Taylor, P, "The New Dynamics of EC Integration in the 1980s", pp. 3-25 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 22. Taylor states that there was a change after 1988, from the budget problems towards a fundamental and ideological dispute. To him the ideological divide was not socio-economic but between supra-nationalism and national sovereignty.
- 8 Gaston Thorn: President of the European Commission 1981-85.
- 9 Bressard, A, "Futures of Economic Integration: Beyond Interdependence: 1992 As a Global Challenge", pp. 231-244 in *International Affairs* Vol 66 No 1, January 1990, p. 60.
- 10 Bogdanor, V, "Constitutional Implications", pp. 60-65 in H. Howie (ed), *Towards Fiscal Federalism* (London, 1992), p. 61. Bogdanor sees the Bruges speech as part of the national sovereignty-federalism debate; a debate about two abstract concepts and not where best to locate particular institutions.
- 11 Young, J, *Britain and European Unity 1945-92*, (London, 1993), p.

157.

- 12 Allen, D, "The European Community and the New Europe" pp. 230-250 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 240.

### 3. MARGARET THATCHER.

A thinking person's Reagan. (1)

#### 3.1. NEO-LIBERALISM.

....the combination of a traditional liberal defence of the free economy  
with the traditional conservative defence of state authority. (2)

Neo-liberalism is a strand of right wing conservative belief which owes more to 19th. Century liberalism than to traditional one-nation Disraeli Toryism. It rejects the concepts of slow organic change, the acceptance of state burdens and the ever-increasing collectivism, corporatism and welfarism. It has its intellectual backing in liberal concepts and the work of the philosopher Frederick von Hayek and the economist Milton Friedman. According to Hayek: "Though we neither can wish, nor possess the power, to go back to the reality of the nineteenth century, we have the opportunity to realise its ideals.." (3)

Thatcher and her supporters were greatly influenced by Hayek, who classed any kind of state involvement, including the welfare state, as a kind of slavery and destroyer of freedom. (4) He saw the primacy of the individual being threatened by the drift towards socialism. He favoured pure individualism without any fetters of the state which only erode a person's natural ability and drive; hence his support for the limited classical liberal *laissez-faire* state, with no income tax and the rule of law to protect freedom and free markets. This belief in pure free markets became relevant during the EMU debate in the late 1980s. To Dyson, the British competing currencies alternative to the Delors

method for EMU is indebted to Hayek (5), and Thatcher endorses that view in her biography. (6) This belief in Hayek and pure free markets drove her to resist any notions of fixed exchange rates as the precursor for the EMU.

Hayek was also influenced by conservatism in that he supported tradition and inherent wisdom. Despite his criticism of conservatives as unprincipled in their desire for power, his ideas of allowing a rebirth of individualism and of reducing the role of the state took hold in the Tory party. Many agreed with him that, without the free market, there was no liberty and they accepted the fact that the market produced both winners and losers.

American economist Friedman was a great influence upon Thatcher. He advocated state withdrawal from the economic sector of society in order to allow market forces to prevail. He was reasserting the principles of Adam Smith in that, by man pursuing his own selfish goals, the free market ensures that a contribution will be made for the good of all. The market is the arbitrator, it establishes the correct price, keeps production at the correct level and ensures all can participate. So long as it is efficient and unconstrained, the market allows business to prosper, thus creating employment and the consumer benefits in the form of low competitive prices. To Friedman, the state must not introduce price controls or any sort of central planning because this will distort the market and bring misery. He restricts the role of the state to preserving the value of money by limiting the money supply and thus



controlling inflation. This is an adaption of the "quantity money theory."

(7)

To a monetarist the money supply is the main weapon to control inflation and the early budgets of Howe and Nigel Lawson placed great emphasis upon the money supply in the form of sterling M3 and M0.

(8) However, when the growth in money continued, despite deflationary budgets, it was dropped and control via interest and exchange rates was used. This move played a significant role in the tension between the "true monetarist", Thatcher and Lawson, during the Exchange Rate Mechanism (ERM) and EMU debates in 1989-90. (9) Friedman's influence became crucial to Thatcher when Lawson moved away from the true monetarist creed.

A third influence upon Thatcher was Keith Joseph and the "new right." A radical approach to the role of the state was articulated by Joseph and the "new right" in the 1970s and was to produce the base upon which Thatcher and her followers built their attempts to rejuvenate Britain. Joseph made several influential speeches in 1974, the most important being at Preston on the 5th September. According to Thatcher it "fundamentally affected a political generation and their way of thinking." (10) In it he articulated the tenets of Thatcherism; inflation "is threatening to destroy our society" and it would result in "excessive growth in the money supply." He continued, "incomes policy as a way to abate inflation caused by excessive money supply is like trying to stop water coming out of a leaky hose without turning off the

tap." (11) These radical ideas were dubbed "Thatcherism." (12)

Thatcher and her supporters were convinced that Britain's problems could be solved and that the decline since 1945 could be reversed. In addition, Thatcher and Joseph had been members of a government in 1974 which had lost its ideological nerve in the face of recession and unrest, had sunk into corporatism and, discredited, had fallen. The near-repeat with the 1976-79 Callaghan government convinced her that radical change was needed.

Thatcher seemed to dominate the political arena as no other PM since 1945. Although she was not an original thinker she did have a set programme, an ideological belief, and the will and determination to carry it through. She had the energy to force change, to attack the vested interests and the inertia, and just enough supporters in Cabinet and in the party to achieve her objectives. Despite this reforming zeal, she also had many traditional conservative qualities; her reforms would never bring reform to the House of Lords, change the voting system or attack the monarchy. She was a defender of the sovereignty of Parliament although many of her actions would erode its power. Thatcherism was a mixture of this tradition and ideology, with ideology playing a major part in producing the change she required. Fundamental to Thatcherism was its criticism of the pre-1979 political settlement - the post 1945 consensus.

### 3.1. NEO-LIBERALISM.

- 1 Dickie, J, *Inside the Foreign Office* (London, 1992), p. 111.
- 2 Gamble, A, *The Free Economy and the Strong State* (London, 1994), p. 36.
- 3 Hayek, F, *The Road to Serfdom* (London, 1944), p. 178.
- 4 Ibid. See also, Thatcher, M, *The Downing Street Years* (London, 1993), p. 618. Thatcher ranked Hayek and Friedman with Adam Smith: "Adam Smith, the greatest exponent of free enterprise until Hayek and Friedman."
- 5 Dyson, K, *Elusive Union* (London, 1994), p. 136.
- 6 Thatcher, *The Downing Street Years*, p. 716.
- 7 Dyson, *Elusive Union* p. 233.
- 8 Nigel Lawson: Financial Secretary to the Treasury 1979-81, Energy Secretary 1981-83, Chancellor of the Exchequer 1983-89.  
Sterling M0 (narrow money): Bank till money and bank balances at the Bank of England. M3 (broad money): Notes and coins and all current and deposit accounts in the banking system.
- 9 Young, H, *The Thatcher Factor* (Channel Four, 1991).
- 10 Thatcher, M, *The Path to Power* (London, 1995), p. 255.  
Sir Keith Joseph: Industry Secretary 1979-81, Education Secretary 1981-86.
- 11 Ibid., p. 256.
- 12 Gamble, *The Free Economy*, p. 4. "As a political project Thatcherism had three overriding objectives - to restore the political fortunes of the Conservative party, to revive market liberalism as the dominant public philosophy and create the conditions for a free economy by limiting the scope of the state while restoring its authority and competence to act." He called Thatcherism, "authoritarian popularism."

### 3.2. CRITICISM OF CONSENSUS.

For me, consensus seems to be the process of abandoning

all beliefs, principles, values and policies. (1)

The radical right programmes of both Thatcher and Reagan

were responses to the breakdown of authority and stability in

the world system and in national politics and economic management. (2)

The neo-liberal criticism of the consensus, interventionist and spendthrift nanny state was that it sapped the moral fibre of the people, created a dependency culture and threatened individual rights. The problem was perceived as a crisis in the social-democratic state, where the state with its involvement in all aspects of society was spending too much and was destroying the capitalist system. The state did not allow the market, and thus capitalism, to operate freely and create enough wealth to meet the provisions of the welfare state and the support of industry. Britain suffered from a lack of competitiveness, "Luddite" industrial relations and it had sunk into corporatism. According to Keith Joseph, "the public sector had drained away the wealth created by the private sector." (3) He added that Britain was "over governed, over taxed, over borrowed, and over manned, as well as under policed, under defended, and under educated." (4)

Thatcher's criticism of consensus was clear: "I noted that many of our present difficulties stemmed from the pursuit of Keynesian policies with their emphasis on deficit financing of public expenditure and I stressed the need to control the money supply in order to defeat inflation." (5)

She later said that the state was "primarily under the influence of Keynes but also of socialism" and that the emphasis was always on "government to improve the economic conditions by direct and constant intervention." (6) The Keynesian collectivist consensus state had produced a dependency culture, decline, huge state deficit spending, high taxation and, in 1976, the ultimate ignominy - the International Monetary Fund had to be called in to inspect the books before Britain could receive a loan. Thatcher saw this humiliation as the culmination of thirty years of Keynesian spending and economics which had distorted the role of the market. She called this era "outdated nostrums of Keynesian demand management." (7) To her there was a crisis which required a revolution throughout the British state.

In 1979, Britain headed down the free market path with a network of policies designed to exert the rights of the individual and reverse the trend towards collectivism - a neo-liberal state and a "new right" philosophy. (8) The relationship between the individual (not society) and the state was to be changed and the post -1945 orthodoxy replaced. Thatcher famously quoted Bentham and Hayek when she talked of there being "no such thing as society, just a collection of individuals." (9) Her programme was to attack the mountain of public spending and inflation was to be squeezed out of the system, no matter what the human cost.

This ideological obsession with state spending perhaps provides a motive for the prolonged British Budget Question (BBQ), rather than

fear of integration. From 1979 to 1985 her main areas of discussion with the EC were all related to spending rather than any overt attack upon integration; they were the BBQ, the CAP and raising the VAT revenues to contribute to EC spending. (10)

Her other policies followed the same ideological path. Supply side reforms and, the lowering of taxation were to pave the way for the enterprise culture; industries were privatized and financial services liberalized to create a great property share-owning democracy; institutions were reformed and opened up to competition; socialism was to be consigned to the dustbin, and in its place individualism, opportunity for all and responsibility were to be revived. The intent was to replace a manufacturing-base with a consumer-service society. Thatcher wanted to reduce the welfare state to manageable proportions and thus reduce the role of the state. Market forces, the arbiter of everything, must prevail. The market was put before people and this did produce a more polarized society. (11) To Thatcher, this rebirth would not only restore Britain's wealth but also its position in the world. (12)

When in 1989 the economy overheated, creating a credit boom and inflation, Thatcher never lost faith in her ideology; it was the others who had fallen by the wayside, most especially Lawson with his exchange rate policy and neglect of monetary targets. (13)

Within Thatcherism there is a great contradiction. The crisis of accumulation produced an essentially anti-statist attitude but only in

economic matters. In other areas, for example local democracy, the opposite had taken place - the centralization of power. Ironically, this is one of Thatcher's sharpest criticisms of the EC. (14)

Any resistance to Thatcherite change was ruthlessly attacked and the dragon slain. A similar attitude was in evidence in Europe when at times it was difficult to decide if the other members of the Council were supposed to be Britain's allies. Thatcher's personality was crucial to producing change in Britain but her determination, lack of self doubt and total belief in her philosophy were traits that would bring conflict abroad. Her very inflexibility, which was seen as an asset during the Falklands war or in fighting terrorism, seemed to be a liability in Europe.

Thatcher's neo-liberal wing of the Tory party is the "Euro-sceptic" wing and seems to have less in common than traditional conservatives with the Christian and social democratic consensus in Europe. Thatcher acknowledged the ideological tension between liberalism with its free trade and markets and socialism in the "guises as various as social Catholicism and corporatism", which produce regulation and intervention. (15) She calls this the "European disease of controls, high taxes and corporatism which has aborted jobs that otherwise would have occurred." (16) To her, minimum wage regulations would "condemn us to Euro-sclerosis when what we need is American style flexibility." (17) She believed those trends would lead to her nightmare - a European "Leviathan" producing federalism.

According to Stephen George, she also had to consider her supporters whose natural sympathies lay closer to Reagan than the Christian-social democrat views in Europe. (18) To many Tories, Christian democracy was equated culturally and ideologically with federalism and a vision of Europe. Tories by nature are sceptical of visions, especially slightly alien European models. Thatcher's criticism of Christian democracy perhaps illustrated her distrust of Europe in general. To her, Christian democracy "covered a wide spectrum from full-blooded free enterprise to corporatism and has not thrown light on the relationship between nation state and supra-nationalism. Conservatives have little to learn from them." (19)

Thus the clash with the Christian-social democratic "consensus" in Europe. Delors wrote that although they are two separate political beliefs, there is normally a broad consensus on the problems of society or the social dimension of Europe's construction. (20) And consensus was the word hated by Thatcher.



### 3.2. CRITICISM OF CONSENSUS.

- 1 Kavanagh, D and P. Morris, *Consensus Politics from Attlee to Major* (Oxford, 1994), p. 2.
- 2 Gamble, A, *The Free Economy and the Strong State* (London, 1994), p. 13.
- 3 Joseph, K, quoted in, Thatcher, M, *The Path to Power* (London, 1995), p. 254. There was also a feeling that Britain was becoming ungovernable because of aggressive trade unionism, which undermined the Tory government (the 1974 election was fought on a slogan of who governs Britain) and dominated the subsequent Labour government.
- 4 Joseph, K, interviewed in, Tibbarnam, P, *The Downing Street Years* (BBC TV 1993). Before Thatcher's election in 1979 the established political agenda had entailed a positive attitude to the state producing a corporatist approach, with public support for ailing industries, economic performance judged by levels of unemployment and safeguards for the welfare state.
- 5 Thatcher, M, *The Downing Street Years* (London, 1993), p. 70.
- 6 Thatcher, *The Path to Power*, p. 566. See also, Gamble, *The Free Economy*, p. 12. There was a "historical crisis in the state and its *ancien régime*." This was a "crisis of hegemony", precipitated by the economic failures of the 1970s. *Ibid.*, pp. 15-17. Thatcherism and its American equivalent attempted to produce a new hegemony. Kavanagh, D, *Thatcherism and British Politics* (Oxford, 1990), p. 16. This was a "radicalization of politics" as a result of economic failure and this produced "Thatcherism."
- 7 Thatcher, *The Path to Power*, p. 320.
- 8 Pym, F, *The Politics of Consent* (London, 1984), p. 11. Francis Pym: Defence Secretary 1979-81, Leader of the House of Commons 1981-82, Foreign Secretary 1982-83. Her main achievement was to shift the political ground away from the leftward drift of socialism.
- 9 Thatcher, M, *Woman's Own* 31st Oct. 1987.
- 10 Thatcher, *The Downing Street Years*, pp. 335-336 & pp. 537-545.
- 11 Thatcher, *The Path to Power*, p. 575.

However, inflation was doubled to 22% by 1980. It was later

reduced at a terrible cost to industry, employment and, in 1981, to the fabric of society. This reduction of inflation to 2.4% was Thatcher's first priority, a success which rested with the control of the money supply, via Lawson's Medium Term Financial Strategy (MTFS).

- 12 Howe, G, *Conflict of Loyalty* (London, 1994), p. 569.  
Reinforced by North Sea Oil, a capitalist consumer-based boom developed in the mid 1980s. However, despite the rhetoric and radical new approach, the age-old capitalist problem recurred; after every boom there came the slump. Howe later wrote: "the Lawson boom - to be followed as night follows day by the Major recession."
- 13 Thatcher, *The Path to Power*, p. 575.
- 14 Bogdanor, V, "Constitutional Implications", pp. 60-65 in H. Howie (ed), *Towards Fiscal Federalism* (London, 1992), p. 65. This is a major British difficulty with the EC. Britain's centralized government finds it difficult to understand decentralizing of power, either upwards or downwards. The people who oppose development in the EC are also those who are opposed to devolution, local government and de-centralization. See also, Young, J, *Britain and European Unity 1945-92* (London, 1993), p. 179. All British governments have a similar attitude. They do not like to share power with other parties, governments, or at local levels.
- 15 Thatcher, *The Path to Power*, p. 615.
- 16 Ibid., p. 578.
- 17 Ibid.
- 18 George, S, "The Policy of British Governments within the EC", pp. 30-63 in S. George (ed), *Britain and the European Community* (Oxford, 1992), p. 33.  
Ronald Reagan: US President 1980-88.
- 19 Thatcher, *The Path to Power*, p. 346.
- 20 Delors, J, *Our Europe* (London, 1992), p. 157.

### 3.3. HOSTILITY TO EUROPE.

We have buried our differences as a dog buries bones, always knowing where to find them again should the need arise. (1)

Britain was suspicious of Europe before Thatcher came to power. She may have wanted a domestic revolution, but she was a traditionalist in that she had all the British scepticism of Europe and integration and of foreigners in general. According to Kirsty Milne, "the British....have not seen Europe as an opportunity. They regard it as somewhere between an obligation and a mistake." (2) Britain's scepticism and non involvement in Europe dates from the 19th Century and the advent of empire. From the inception of the idea of integration Britain, due to its world importance, was one of the leading opponents of the supra-national concept with its implied loss of sovereignty.

In addition, Britain was undefeated in 1945, was never occupied and in 1940 had "stood alone", thus creating a folk law of self-sufficiency and a suspicion of Europe. Those feelings cut across party boundaries. It was the 1945-51 Labour government which rejected on the 25th June 1950, the Schuman plan for a European Coal and Steel Community (ECSC) because it was attempting a socialist transition and nationalization. The elites of both main parties still valued the so-called special relationship with the US and the Commonwealth. According to Peter Hennesy, Anthony Eden sent a minor Board of Trade official to the Messina conference, because he wanted to stand back and wait for the European concept to collapse. (3) This decision has been regretted

ever since and still haunts and influences British policy.

Even Thatcher was aware of the dangers of being on the outside when the EC was moving forward, and resisted the spectre of a "two tier" Europe or "Europe *a la carte*" as it was called in the Tindemans Report. (4) Britain seems to want to be included in initiatives but at the same time fears them, as in, for example, the recent debates over EMU. Even such a supreme optimist and visionary as Jean Monnet saw the problem: "I know the British people well enough to be confident that they will never oppose a progressive measure for the benefit of all Europe, even though their special problems may for the moment prevent their joining fully in its achievement." (5) A less charitable view is that the British could have ruined the whole idea and were thus given a relatively short time to decide. (6) According to F.S. Northedge, the British public view Europe as "a place for holidaying not for politics." (7)

According to Hennesy, the 1956 Suez crisis saw the end of Britain's world power capabilities and problems with the special UK-US relationship. Many thought Europe would assist in preserving great power status. In addition, the realities of nationalism was spreading through the Commonwealth and the economic forecast for 1960 to 1970 put Britain behind both the US and Europe. (8) According to John Young, it was reaction to this economic failure that pushed Harold Macmillan towards entry. (9) Northedge called British policy towards the EC "schizophrenia", an inability to decide once and for all where the

future lay. (10) Many people thought the old relationships with the US and Commonwealth could be continued and Britain was slow to accept change; from global to regional power and from absolute to shared sovereignty. This meant that the EC agenda was ignored, a problem inherited by Thatcher and illustrated in her battles over the CAP.

Britain always did and still does favour intergovernmental organizations rather than the concept of supra-nationalism and feels, like Charles de Gaulle, more at home in a Europe *des Patries*. This was one of the main reasons why Britain rejected the EC at its inception. Thatcher was no different from her predecessors in being very positive in promoting intergovernmentalism as it does not impinge overtly upon the notion of national sovereignty or the sovereignty of Parliament. This notion contributed to the fact that at each stage of the EC's development, Britain was reluctant or slow to follow. However, this is not just a British concern, and *The Economist* wrote that Britain "is the most vocal but not the only country concerned about sovereignty." (11)

The only period of relative harmony was during Edward Heath's premiership when his pro-Europeanism pushed Britain closer to the European vision. (12) Most of the debate about entry concerned the economic advantages and there was little discussion of a European vision, the preamble to the Treaty of Rome, or even the political consequences of entry. It was the anti-marketeters who stressed the loss of sovereignty involved. It seems paradoxical that de Gaulle paved the

way for British entry because the 1965 "Luxembourg compromise" was a great selling point for politicians sceptical about entry. The drift to the political centre by the Tory party caused it to favour entry, although it was not an overwhelming decision because both main parties were split; Heath's majority in 1972 relied on the Labour pro-marketeters led by Roy Jenkins. (13)

Many of the points made by the arch critic of the time, Enoch Powell, have been repeated by Thatcher, especially the sovereignty issue. (14) There does seem to be a risk of antagonizing the public if governments take a soft line in EC negotiations. (15) For example, the 1974-79 Labour government was as vigorous as Thatcher in defending national sovereignty. (16) Since then, the sovereignty issue has become part of a wider battle between Thatcher and Delors, even though at a time of so much shared sovereignty in the fields of economics, defence and culture, it seems a false argument.

Despite being elected with a manifesto which stated that "withdrawal would be a catastrophe for the country", (17) Thatcher had a natural hostility to the EC. When opposition leader in 1975, she linked the EC to the cold war, the preservation of democracy and talked of "an economic bond of strategic significance." (18) Her first visit abroad as opposition leader included discussions in Paris regarding "Western Europe's role in East-West relations." (19) She then visited West Germany, "the frontier of freedom", was critical of *Ostpolitik*, which she called "reunification on Eastern terms" and then had discussions with

the opposition Christian Democrat (CDU) leader Helmut Kohl, who "was sound on the important issues" including the "East-West issues which dominated European politics." (20) John Young has written that her speeches in this period talked of the EC as only a bulwark against communism. (21) Hugo Young also makes the point that Howe believed that, had she not been a member of the government, she would have voted against Heath's terms for entry. (22) She said herself that "Europe was very much Ted's issue." (23)

Thatcher disliked the EC's subtle and complex compromises, its inevitable intergovernmental bargains and its historical concepts of compromise consensus and supra-nationalism. EC decision-making is more of a compromise than the British system, where power is concentrated in the executive and a powerful Prime Minister like Thatcher can dominate the process. (24)

In 1979 Thatcher said that "it became increasingly clear to me that there were real differences of vision about Europe's future." (25) She repeated that point whilst commenting upon the Tokyo G7: "Both Giscard and Andreotti endorsed Keynes and said the free market was deflationary. It was a revealing expression of the fundamental philosophical differences which divide the community." (26)

Thatcher resisted this perceived threat not through quiet diplomacy but through confrontation in the European Council, commencing with the Strasboug Council in June 1979, just one month after her election. (27) Her xenophobia and nationalism were there for all to see and

Lord Carrington called this megaphone diplomacy. (28) According to Bernard Ingham, Thatcher's view on Bismark's dictum that politics was the art of the possible, was that "Bismark was a wet." (29) Michael Butler said that "very few Community negotiations are zero sum games in which there always must be an equivalent loss to offset a gain.

Usually almost everyone can gain something." (30) Thatcher felt her aggressive approach helped regenerate British pride and made Britain once more a force in international politics. She was pleased when she heard people say "Britain is back." (31)

She was never slow to play the nationalist card, especially regarding her hostility to the EC, but her belief in creative confrontation did seem inappropriate. (32) It may have worked with her own cabinet and party and was popular with the tabloid press who echoed her views. (33) However, not only her European partners but also her senior colleagues, especially Howe and Lawson, were dismayed when careful diplomacy was undermined by, in some cases, xenophobic and nationalist attacks by the Prime Minister. Lawson made the point that on many occasions he agreed with her but her tactics would on many issues put her in a minority. She did Britain a disservice in Europe and helped to give the impression that the Council could not reach decisions - just temporary measures. (34)

Thatcher had never studied history or travelled in Europe, and seemed to have little appreciation of coalition government, which she associated with consensus, weakness, and compromise. However, the



one thing she did know and would not allow her allies to forget, was Britain's role in 1945. To Thatcher the moral reason for the foundation of the EC was "just history and a history of defeat of our enemies." (35)

There seems to be no vision of Europe and Thatcher, like all of her predecessors with the exception of Heath, made no attempt to inform or sell the idea of Europe to the public. Only the referendum debate produced a sustained discussion. There is a need, mostly economic and thus Britain is assertive on the economic benefits but slow to pay the political price, which has produced a minimalist approach since 1961.

(36) This was continued with Thatcher, who saw the economic benefits but was reluctant to admit them.

This approach has become more exaggerated, vigorous and pushed to the forefront of the agenda with confrontational rhetoric, underlined by the ideological divide. However, the rhetoric can be deceiving because, according to Geoffrey Smith, "the harshness of Thatcher's rhetoric made it appear she differed from her predecessors more than she really did." (37) For example, both Harold Wilson and James Callaghan took a nationalist line during negotiations. (38) Callaghan had a dispute regarding the budget and would have needed to renegotiate if he had won the 1979 election, but Thatcher said both he and Wilson "fudged the issue" even during the referendum debate. (39) With Thatcher's hectoring style the issue hit the headlines and became a major patriotic nationalist issue but, in addition, it went to the heart of her ideological anathema with the EC and that is where the differences

existed. She equated the EC with Keynesianism and the compromise of Christian democracy, and the budget issue and CAP became part of this ideological divide.

Thatcher may have been a pragmatist in foreign affairs but in economics she was a zealot, so it was inevitable that in Europe there would be confrontation. This fundamental divide would be the driving force in her relations with the EC and this hostility would cast a shadow over her career, and it seemed by 1989 that little else mattered. It had become her *raison d'être*.

### 3.3. HOSTILITY TO EUROPE.

- 1 Pym, F, *The Politics of Consent* (London, 1984), p. 63.
- 2 Milne, K, "The Eurofiles", pp. 22-23 in *The New Statesman* 25th Nov. 1994.
- 3 Hennesy, P, *What has become of us?* (Channel Four, 1994). Anthony Eden: Prime Minister 1955-57. See also, Elliott, M, *The Poisoned Chalice* (BBCTV 1996). Palmer, J, "Veto on the Future of Europe", *The Guardian* 3rd June 1995, p. 27. Britain viewed Messina with "barely disguised contempt" and that the official said the "European venture would fail" and that Britain would "remain unaffected on the side lines."
- 4 Taylor, P, *The Limits of European Integration* (New York, 1983), p. 305.
- 5 Monnet, J, *Memoirs* (London, 1978), p. 316.
- 6 Hennesy, *What has Become of Us?*
- 7 Northedge, F, "Britain and the EC: Past and Present", pp. 10-41 in R. Jenkins (ed), *Britain and the EEC* (London, 1983), p. 15. Public Opinion polls seem to bare out this scepticism. See also, Taylor, *The Limits of European* p. 253. The referendum produced 67% in favour, but by the late 1970s and 1980s this figure was at 30%. Milne, "The Eurofiles". A 1994 gallop poll showed a massive 81% did not know anything about the EC or how it affected them.
- 8 Hennesy, *What has become of Us?*
- 9 Young, J, *Britain and European Unity 1945-92* (London, 1993), p. 179. See also, Northedge, "Britain and the EC", p. 25. A policy of "last resort." Ibid., p. 30. 1961 was the key year: John Kennedy did not need British help in foreign affairs, South Africa left the Commonwealth, and Britain tried to join the EC. Harold Macmillan: Prime Minister, 1957-63.
- 10 Northedge, "Britain and the EC", p. 22. See also, Ibid., p. 25. When de Gaulle said "no", an "almost audible sigh of relief went up in Britain." Charles de Gaulle: President of France 1958-68.
- 11 "Excuse Me. Is this the right Bus?", *The Economist* 17th December 1988. The Danes and Greeks have similar fears and France is not intergovernmentalist in foreign and security policy where it pursues,

for example, an independent nuclear policy. Britain, especially the Tory party, seems to view those fears as a private affair, and many in Britain seem to "enjoy a fight with Brussels" where others do not.

- 12 Edward Heath: Prime Minister 1970-74. He promoted membership to compensate for Britain's failings, including the state of the pound, the dire economic message and the ungovernability of Britain at a time of internal strife. Membership was seen as a way of countering the centrifugal forces affecting the state.
- 13 Roy Jenkins: Deputy leader of the Labour Party 1970-72, President of the European Commission 1977-81.
- 14 George, S, *The Politics and Policy of the European Community* (Oxford, 1991), p. 113. Thatcher inherited much of the political right-wing criticism of the EC, as articulated by Enoch Powell.  
  
National sovereignty is an emotive issue. The continuity since 1688, world power status, the inflated belief in British institutions, the monarchy and victory in 1918 and 1945 have contributed to this.
- 15 Taylor, *The Limits of European*, p. 256.
- 16 Ibid., p. 255.
- 17 "The Conservative Election Manifesto 1983", pp. 321-344 in F. Craig (ed), *British General Election Manifestos 1959-87* (Aldershot, 1990), p. 343.
- 18 Thatcher, M, *The Path to Power* (London, 1995), p. 330.
- 19 Ibid., p. 338.
- 20 Ibid., p. 24. Helmut Kohl: German Chancellor 1981-.
- 21 Young, *Britain and European Unity*, p. 137. See also, George, *Politics and Policy*, p. 62. This was similar to the US view, which used integration as a weapon in the "cold war", to help to keep Europe near the US model and to solve the "German problem."
- 22 Young, H, *One of Us* (London, 1993), p. 551.
- 23 Thatcher, *The Path to Power*, p. 330. This was her view twenty years later. At the time she was constrained by collective responsibility and said little of substance on the issue.
- 24 Despite her principles in favour of competition, meritocracy, and the removal of vested interests, she accepted for example, the

system where the job of Commission Director General is never open to inter-state competition; the Commissioner of Financial Services is a Briton, Agriculture a Frenchman and Competition is usually a German. This system and other examples, like the alternating Christian-Social Democrat for Commission President, satisfied members and made the EC work.

- 25 Thatcher, M, *The Downing Street Years* (London, 1993), p. 60.
- 26 Ibid., p. 70.
- 27 Despite the other members appreciating her points, her very style united them against her, especially Schmidt and Giscard, who felt she was intellectually inferior.  
N. Comfort (ed), *Brewer's Politics* (London, 1995), p. 306. Giscard is said to have called Thatcher, "the grocer's daughter." Helmut Schmidt: German Chancellor 1974-81. Valéry Giscard d'Estaing: President of France 1974-81. After 1981, both Kohl and Mitterrand also resented her attitude. See, Ibid., p. 306. Kohl: "she is of such charming brutality." Mitterrand: "the eyes of Caligula and the lips of Marilyn Monroe." Francois Mitterrand: President of France 1981-95.
- 28 Lord Carrington: Foreign Secretary 1979-82.  
See also, Cockfield, A, *European Union* (London, 1994), p. 138. Lord Cockfield: Trade Secretary 1982-83, Chancellor of the Duchy of Lancaster 1983-84, European Commissioner 1985-89. The Falklands war was a major factor in her dominance of the government, her attitude to the EC and her "antipathy to foreigners of every description."
- 29 Cole, J, "Ideology Sticks", pp. 18-19 in *The New Statesman* 2nd June 1995. Bernard Ingham: Thatcher's press secretary 1979-90. See also, Young, *One of Us*, p. 381. He quotes the British Ambassador to Washington, Nicholas Henderson: "You see, she doesn't really believe that there's any such thing as useful negotiation." Young's own view, p. 389, is that Thatcher treated diplomacy and negotiation as a finite problem, to which there must be an answer, rather than as a general method of doing business.
- 30 Butler, M, *Europe, More than a Continent* (London, 1986), p. 112. Michael Butler: UK Permanent Representative to COREPER 1979-85. See also, Schmidt, H, interviewed in, Tibbennam, P, *The Downing Street Years*. Schmidt remarked that "everyone had national interests to defend" and "we all have to compromise in the end." Pym, *The Politics of Consent*, p. 15. He said that her style was inflexible, centralized and that she thinks she is always right; also that conviction and determination can easily turn in dogmatism

and insensitivity.

- 31 Thatcher, *The Downing Street Years*, p. 64.
- 32 Young, H, *The Thatcher Factor* (Channel Four 1991).  
This antagonism and her nationalist attitude not only prolonged the debates but also seemed to push Germany and France closer together, and did stop Thatcher taking advantage of French fears in 1989. Palliser, M, interviewed in, Tibbarnam, *The Downing Street Years*. Michael Palliser: Head of the Diplomatic Service 1975-82. "Her attitude alienated people in Europe."
- 33 Calvocoressi, P, *Resilient Europe* (London, 1991), p. 196. The press "revived the vice of toadyism."
- 34 Lawson, N, *The View From Number Eleven* (London, 1993), p. 899. See also, N. Comfort (ed), *Brewers Politics*, p. 306, in which he quotes Denis Healy: "The Prime Minister tells us she gave the French President a piece of her mind - not a gift I would receive with alacrity." Calvocoressi, *Resilient Europe*, p. 195. "Mrs Thatcher was good at attacking problems, but less good at understanding what they were or their causes."
- 35 Cockfield, *The European Union*, p. 135.
- 36 Young, *Britain and European Unity*, p. 180
- 37 Smith, G, "Britain in the New Europe", pp. 155-170 in *Foreign Affairs* Vol 71 No 4 Fall 1992. See also, George, *Politics and Policy*, p. 113. "...there is a remarkable continuity about British policy towards the EC."
- 38 Ibid., p. 114. Harold Wilson: Prime Minister, 1964-70, 1974-76. James Callaghan: Prime Minister, 1976-79.
- 39 Thatcher, *The Path to Power*, p. 334.

### 3.4. A REALIST IN EUROPE.

She saw herself in the image....of Lawrence Olivier playing Henry the

Fifth at the battle of Agincourt. (1)

The champion of Britain and Britain's rights against the world and

not least the EC. (2)

Thatcher was a political realist who believed that the nation state was the predominant force in international relations and that its role in the struggle for power was to protect national interests and security.

However, she was not a simple nationalist believer in *Realpolitik* - a John Bull with a handbag. She did not have an inflated opinion of Britain's role in the world and the Falklands war, although remembered, was an exception. Thatcher generally picked her fights well and knew when to compromise.

Despite her reputation, rhetoric and methods of negotiation she could achieve positive results on the international stage. (3) Her desire for an answer produced a more pragmatic approach and brought her results: She is a unionist yet signed the Anglo-Irish Agreement; she accepted Carrington's advice and settled the Rhodesian problem; and she accepted the inevitable and produced a deal with China over Hong Kong.

In 1984 she even took the European side in the argument over SDI with Reagan. Thatcher's fear of the US removing the nuclear umbrella sent her to Camp David to represent the views of the EC. However, she did qualify her position but, according to Howe, his speech

criticizing SDI was praised throughout Europe but Thatcher's personal advisor Charles Powell said that it had not "been made with her authority." (4) She returned to Washington on behalf of the WEU after the near nuclear disarmament following the 1986 Rejkavick Summit. Her belief in Reagan seemed to be overridden by the prime concern of the realist - security and balance of power. All these instances have something in common: there were few economic aspects to them and they did not affect the role of the market.

When economics did become involved, with for example sanctions against South Africa, she resisted and took up her usual position as a minority of one. Markets and perceived British interests were always put first. They were put before her realist concepts when the US banned equipment for the Siberian pipeline. That policy would have affected domestic industry; she therefore sided with Europe against her fellow cold war warrior Reagan. The push for greater involvement with the USSR did seem a turnaround for the "iron lady", who used the rhetoric of the new cold war to criticize the social democratic governments of the west for putting freedom at risk with *det ente*. (5) On this one issue, a realist was adopting the pluralist concept of interdependence and involvement with the USSR which was prevalent in Europe. (6)

Thatcher saw international security and defence in the black-white world of a cold war realist. This belief in a simplified version of George Kennan's thesis helped her relationship with Reagan. She even wanted



to up-date nuclear weapons in 1989, undeterred by the end of the cold war. Despite her later thaw with Mikhail Gorbachev, she still viewed the international situation through the concept of containment, security, balance of power, the main actors being states. She therefore downgraded other actors in the international arena, for example the UN and European Commission.

She accepted, to a certain extent, the erosion of a state's sovereign power, as she acknowledged US leadership in NATO and realized Britain could act alone only in exceptional circumstances. Despite her rhetoric and the insistence (along with France) that Britain continued to hold a separate seat on the UN security council, Thatcher accepted that Britain was no longer a world power and needed allies, preferably the US rather than Europe. (7)

Thatcher could achieve results and looked her best at the major high political summits. She looked less comfortable in Europe, where a more pluralist, interdependent, integrationist view predominated. Lord Cockfield has written that "to Mrs Thatcher the English Channel was never just a physical barrier: it was a psychological barrier as well." (8) Thatcher's relations with Europe illustrate a mistrust, lack of understanding and ever widening fundamental divide, which can be illustrated by briefly looking at the CAP and BBQ which preoccupied the EC prior to the Fountainsbleau Council of June 1984. Her motivation in Europe always seemed to be at one level - money. (9) She seemed to have little appreciation of the emotive nature of the

CAP to the founder members. It was as fundamental as bringing coal and steel under a supra-national authority.

Thatcher's consumer market philosophy downgraded the affects on small rural areas of reform and, in the 1979 Election Manifesto, she made a commitment to reduce the burden the CAP placed upon the British taxpayer. (10) It was criticized as representing a sectional interest, which in many cases was inefficient, at the expense of the consumer. This view is synonymous with the main domestic thrust of Thatcherism. Nicholas Ridley summarized the division and echoed her criticism and lack of understanding when he said that the "CAP is their pride and joy - it is about as far from free trade as it is possible to get." (11) Thatcher's concern seemed to be free trade or protection rather than specifically attacking an area where integration was well developed. To her, Europe should be only a giant free trade area, with market forces prevailing. Cockfield called this Thatcher's "misunderstanding" of the EC and said that she "was convinced throughout that the "Community was simply a free trade area." (12) He added that "she never understood the community, neither its philosophy, its motivation, nor indeed its actual policies and legal provisions." (13)

There seems to have been a general view that her arguments were valid, especially concerning the British and German contributions and, faced with near bankruptcy, even Delors endorsed this view. He told the European Parliament (EP) that "we have no option" but to reform the CAP "on a drastic scale." (14) Kapteyn makes the additional point

that because the subsidies are so high it is open to fraud or bending of the rules - thus increasing the expenditure even further. (15) However, the farming lobby, the prospect of regional unemployment and the attitudes of coalition governments mitigated against reform. Thatcher prolonged the attack on the CAP and ended up isolated. In her defence, Butler says that she never tried to destroy the CAP - just to reform it. (16)

Linked to Thatcher's attack upon the CAP was her assault upon the British Budget contribution. This problem, which had existed since Britain joined the EC in 1973, was the subject of re-negotiations in 1975 and would concern Thatcher from 1979-84. (17) Basically Britain, along with Germany, was a net contributor because of trading patterns and their small agricultural sectors. (18) According to Paul Taylor, it was one of the consequences of Britain's industrial weakness and domestic failure. Had industry succeeded in exploiting the new market, as was expected at the time of accession, the rebate claims may not have been made. (19) Although only representing a small amount of money and not being a major transfer of power to Brussels, the BBQ went to the heart of Thatcher's critique of the EC. She saw the "market being distorted" and "our own money" being wasted on the CAP and, as she said at the Dublin Council in 1979, "I want my money back." (20) She believed Britain's contributions were too high and should be reduced and, in her usual style, kept on and on with the battle until the other members needed an agreement to raise the VAT revenue to avoid

bankruptcy and thus keep the EC functioning.

To Jenkins, she failed to understand the other side of the argument and bored her audience by repeating the same points over and over again. (21) He also says that "Mrs Thatcher had right broadly on her side, but showed little sense of proportion and this was alienating the British government from the EC." (22) To Thatcher there was a principle involved and high budget contributions to fund protection from market forces was ideological anathema. (23)

Despite all the rhetoric, Thatcher had to accept a compromise - a temporary two-thirds budget rebate. However, that did not stop her attacking Carrington for accepting it and both he and his deputy, Ian Gilmour were given a "frosty reception at Chequers." (24) Jenkins believed Carrington showed himself more skilful and sensible in knowing when to settle. (25)

After her re-election in June 1983, with a manifesto which "bracketed the EC with Galtieri and Scargill as the dragons she had slain", (26) Thatcher returned to the budget issue, this time resolved to allow the EC to become bankrupt unless a settlement was achieved. This was cynical *Realpolitik*. She used the threat of US hostility to protection as a weapon, although self-interest kept the other members from settling. At this time, Thorn and the Commission were unable to solve the budget problems, were seen as ineffective and had their roles downgraded, allowing decisions to revolve around the Council and the heads of government. Butler said that during the BBQ negotiation "Mrs

Thatcher was both inflexible in her determination to obtain a fair deal and flexible on the lesser points of substance when needed." (27)

At the Brussels Council of March 1984, Kohl gave her the choice of "take it or leave it" because the budget gap was only £86 million. She left it at the cost of pushing France and Germany closer together. (28) This brought the Franco-German axis into play, dominating the Council, making the EC run smoothly and preparing for a settlement. Thatcher acknowledged Mitterrand's desire to tie Germany closer to the EC and Kohl's agreement in order to gain international acceptance. She accepted history in the case of Germany but not with the CAP, perhaps because only the latter affected her first love - the market.

The BBQ was settled at the Fountainebleau Council of June 1984, thanks to the work of the French Finance Minister Delors and the Franco-German axis. Whether the deal was better than the one on offer at the previous Brussels Council is a matter for debate, although Taylor believed it was only marginally improved. (29)

There seem to be several motives behind the settlement which was engineered by the French Presidency of the EC, but the main one was perhaps money. Both Delors and Mitterrand were aware that, due to the Southern enlargement, France would soon become a net contributor to the budget as well as Britain, a point endorsed by Howe. (30)

Thatcher did become more accommodating, and Butler says that she herself said, "its time to settle." (31) Her main motivation would seem to be that after such a long battle she did not want to endanger the

budget rebate, a view supported by Taylor: "Mrs Thatcher gave concessions on the CAP and resources (VAT contributions were raised) because she did not want to lose the rebate." (32)

In addition she circulated a paper which was the blue print for the SEA and her desire for momentum in that direction could have persuaded her to reach some kind of accord. (33) George made the point that there was a momentum on all sides to settle, due to the threat posed by Japan and the US. (34) Cockfield summed up the success of the Fountainebleau Council: "The Fountainebleau summit solved - so it was thought - all the outstanding problems of the community - restraining the cost of the CAP, the introduction of budget discipline, a progressive increase in own resources and agreement for a formulae for the British budget rebate." (35)

The President of the Commission and the President of the Council reported the results of Fountainebleau to the EP. Thorn said, the agreement opened the Community to fresh stimulus and marked the "end of the long tedious dispute" within the EC or at least "I hope it does." He also thanked Mitterrand for his "personal commitment" in achieving a settlement. For Thatcher the bad news was that he thought the most promising feature was the setting up of the Dooge Committee to examine institutional affairs. (36) Garret Fitzgerald said that, in the face of mass unemployment and the chance to create a common market, "we are intensely serious about disputing amongst ourselves who will pay what share of the ....miserable 1% of Community output that we

allocate to the financing of this Community of Europe." (37) He also advocated the view that the BBQ was over, congratulated Mitterrand on the settlement and, like Thorn, looked forward to the Dooge Committee in the "push towards European Union." (38)

From these statements it is clear that Thatcher was still in a minority and a momentum was building which she would not like. However, it was a turning point because the EC started to talk of enlargement, the SEA and greater budget discipline. The so-called period of "Euro-sclerosis" had come to an end.

In addition to Thatcher's prejudice, there was also the domestic audience to consider. She was constrained by domestic political opinion, not only from the "right" Euro-sceptic wing of the Tory party who had made her the leader, but also the party as a whole. Writing in their later memoirs, Lawson believed tactics like the "Luxembourg compromise" would have split the party; (39) Thatcher concurred, saying that in her disputes she could not invoke the "Luxembourg compromise" or withhold payments because "unfortunately there was a hard core of Euro-enthusiasts on the Tory backbenches who instinctively supported the Community in any dispute with Britain." (40) To Stephen George, there were three competing strands of opinion in the party, "the paternalist opponents of membership, the modernizers in the Ted Heath mould who favoured the Community and the neo-liberals like Mrs Thatcher who wanted just free market principles." (41)

Despite the settlement, Thatcher's prejudice, and perhaps domestic

influences, still showed through. For example, she only wanted one commissioner per member state because, she said "the devil makes work for idle hands" and she insisted upon calling them "our Commissioners." (42) This opinion was given, even though she personally liked Thorn, perhaps because he was seen as weak and ineffective due, according to Jenkins, to the BBQ. (43) Despite fundamental differences Thatcher said that she often saw "eye to eye" with Thorn, if only because "he did not have the grandiose ambitions and bureaucratic leaning of his successor." (44)

She was responsible for slowing the momentum of the EC but with the Fountainbleau settlement she allowed it to gain momentum and dynamism. She wanted to convert the others to her way of thinking because she recognized the ideological divide, (but not the reasons for it), between her liberalism and their "consensus" which supported regional funds, community resources and protection. Butler summed up her view as that of wanting the community to run smoothly but not at the cost of ceding more sovereignty and spending more taxpayer's money. (45) This latter point was her main concern, because she has written that she sought to "limit the damage and distortions caused by the CAP and to bring financial realities to bear on Community spending." (46)

Thatcher's realist approach to the Community and her uncompromising attitude did achieve a victory with the budget issue. However, it does seem a pyrrhic victory because the price was that the



Franco-German axis was closer and it set the pace for developments in the EC. She also seemed to lack understanding of the EC and when she did concede, it was reluctantly. She allowed Britain to become isolated, so that when her wish for the SEM project began to come to reality, she found herself alone in preaching a total free market orientated liberal doctrine. The other members saw more than just a "stateless market", they saw more positive integration but Thatcher, from her isolated position, appeared a lone negative voice without influence in the succeeding years. The direction the EC was to take would be ideological anathema for a neo-liberal realist.

### 3.4. A REALIST IN EUROPE.

- 1 Cockfield, A, *European Union* (London, 1994), p. 139.
- 2 Ibid., p. 139.
- 3 Smith, G, "Britain in the New Europe", pp. 155-170 in *Foreign Affairs* Vol 71 No 4 Fall 1992. "Her rhetoric may have encouraged the isolationists in Britain, but her world view never stopped at the English Channel."
- 4 Howe, G, *Conflict of Loyalty* (London, 1994), p. 392.
- 5 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 105.
- 6 Ibid., p. 56. Reagan backed down in the face of united opposition, especially from Thatcher, who was "the strongest supporter of the Reagan administration on most other issues."
- 7 Hoagland, J, "Europe's Destiny", pp. 33-50 in *Foreign Affairs* Vol 16 No 1 1990. Her concerns over the US role in Europe were not just about the "special relationship" or even security; she was also concerned about the greater cost of European defence without the US.
- 8 Cockfield, *European Union*, p. 13.
- 9 Young, H, *One of Us* (London, 1993), p. 191. "...she was not interested in expanding the European idea beyond the narrow ground of Britain's greater advantage."
- 10 "The Conservative Election Manifesto 1979", pp. 267-283 in F. Craig (ed), *British Election Manifestoes 1959-87* (Aldershot, 1990), p. 282
- 11 Ridley, N, *My Style of Government* (London, 1991), p. 137. Nicholas Ridley: Transport Secretary 1983-86, Environment Secretary 1986-89, DTI Secretary 1989-90.
- 12 Cockfield, *The European Union*, p. 135.
- 13 Ibid.
- 14 Delors, J, Speech to the EP, p. 47 in *Official Journal of the EC. Annex* No 2-346, 10th December, 1986. See also, Taylor, P, *The Limits of European Integration* (New York, 1983), p. 232. Her attacks upon the CAP would put many in Europe against her, and

her style made it more difficult for the other members to accept changes.

- 15 Kapteyn, P, *The Stateless Market* (London, 1996), p. 93.
- 16 Butler, M, *Europe, More Than a Continent* (London, 1986), p. 116. For example, the principles of pooling resources were supported by Britain in the parallel Common Fisheries Policy in which Britain contributes 60% of the fish.
- 17 Jenkins, R, *European Diary* (London, 1989), p. 545. The BBQ also contributed to French doubts about the neutrality of Commission President Jenkins and stopped Belgium from supporting his re-appointment.
- 18 When the Treaty of Rome was signed, 25% of the poorest workers were employed in this sector in Europe, compared to 5% in Britain.
- 19 Taylor, *The Limits of European*, p. 265.
- 20 Thatcher, M, *The Downing Street Years* (London, 1993), p. 539.
- 21 Jenkins, *European Diary*, p. 529.
- 22 Ibid., p. 545. See also, Delors, J, *Our Europe* (London, 1992), p. 25. Delors later wrote of this period: "...gloomy stagnation, marked by disputes over the budget and rigid attitudes on the part of the British."
- 23 There was an imbalance because 66% of the budget went to the CAP and only 13% of the CAP contributed to the budget, but she used this issue to exhibit her ideological commitments.
- 24 Jenkins, *European Diary*, p. 607. Sir Ian Gilmour: Lord Privy Seal 1979-81. The 2/3 budget rebate was accepted in May 1980. See also, Young, *One Of Us*, pp. 189-190. Both threatened resignation if she did not agree.
- 25 Jenkins, *European Diary*, p. 547.
- 26 Cockfield, *European Union*, p. 139.
- 27 Butler, *Europe. More Than a Continent*, p. 110.
- 28 Taylor, P, "The New Dynamics of EC Integration in the 1980s", pp. 3-25 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 6.

29 Ibid, p. 4.

30 Ibid, p. 6. See also, Allen, D, "The European Community in the New Europe", pp. 26-52 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 35. Howè, *Conflict of Loyalty*, p. 399.

There were other considerations to reinforce the decision. See also, Allen, "The European Community", p. 33. President Mitterrand wanted the glory of an agreement, to clear the way for new membership, to lead to new vigour and integration in the EC, and to act as a distraction from domestic failures. These were the motives behind his support of Spinelli's European Union Treaty. Taylor, "The New Dynamics", and Young, J, *Britain and European Unity* (London, 1993), p. 144. Both Taylor and Young make the point that "Mitterrand used the threat of deeper integration to persuade Mrs Thatcher to agree." Thatcher, *The Downing Street Years*, p. 338. Commenting on Mitterrand she wrote: "It did cross my mind that he might have wished to delay a settlement until he could claim the credit for it in his own presidency."

31 Butler, *Europe, More Than a Continent*, p. 109.

32 Taylor, P. "The New Dynamics", p. 17. See also Allen, D, "The European Community", p. 38. She did not want to be left behind post-Fountainbleau, so she reluctantly followed and made concessions towards European Union "in order to stay in the game."

33 Perhaps more surprising for a realist and to a certain extent a practitioner of *Realpolitik* was her acknowledgement of trading blocs. The fear of the Pacific Rim and the American bloc persuaded her to promote the SEM although both she and Howe believed the ideal answer would be world-wide free trade, with no protection.

34 George, S, *An Awkward Partner* (Oxford, 1994), p. 164. George makes the additional point that "apprehension about the direction of US policy under Reagan" could also have played a part.

35 Cockfield, A, "The Real Significance of 1992", pp. 1-8 in *The Politics of 1992. Political Quarterly* (Oxford, 1990), p. 2.

36 Thorn, G, Speech to the EP, Report on the Fountainbleau Council 25th and 26th June 1984, pp. 315-331 in *Official Journal of the EC, Annex No 2-315*.

37 Fitzgerald, G, Ibid, pp. 315-327.

- 38 Ibid. See also, Taylor, P, "New Dynamics", p. 6. Taylor calls this committee "something slipped in by the French. The British accepted it, as it were, before they could catch their breath."

Fountainbleau was one of the most successful European Councils: The BBQ was settled, VAT revenues raised, Delors replaced Thorn, Cockfield was nominated to the Commission, Thatcher circulated her SEM paper and the Dooge Committee was established.

- 39 It was only used once, by Peter Walker, and the other members set it aside because it was attached to other issues and "misused."  
Peter Walker: Minister of Agriculture 1979-83, Energy Secretary 1983-87, Welsh Secretary 1987-90.
- 40 Thatcher, *The Downing Street Years*, p. 539.
- 41 George, S, *Britain and European Integration* (London, 1991), p. 58. See also, Taylor, *The Limits of European*, p. 251. Thatcher also appealed to nationalist sentiment and to many of the British public who had not received the economic advantages of membership.
- 42 Thatcher, *The Downing Street Years*, p. 542.
- 43 Jenkins, *European Diary*, p. 659.
- 44 Thatcher, *The Downing Street Years*, p. 542.
- 45 Butler, *Europe. More Than a Continent*, p. 116.
- 46 Thatcher, *The Downing Street Years*, p. 63. See also, Ardagh, J, "Europe's Soured Ideal", in *The Sunday Times* 25th March 1984. To an unnamed French diplomat: "That woman is an old-fashioned nationalist with no feeling of the European ideal....she reckons merely in terms of accountancy not the broader vision that is needed."

#### 4. JACQUES DELORS.

Jacques Delors is inhabited by deep spiritual motivations;

he has a *grande mission*, in other words. (1)

##### 4.1. PERSONALISM.

Delors treats political issues as moral questions. (2)

Delors is a personalist. Personalism, an anti-individualist left wing progressive Catholic doctrine, was founded by Emmanuel Mounier. It came out of the post-1918 intellectual trauma of the 1930s and rejected both fascism and Marxism. It charted a central path between the collectivism of Marxism which denies the individual and liberalism which, in favouring the individual, denies the community. (3) To Mounier, society grew "from a delicate interdependence in which different social groups owed one another active solidarity." (4) Neither the individualist or collectivist answer provides this solidarity. Although it is a middle way, its rejection of collectivism means it is not social democratic.

Grant quoted Delors: "....society is more present than it is in the United States. The Europeans have always had a kind of balance between the individual and society. That goes back to the base of their civilization, to Christianity, to Roman law, to the Greek *civitas*, and in the recent period to the influence of social democracy." (5) The individual personified in capitalism must be a real citizen and show his obligations to society. To quote Delors: "Democracies are based on the operation of certain common values and not merely on the recognition

of individual rights." (6) "...the duty of every citizen, as also of citizens as a body, to see to it that others can develop as individuals." (7) He later wrote: "Democracy, the balance between state and society, between collective and individual, is Europe's mode." (8)

To a personalist, it is liberalism's need for the existence of the nation state which submerges the individual and, according to John Loughlin, "the abomination for the personalist was the Jacobin attempt to identify the state with the nation." To quote Loughlin: "(Personalism is a rejection of the capitalist, liberal-democratic nation state as well as of communist regimes." (9)

Personalism is critical of centralization and advocates decentralized federalism. Personalists blame the nation state for many of the disasters of the past and believe results like the Treaty of Versailles will produce more disasters. According to Loughlin, personalists believe that "only when the nation states ceased to claim absolute sovereignty for themselves could the basis for a peaceful international order be laid." (10)

Personalism is critical of liberalism, especially the classical liberalism favoured by Thatcher. In the view of personalists, liberalism achieved the removal of the monarchies and became the ideology of the last century, but in this century its emphasis on the individual is destroying community spirit. A personalist believes that man needs to be paramount and to have an internal spiritual transformation no less than a new social order. To David Hanley "Personalism sees society as

composed not of individuals (as in the liberal paradigm) but persons." (11) The individual needs to express himself in order to fulfil himself but he should not forget his obligation to the community. According to Irving, it is a Christianized version of individualism, in which the individual can only reach fulfilment within the natural social structures of society, such as the family, community and work-place. "These natural social structures can only operate under the tutelage of the state." The amount of state intervention advocated by personalists is "unacceptable to *laissez-faire* liberals." (12) Personalism rejects liberalism in its economic, soulless 19th Century survival-of-the-fittest mode, because there is a role for the state (13) or, in the view of Delors, a state-like structure with the EC.

Delors' criticism of liberalism, and thus by inference the kind of early Victorian society that Thatcher was trying to re-create, was that liberalism disregards the common good and destiny, and denies people the qualities of humanity. He was also critical of liberalism's reliance upon the market to provide everything in society. It can provide resources and wealth but it cannot "guarantee equity, a moralized social order or full economic success." (14) Only a dialogue between all social groups would achieve that end. (15) He believed the liberalism of Thatcher treated the individual as an abstract being - not as a person, or true spiritual being, rooted in rich experience. To a personalist, when freedom is unlimited, as in classical liberalism, "the advantage goes to the strongest." (16) Only through the community can the



individual be truly free and live a full life. Thus social structures are needed for "spiritual individuality to flourish." (17) Delors wanted to "liberate liberty from liberals." (18)

Delors' personalist views laid the foundations of many of his actions in Europe: "I believe the individual is a person and not only an individual, a person who cannot be reduced to other people and that this person cannot live without participating in the communities which bind him to people." (19) To Helen Drake, he was a man with a mission who saw the EC as a "social moral mission" and "had a clear understanding of the means required to create the *modèle de société*." (20) Delors criticized the market where he believed consumerism had run rampant to the detriment of society as a whole, which was "trapped in a gilded prison of marketing." (21) He called this "putting means before ends, materialism before happiness, having before being." (22) He was concerned with the community as a whole and the freedom of the individual within that whole. Vital to this belief was subsidiarity, a principle founded in Catholic social teaching in which decisions are made at the most appropriate level of society. (23)

Personalism is part of the foundations of Christian democracy and Delors joined but resigned in 1946 due to the right wing leadership. (24) He later joined the socialists because the Christian democrats in France during the Fourth Republic became more conservative and in 1958 supported de Gaulle. (25) George Ross says Christian democracy was "mangled by the turbulent coalition politics of the Fourth Republic" and

thus lost its "appeal for Left Catholics." (26) The Christian democrats allied themselves to the right because being associated with the left meant involvement with the communists. This caused the ideological centre ground to become crowded. Thus Christian democracy was a "catch all" doctrine because it contained many of the socialist beliefs of Delors, including Catholic social doctrine, subsidiarity, personalism and solidarism.

These tenets provided a link between Delors and his important ally in post-1985 Europe - Kohl. Apart from their Catholicism, many of their political and moral beliefs had the same source. Michael Fogarty believed, "the Christian democrat ideal of a good society is personalist." (27) This is still true despite the drift away from personalism towards liberalism in Christian democracy due, according to Hanley, to there being fewer practising Christians. (28)

Not having read history, perhaps Thatcher did not appreciate the concepts of federalism, subsidiarity and personalism or that the ideal for social personalism was "friendship between people who were once enemies." (29) She may also not have known that her Victorian liberalism was alien to both Delors and Kohl and that they, as a matter of moral belief, would want more than the liberal concept of the single market.

#### 4.1. PERSONALISM.

- 1 Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 70.
- 2 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 14.
- 3 Ibid., p. 12.
- 4 Ross, *Jacques Delors* , p. 17.
- 5 Delors, J, quoted in, Grant, *Inside The House*, p. 87.
- 6 Delors, J, *Our Europe* (London, 1992), p. 54.
- 7 Ibid.
- 8 Ibid., p. 18.
- 9 Loughlin, J, "French Personalist and Federalist Movements of the Inter War period", in P. Stirk (ed), *European Unity in Context* (London, 1989), p. 192.
- 10 Ibid., p. 194.
- 11 Hanley, D, "Introduction", in D. Hanley (ed), *Christian Democracy in Europe. A Comparative Perspective* (London, 1994), p. 4.
- 12 Irving, R, *The Christian Democratic Parties in Western Europe* (London, 1979), p. 31.
- 13 Ibid.
- 14 Delors, J, quoted in, Ross, *Jacques Delors*, p. 18.
- 15 Ross, *Jacques Delors*, p. 17.
- 16 Fogarty, M, *Christian Democracy in Western Europe 1820-1953* (London, 1957), p. 27.
- 17 Irving, *The Christian Democractic*, p. 31.
- 18 Delors, J, quoted in, Grant, *Inside The House*, p. 13.
- 19 Ibid., p. 12.
- 20 Drake, H, "Political Leadership and European Integration: The Case

- of Jacques Delors", pp. 140-156 in *Western European Politics*, p. 155.
- 21 Delors, J, quoted in, Grant, *Inside The House*, p. 153.
- 22 Ibid.
- 23 Loughlin, "French Personalist and Federalist Movements", p. 195.
- 24 Grant, *Inside The House*, p. 10.
- 25 Irving, *The Christian Democratic*, p. 86.
- 26 Ross, *Jacques Delors*, p. 17.  
See also, Grant, *Inside The House*, p. 12.
- 27 Fogarty, *Christian Democracy*, p. 27.
- 28 Hanley, "Introduction", p. 6.
- 29 Dierickx, G, "Christian Democracy and its Rivals", in D. Hanley (ed), *Christian Democracy in Europe. A Comparative Perspective*, p. 22.

## 4.2. THE SOCIALIST AND DIRIGISTE.

(Delors)...a typical French socialist.

He was pragmatic in the extreme, believing more in the importance of power than socialism, and he was intensely ambitious. (1)

Delors was essentially a pragmatist and a practical socialist who rejected extremes, favouring evolutionary change to advance his aims. Being both a socialist and personalist he rejected the collectivism of Marx, which puts the rights of the collective above those of the individual. Personalism has a strong influence in the *Parti Socialiste* (PS) and Delors' socialism seemed to owe more to religion and morality than to the economic determinism of Marx, and favoured equality of opportunity rather than of result. Delors has written: "I've never been fascinated by communism or Marxism - I'm undoubtedly the only man on the French left who never has been. I believed one could improve society, but not change the society." (2)

He thus was able to look outside the dogma of the *Parti Socialiste* and, in 1981 during his tenure as French Finance Minister, he became central to the radical reversal of the "socialism in one country" policy. His pragmatism and courage in making tough economic decisions brought suspicion from some other socialists but helped to repair the French economy and perhaps saved them and Mitterrand. This period in office also illustrated his pedantic and austere teaching style, in which most decisions were based on technological facts rather than either doctrine or instinct. Mitterrand also commented in 1986 upon his

vanity, following a complaint from Kohl: "Delors is not easy. I had him as Minister of Finance and I know....But Helmut, one must not make too much of it. Politics is made by men who are often very vain." (3)

Delors' performance impressed both Kohl and Thatcher who, in particular, appreciated his intelligence. Both thought he had acted as a restraining influence on the socialist government and had helped the economic repair of France. He gained a reputation as a man not restricted by dogma, who could look outside the parameters of socialism and make deals and produce results. According to Ross, "Delors had little use for pre-cooked global programmes, like that of the French socialists in the 1970s..." (4)

There was a tension within the EC between the *dirigiste* socialism represented by Delors and the more liberal market viewpoint epitomized in its extreme by Thatcher. It was a traditional tension dating from the interventionist methods of Jean Colbert - Louis XIV's finance minister. There is a tradition of state involvement in French economics, protection and interference in the market, which comes into conflict with the Anglo-Saxon liberalism symbolized by Thatcher. (5)

An article in *The Economist* in 1994 said that European industry was a struggle between the beliefs of Colbert and those of Adam Smith, and that with the SEM "the Scotsman appeared to have the upper (invisible) hand." (6) Delors used his position to promote the *dirigiste* Colbertian viewpoint, called by Grant "Euro-Colbertism" with, for example, his defence of protection during the GATT Uruguay round.

His defence of the CAP was more emotional and went to the heart of his beliefs. He called for "community preference", a single market and financial solidarity. (7) He told the EP in 1987 that "any attempt to question these principles would be tantamount to tearing up the contract which binds the member states." (8) On another occasion he called the CAP the "marriage contract" between France and Germany, which meant that Germany would "shoulder the cost of supporting French agriculture in return for German industry being given free access to the French market." (9) Delors did feel solidarity with the farmers and usually favoured producers rather than consumers. He was concerned about rural poverty and felt that although it needed reform, the CAP preserved the traditional rural lifestyle. He waxed lyrical about the "desire of Europeans to be rooted in the land", the need for "a feeling of belonging to a settlement that is close to its own history" and that "the rural world is the mainstay of our civilization." (10) In a speech to French farmers he talked of "the renaissance of the rural world" being an issue of "civilization," that "Europe's cultural and environmental backbones were rural" and with great hyperbole he said that "farmers were producers of goods, creators of civilization and gardeners of nature." (11) He summarized the whole divide with Thatcher when he talked about rural development: "The market cannot take care of all of the economic and social needs of society and it cannot take charge of ....public goods, invisible goods that we can only get collectively." (12) To Ross, Delors thought that the "future of the

CAP was inseparable from the collective good of the rural world." (13)

This fundamental division also lay at the heart of much of the acrimony during the debate over EMU, with the ideological obsessions of Thatcher and Anglo-Saxon philosophy straining against the *dirigiste* state centric beliefs of Delors. Dyson quoted the French newspaper *Le Monde*, which put the clash between speculators and the central banks during the ERM crisis in the context of this ideological division. They called it "a shock between two cultures...one inspired by Anglo-Saxon ideologies, the other by a more continental *dirigiste*, ideal." (14) Dyson goes on to say that the analogy, that the Anglo-Saxon's currencies were just a commodity, compared to the French who saw currency as a "measure of value within the nation (can be) overdrawn." (15) Although those views are a simplification of complex realistic political viewpoints, they illustrate a divide which exists, as shown by the EMU debate.

Delors seemed able to bridge this ideological gap in Europe and his background seemed acceptable to both Christian and social democrats, as his term of office shows. Although he seemed more at home on the left he could deal successfully with, for example, the right-of-centre politicians in Germany and the conservative bankers who control the Bundesbank. To Ross, Delors "stood at the exact centre of Europe's and the Community's, political core of social democrats and Christian democrats." Ross makes the point that there is a difference between continental Christian democrats who were open to the "Delorist" view of common goods with an "organized European space" and an



"Anglo-Saxon liberal ideologue." (16) Delors could, despite different political beliefs, achieve a "common vocabulary" with most of the mainstream political views in Europe, but with more ideological liberals he lacked a great deal of common ground. This not only produced the rift with Thatcher but also affected his working relationship with another neo-liberal, Sir Leon Brittan. (17)

Delors also contributed to the related debate of "gradgrind" economics to compete with the Pacific Rim, as advocated by both Thatcher and her successor, and the more socially aware views of Europe. He saw the way forward as competing, especially in high technology industry, on a European scale, creating a European "bloc" to resist both the US and Pacific Rim economically. He summarized his views on the subject: "Should the EC let itself be undercut by competitors with sweatshop labour conditions? We should distinguish between countries which share the fruits of their trade and those which exploit their workers." (18)

Delors was a complex mixture: an austere personalist who joined the socialists rather than the Christian democrats; a pragmatic socialist who believed the state had a vital and necessary role in protecting individuals but who recognized a role for the market in reviving Europe's fortunes. Perhaps pulling these beliefs together was his overall vision of a united Europe. According to Delors: "...for many who are socialists, the transcendent political aim is building Europe; the means are judged pragmatically according to their effectiveness in realising that end." (19)

And like his mentor Jean Monnet, Delors could sacrifice dogma and be pragmatic in his functional, or "Russian Dolls", method of European integration. (20)

Delors arrived upon the European scene at the Brussels Council in January 1985, following his appointment at Fontainebleau the previous summer. Thatcher supported him as she did the nomination of Cockfield as a Commissioner. She supported him despite the fact that he was a socialist and that his nomination came out of the "Franco-German breakfast" and was part of, "...the France-German deals which heavily influenced or in some cases determined the outcome of a Council." (21)

Thatcher believed Delors was the best she could hope for within the unwritten code of alternating Christian and social democrats from small and large states. She believed the alternative, the former French Foreign Minister Claude Cheysson, was more of a federalist: both were French socialists but Delors was the lesser of two evils. It was Germany's turn but Kohl did not have a nominee and seemed to favour the direction in which Delors would take the Commission. In the opinion of Lawson, "Helmut Kohl the Federal German Chancellor pathetically announced that Germany could find no candidate of sufficient stature for the post and that he had therefore agreed with Mitterrand that it should go to France instead." (22) However, Kohl had much in common with Delors: he had the Christian democrat view of a united Christian Europe, whose tenets were pluralism, personalism,

solidarism and subsidiarity. (23) According to Michael Burgess, when these principles are taken together they produce a brand of European federalism "whose roots lie deep in Catholic social theory." (24) Despite being of different political persuasions, both Delors and Kohl had much in common in terms of the basic tenets of their belief, philosophy, motivation, religion and not least where the ultimate destination of Europe would lead. (25) He was ideal material for an EC Commission President.

In addition, Kohl did not want Claude Cheysson because he was a friend of his foreign minister and liberal coalition partner - Hans Dietrich Genscher. (26) Through such motives are Commission Presidents appointed. Kohl, Delors and Mitterrand formed a close partnership to push the EC in the direction they desired, much to the consternation of Thatcher. Despite this, she seconded his re-appointment when it was obvious he had gained much *de-facto* power and was leading the most active and assertive Commission since Walter Hallstein; and in a direction she opposed. (27) Again, negotiation and power politics played a part because the alternative was a German and the Secretary General of NATO was also German and Thatcher's anti-Germanism could have played a part.

## 4.2. THE SOCIALIST AND DIRIGISTE.

- 1 Ridley, N, *My Style of Government* (London, 1991), p. 145.
- 2 Delors, J, quoted in, Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 13. See also, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 17.
- 3 Attali, J, "The Great Magician", p. 16 in *The Guardian*, 14th Jan. 1996. Conversation with F. Mitterrand, translated by M. Frankland and published following Mitterrand's death.
- 4 Ross, *Jacques Delors*, p. 29.
- 5 Grant, *Inside The House*, p. 153.
- 6 "Europe's Dash for Growth", *The Economist* 13th August 1994, pp. 15-16
- 7 Delors, J, Speech to the EP, *Bulletin of the EC Supplement 1/87*, p. 11.
- 8 Delors, J, Speech to the EP, in *Bulletin of the EC* No 2 Vol 19 1986.
- 9 Cockfield, A, *European Union* (London, 1994), p. 134.
- 10 Grant, *Inside The House*, p. 87.
- 11 Ross, *Jacques Delors*, p. 107.
- 12 Ibid., p. 112. See also, Attali, J, "The Great Magician". This was a Europe-wide concern and was explained simply but concisely by Mitterrand: "The market is efficient but unfair. We want to combine efficiency and justice."
- 13 Ibid.
- 14 Dyson, K, *Ellusive Union* (London, 1994), p. 5.
- 15 Ibid., p. 6.
- 16 Ross, *Jacques Delors*, p. 65.
- 17 Ibid., p. 130. Sir Leon Brittan: Chief Secretary Treasury 1981-83, Home Secretary 1983-85, DTI Secretary 1985-86, European Commissioner 1989-.
- 18 Delors, J, quoted in, Grant, *Inside The House*, p. 157.

- 19 Delors, J, quoted in, Cutler, T, et. al., *1992-The Struggle for Europe* (New York, 1989), p. 159.
- 20 Delors, J, Speech to the *Monnet Centenary Symposium*, 10th November 1988, Commission of the European Community, Office of Official Publications 1989. (Monnet) "his way of looking at things was not hidebound by dogma." Ross, *Jacques Delors*, p. 230. Delors would use the Russian Dolls strategy for integration, where opening one doll leads to the next and so on, to produce a Europeanization of problem solving and institutional development. It is the functional spillover method of integration which places the emphasis of the integration momentum with the supra-national body rather than the states. Delors, J, Speech to the EP, 12th March 1985, *Official Journal of the EC*, No 2-324. "...we ought to advance a step at a time on all fronts. A step towards the EMS a step towards the single market..." See also, Tranholm-Mikkesson, J, "Neo-Functionalism: Obstinate or Obsolete? A Reappraisal in the Light of the New Dynamism of the EC", pp. 1-22 in *Millenium: Journal of International Studies*, Vol 20 No1 1991, p. 4. The "Monnet method" has a theoretical base in Ernst Haas theory of neo-functionalism. "...the central thesis of neo-functionalism is that integration within one sector will tend to beget its own impetus and spread to other sectors." Moravcsik, A, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community", pp. 19-56 in *International Organization* No 45 1991. See also, Moravcsik, A, "Liberal Intergovernmentalism and Integration: A Rejoinder", pp. 611-628 in *Journal of Common Market Studies* Vol 33 No 4 December 1995. Moravcsik's contention is that integration momentum comes from intergovernmental bargaining and that the role of the Commission is "coincidental, symbolically convenient, or a reflection of small country interests..." Intergovernmentalism remains indispensable and fundamental to any account of regional integration." Milward, S, and Sorenson, V, "Interdependence or Integration? A National Choice", pp. 1-32 in Milward, S, et. al., *The Frontier of National Sovereignty* (London, 1993), p. 15. "De Gaulle's intervention in 1965 proved neo-functional theory to be wrong." George, S, *The Politics and Policy of the European Community* (Oxford, 1991), p. 32. Functionalism seems to be a partial theory which can explain some of the integration that has taken place; however, it is an integrationist pluralist theory of international politics which does not assume that the state is a single unified actor.
- 21 Thatcher, M, *The Downing Street Years* (London, 1993), p. 538.
- 22 Lawson, N. *The View From Number Eleven* (London, 1993), p. 891.

- 23 Burgess, M, *Federalism and European Union* (London, 1989), p. 150.
- 24 Ibid., p. 151.
- 25 Attali, J, "The Great Magician". "Helmut Kohl is a remarkable man. The media underestimate him. He is the best possible Chancellor for the construction of Europe." (1987)
- 26 Hans Dietrich Gensher: Foreign Minister 1974-93.
- 27 Walter Halstein: Commission President 1958-67.

## 5. INTERNATIONAL RELATIONS.

### 5.1. BRITAIN AND THE UNITED STATES OF AMERICA.

Britain is notorious for governments Labour or Conservative, that think the Atlantic is narrower than the Channel. (1)

The British want to become the 51st American State. It's pitiful. (2)

Britain and the US have been linked by the so-called "special relationship." Their foreign policies are normally diverse and it was only during the Second World War that the special relationship was close, due to mutual goals and the closeness of the two leaders. During the 1950s, Britain was the junior partner and the Suez crisis illustrated not only Britain's retreat from a world role but also that the US followed a foreign policy of its own, regardless of the British. During the 1960s and 1970s, the relationship existed but it was not until the advent of Thatcher in 1979 and Reagan in 1980, that it became closer.

Thatcher was a traditionalist who acknowledged the US role in uniting Europe through the Truman doctrine and the Marshall plan and she looked for US leadership in the "cold war." She had more faith in Britain's common heritage and language with the US than with Europe. In her memoirs she conveniently forgets Britain's European Anglo-Saxon and Norman heritage. She was pro-American and preferred to visit Washington than attend European Councils. She seemed happiest at high political summits where she could exclude the mundane business and "petty squabbles" of the EC. She did not disguise her admiration for the US: "We cherish our relationship with the United States, that great citadel of liberty and justice." (3) She

sympathised with the US before her ideological ally Reagan became US President with, for example, her support for the boycott of the 1980 Moscow Olympics following the invasion of Afghanistan and her trip to Washington to "pledge support for President Carter" in his argument with Europe over *détente*. (4)

However, when Reagan became President, Thatcher found a friend with similar ideological views and the "special relationship" became even more special. Ideologically there seemed little difference between the two because the following quotes from Reagan could easily have been quotes from Thatcher: "We must move boldly, decisively and quickly to control the growth of federal spending." "We must balance the budget, reduce tax rates and restore our defences." (5) The Atlantic bias became more pronounced than with any other Prime Minister. She even said that the presence of Howe "cramped her style" when she met Reagan. (6) His simple rhetoric, be it economic or as "cold warrior", appealed to her and she preferred Reagan's ideas to those of her partners in Europe. According to Lawson, "For Margaret the special relationship with the United States was all important and she regarded the continental Europeans with distrust and in private with undisguised distaste." (7)

The relationship became close; for example, Reagan was given the unique opportunity to address both Houses of Parliament during a visit. In 1985 Britain, against the wishes of its partners, tamely followed the US lead and withdrew from UNESCO. In another example, it was the



US option (and capital) which she preferred to the European, during the near-fatal Westland fiasco. However, it does seem that despite this intimacy Reagan did very little for Britain that he would not have done normally. An exception perhaps was the secret logistic support during the Falklands war, for which Caspar Weinberger was given an honorary knighthood.

Thatcher and Reagan were united ideologically and shared the same world view which saw monolithic communism as the enemy. She supported him against what was perceived by many to be activities against British interests. There are several examples of this view: She made a personal decision to support his bombing of Lybia, without Cabinet approval, and she called the EC "weak and feeble" for having reservations. (8) She felt it "cemented the Anglo-US alliance." (9) This decision dismayed many in the Cabinet who saw not only an increase in the threat of terrorism (the number of American tourists to Britain declined sharply) but also the constitutional problem of setting aside Cabinet government for personal friendship. According to Thatcher: "I found it inconceivable to refuse the United States request to use aircraft based in the United Kingdom." (10) Howe said that the Lybian bombing and the US withdrawal from the Lebanon was undermining Europe's and his (but not Thatcher's) faith in US foreign policy. (11)

Thatcher always suspected the motives of European leaders, yet did not question Reagan's motives even when he invaded the sovereign territory of Grenada. She attributed the invasion to over-reaction to the

Beirut bombing of US troops but insisted that it was too small an incident to endanger Britain's special relationship. (12) Duchene believed there was no European (EPC) response to these events, (13) and Howe called this the "mid-Atlantic fault line in NATO." (14) He supported more of a role for the European Political Cooperation concept because, "...would not such thinking enable us to detach ourselves a little from some US policies which were not always in our own national interests." (15)

The EPC was strengthened in the 1970s, as a response to the collapse of the 1945 Bretton Woods system, by which currencies were kept stable by the gold convertibility of the dollar. The influx of currencies against the weak dollar caused the US to suspend the agreement. The dollar's collapse became an important fulcrum of change for the EC and set the pattern for the future. The US response with floating exchange rates caused Europe to look to an alternative foreign policy (EPC) and to formulate a separate currency system, with the European Monetary System (EMS) proposed by Giscard d'Estaing and Schmidt. (16) This would evolve into the "snake", ERM and ultimately EMU. Thus the EC developed a more independent foreign policy, albeit outside the existing Treaties, a fact which helped Britain to support its essentially intergovernmentalist nature.

However, its very existence has produced a divergence in foreign policy because EC and US priorities differ. Europe's relationship with the US became more distanced before the arrival of the "genial but

stupid Reagan" whose reception from Europe was one of "vituperative contempt." (17) The "mid-Atlantic fault line" was called by Thatcher the imbalance in diplomacy, because EC leaders met on a regular basis but other members of NATO, especially Canada and the US, met infrequently. In addition, issues could always be discussed on an EPC basis, again excluding the US.

Through all of this concern for the special relationship, there appears an almost sycophantically embarrassing attachment on the part of Thatcher to Reagan; a pair united ideologically with the same political dreams. It is perhaps significant that her relations with George Bush (18) were never so close because he was not so ideologically pure and tended to "go wobbly" in a crisis. In turn, it is perhaps significant that his first visit to Europe was to Germany rather than to Britain.

Her adherence to US foreign policy showed Thatcher's double standards: She objected to Soviet spheres of influence and the Breznev doctrine, yet accepted the Monroe doctrine or its updated version - the Reagan doctrine. The invasion of Afghanistan was wrong but Nicaragua, El Salvador and Angola were right. As with the cold war, minor nationalist civil wars were sucked into a bipolar global scenario. However, she was wise enough not to overtly promote Reagan's "new cold war" and in the late 1980s acted as a "go-between" for the superpowers.

By contrast, other members of the EC were critical and distrustful of Reagan's "new cold war", which was to fight back and defeat

communism rather than the previous policy of containment. To George, they saw it as using military action to solve political problems. (19) The US called this involvement in the sovereign affairs of minor states their "hemispheric interest." Many European states classed it as interference in the "insignificant domestic affairs of obscure banana republics." (20)

Despite the German "twin track" initiative to modernize NATO and maintain *détente*, there was an overall pattern of divergence between the US and Europe after 1979. (21) They had different aims and diverse views of *détente* with, for example, Germany wanting trade and reproachment with the *ospolitik* and thus at variance with the US. Duchene makes the point, "European *détente* was unlinked to super power *détente* in areas outside Europe." (22) The US and European foreign policy goals had become different, with the US world view, especially under Reagan, linking trade to trouble spots, whereas the European view was essentially regional and therefore more accommodating to the Soviet Union.

Thatcher's near spiritual attachment to the US and its role in Europe brought her into further conflict with Europe when the issue of NATO and the European military organization, the Western European Union (WEU), came onto the agenda. She resisted attempts to replace NATO with the WEU. It seems that other international organizations like the UN were disliked by her but that NATO was loved. Howe and Heseltine had to persuade her in 1984 to support the re-activation of

the WEU (23) (another French attempt to exclude the US, although it did have German support) and she later resisted any closer defence links with Europe. The debate evolved into whether the WEU would become an EC institution or a "bridge" with NATO. (24) She did not like exclusion of the US or the WEU as an alternative to NATO - thus the WEU was resisted and talk of a Common Foreign and Security Policy (CFSP) treated with suspicion. That was also the US position.

Howe calls the issue of Britain's defence based upon a transatlantic or European foundation, the "permanent British dilemma." (25) In 1989, she resisted French attempts to have a nuclear alliance with Britain and a conventional one with Germany because again this would exclude the US. The French motives were "to guarantee Europe an independent voice in defence." (26) These defence issues persisted after Thatcher left office and Delors continued to support the French view of a CFSP with an active role for the WEU.

Despite this scepticism, Thatcher favoured closer foreign policy cooperation but not at the price of the special relationship; her efforts could not stop a diversion of EC and US policy. With separate areas of concern and involvement, it seems natural that the policy would diverge, especially under a president like Reagan. (27) During this period, the foreign policies of Thatcher and the Europeans were going in opposite directions and increased the gulf between the two.

## 5.1. BRITAIN AND THE UNITED STATES OF AMERICA.

- 1 Schimdt, H, quoted in, Urwin, D, *The Community of Europe* (London, 1991), p. 176.
- 2 Lamoureux, F, (Member of Delors staff) quoted in, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 95.
- 3 Thatcher, M, *Hansard*, Vol 44, 15th June-1st July 1984, col. 60.
- 4 George, S, *An Awkward Partner. Britain in the European Community* (Oxford, 1944), p. 144. James Carter: US President 1976-80.
- 5 Freidman, M, *The Tyranny of the Status Quo* (London, 1985), p. 1.
- 6 Howe, G, *Conflict of Loyalty* (London, 1994), p. 391. See also, Thatcher, M, *The Downing Street Years* (London, 1993), p. 469.
- 7 Lawson, N, *The View From Number Eleven* (London, 1993), p. 900. See also, Attali, J, "The Great Magician", p. 16, *The Guardian* 14th Jan. 1996. Conversation with Mitterrand, translated by M. Frankland and published following Mitterrand's death. "Mrs Thatcher who has plenty of force when she addresses her European partners, becomes a little girl of eight when she speaks to the President of the United States." (1989)
- 8 Thatcher, M, quoted in, Tibbernam, P, *The Downing Street Years* (BBC TV, 1993).

The Lybian bombing was in April 1986. France and Germany did not even allow the planes over their air-space. There is no evidence in her memoirs, but she could have been repaying a debt to the US over its secret support during the Falklands war.

- 9 Ibid.
- 10 Thatcher, M, quoted in, Carr, F, "Foreign and Defence Policy: The Impact of Thatcherism", pp. 231-244 in S. Savage and L. Robins (eds), *Public Policy Under Thatcher* (London, 1990), p. 236.
- 11 Howe, *Conflict of Loyalty*, p. 385.
- 12 Thatcher, M, quoted in, Tibbernam, *The Downing Street Years*. One wonders if she would have been as tolerant with her European allies? See also, Howe, *Conflict of Loyalty*, p. 388. She would "instinctively recoil" from any foreign policy realignment. CalvoCaressi, P, *Resilient Europe* (London, 1991), p. 139. Thatcher

"leaned over backwards to pander to Reagan's foibles." Ibid., p. 196. This adulation of Reagan was a policy of "your country right or wrong."

- 13 Duchene, F, "Less or More Than Europe? Integration in Retrospect", pp. 9-22 in *The Politics of 1992, Political Quarterly* (Oxford, 1992), p. 20.
- 14 Howe, *Conflict of Loyalty*, p. 385.
- 15 Ibid., p. 388.
- 16 Jenkins, R, *European Diary* (London, 1989), p. 480. When Giscard and Schmidt were in power they were pushed closer together by President Carter's inflationary economic policy. Jenkins called it "an exhibition waltz between Schmidt and Giscard."
- 17 Calvocaressi, *Resilient Europe*, p. 122.  
See also Attali, J, "The Great Magician", "Ronald Reagan is not an idiot, he has a lot of common sense and is extremely kind. What his intellect does not grasp he arrives at by instinct." (1981)
- 18 George Bush: US President 1988-92.
- 19 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 60.
- 20 Ginsberg, S, "US-EC Relations", pp. 256-278 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 260.
- 21 Duchene, "Less or More than Europe", p. 22 See also Urwin, D, *Western Europe Since 1945* (London, 1989), p. 296. The twin track decision isolated Helmut Schimdt in his own party and proved unpopular with the public in many states.
- 22 Duchene, "Less or More than Europe", p. 22.
- 23 Howe, *Conflict of Loyalty*, p. 386.
- 24 Ross, *Jacques Delors*, p. 94.
- 25 Howe, *Conflict of Loyalty*, p. 387.
- 26 Hoagland, J, "Europe's Destiny", pp. 33-50 in *Foreign Affairs* Vol 69 No 1, p. 47.
- 27 Collins, M, *Western European Integration* (New York, 1991), p. 94.

A poll of December 1988 is quoted showing 59% of respondents favoured a European foreign policy. See also, p. 96. A Newsweek poll showed 60% of the British, 47% of the French, and 40% of Germans had no confidence in the US ability to deal with world problems.



## 5.2. FRANCE AND THE UNITED STATES OF AMERICA.

Nationalism has deep historical roots in France and is linked with anti Anglo-Saxon attitudes that originally was directed against Britain but was easily transferred to the United States when it became the standard bearer of what to the French is Anglo-Saxon imperialism. (1)

Delors' view of the US contrasted with that of Thatcher. He appeared to have inherited a great deal of the French distrust of the US, much of which developed during the Second World War. The antipathy between de Gaulle and Franklin Roosevelt over, for example, the destruction of the French fleet and the invasion of Syria came to the fore at the Casablanca conference in 1943. De Gaulle suspected Roosevelt's motives over French possessions, believing he would not act in the best interests of France in any peace deal. According to Duroselle, Roosevelt did not understand de Gaulle, thought he was a "prima donna" and paid no regard to his popularity in France. Roosevelt even called de Gaulle unreliable, disloyal and a dangerous threat. However, in return, "de Gaulle did not understand Roosevelt either; the roots of his notorious anti-Americanism may well be found in this period." (2)

In addition, there was hostility to the US from the French intellectual left, including Mounier, whose personalism was to later influence Delors. John Hellman believed, "The personalist group had long been hostile to the United States." (3) There were ideological differences, "...the United States, symbol of *laissez-faire* economic system, represented an imperialist Fascist challenge to Europe." (4) Following World War Two, "both the Marshal Plan and Truman's fair deal were

seen by Mounier and the personalists as economic conquests." (5)

Although France was a vigorous supporter of NATO in 1948-49, the many attempts at integration sponsored by France, both economic and military, since that date, seem to have had the intention of both tying Germany closer and excluding the US from Europe. There appears to have been several areas of distrust between the US and France, many inherited by Delors. There was antipathy with US anti-colonial views in 1945 and shortly after, when the French saw themselves fighting for the west in Indo-China and deserving US support. (6)

This situation was reversed with the advent of the cold war, when the black-white world of bipolarity seemed to the French to be the US exerting a hegemonic influence over the west. They saw the *rationale* of the ideological divisions as the US using "moral window dressing" for a "naked *animus dominandi*" (7) over other smaller states who were in "their camp." The French, with their vision of *grandeur*, were not prepared to have a modest place in the post-war world which they believed to be determined on an ideological basis and explained by the US in their terms as the "common good."

To the French, the true division of the world is by nation, and national interests will outlast the temporary divisions of the ideological divided world. Nations should have autonomy and were a safer method of international relations in a multi-polar world than the bipolar world of the cold war, which threatened the peace and smaller states. Thus the view of de Gaulle, that the answer to the German "problem" was not

to divide the state ideologically; it was one nation and would be so again, so it was safer united and tied to Europe.

This view continued, as illustrated by Delors' actions in 1989. There is a strong feeling of French nationalism in both the Gaullist and socialist wings of French politics. (8) Perhaps the failure of Monnet, and later Delors, was to underestimate the pull of nationalism. (9)

French fears and suspicions of the US were increased when, due to the increased tension of the Korean war, moves were made to re-arm Germany. To the US, German economic recovery and its military contribution to western defence were seen as vital to European and world balance during the cold war. (10) To Duchene, this was the US dilemma: to satisfy Germany without dissatisfying France. (11)

According to Reginald Harrison, the US treated France as a nuisance, its favoured partners being Germany and Britain. (12) This was seen as the Anglo-Saxons treating France as just another state, as a pawn in the world of global power politics and, perhaps more importantly, Britain would retain her world influence. (13) To Stanley Hoffman, the French saw the US position in the post-war world as preserving *defacto* its hegemony over its half of Europe and that belief he called "distrust of Anglo-Saxon sincerity." (14)

The distrust was compounded by the belief that the US used Britain as an "American Trojan Horse", (15) to maintain influence and promote its foreign policy in Europe. To Harrison, part of the blame for the "dissipation of Community spirit" rests on the transatlantic relationship:

"....the veto on the free trade area in 1959, the failure of the Fouchet committee....the veto on British entry by France in 1963 and the later veto in 1967." (16)

French distrust was maintained when the US and Britain cooperated over nuclear weapons. After the 1962 Nassau agreement on Polaris, (17) de Gaulle was convinced that Britain was a satellite of the US and maintained that view even when Britain's withdrawal from East of Suez weakened the "special relationship." His independent deterrent (*Force De Frappe*) became a matter of prestige, part of his vision of *grandeur* and another means of equality and equal distance between the superpowers. De Gaulle's decision to talk to Moscow rather than to maintain the cold war stance was not only a show of national independence but also a need to show the prestige of France to the world. His rejection of British entry and his criticism of the Vietnam war also demonstrate that need. His withdrawal from the integrated command of NATO also had those combined motives - US exclusion, French independence and a refusal to permit defence to be in another state's hands.

He praised the exclusiveness of the EC when it reduced its dependence upon the US. (18) However, during that period de Gaulle was also concerned about the supra-national aspects of the EC under the first Commission President, the assertive and visionary Hallstein. Many of de Gaulle's actions had as their motive the maintaining of his vision of a *Europe des Patries*. For example, the Fouchet Committee

was intended to undermine the Commission. (19) However, Duchene makes an important point about this search for *grandeur*. French security was underwritten by the US-German alliance and de Gaulle, "unlike the Bismarcks of this world ....proposed policies unrelated to his power." (20) France did and still does dislike a Europe dependent upon the US. This was the crux of de Gaulle's policy and he used the EC (with the minimum of supra-nationality) to achieve it.

The American-European relationship, to the dismay of the US, has now developed from economic cooperation into competition. (21) Ginsberg said that memories of 1945 have faded, (22) a view endorsed by Delors: "...there are conflicts of interest between ourselves and other powers in general and our major competitors, the United States....the Commission does not look for trouble but it has a duty to defend our industries and our jobs..." (23)

The gulf between France and the US can also be seen in the economic field, where Anglo-Saxon free trade liberalism is opposed by the more state-orientated regulated and *dirigiste* viewpoint predominating not only in France but throughout most of Europe. De Gaulle may have been a conservative in many ways but in contrast to Thatcher he did believe in state involvement in the market. As with Delors, de Gaulle also had disagreements with the US over GATT. He saw the Kennedy Round influencing Europe, just as years later Delors objected to US pressure over the Uruguay Round. It was the age-old argument: free trade versus protection, an argument which became part

of the ideological battle between the neo-liberal Thatcher, and Delors with his *dirigisme* and state orientated model.

Perhaps a more uniquely French fear is that of cultural penetration by the Anglo-Saxon culture. Harrison believed that in 1945 the US was the heir to European culture, but by the 1970s many Europeans saw American culture as an onslaught upon their own traditions. (24) To Charles Powell, "...the French see the main challenge to them coming not from Britain but from America: from American films, slang and hamburgers as much as from American power, influence, and technological supremacy." (25) It is perhaps surprising that France of all European states, allowed the shrine of US culture, Disney, to open a theme park there, but this also showed evidence of Disney's ignorance of European culture. Delors talked of penetration and domination by other cultures: "We don't want to be brutally Japanified, Americanized or globalized...my dream is that Europe should shine forth, without dominating and that it should give the example of a certain fraternity." (26) He expanded upon this theme when discussing the decline in French national confidence. "The influx of languages, products, customs - even attitudes of mind - from elsewhere has caused them distress. The obsessive assertion of Frenchness on the extreme Right of our political spectrum expresses this new vulnerability." (27)

Many of the French suspicions and fears of the Americans can be seen in Delors. He was aware of their bullying and patronizing motives. For example, members of the Reagan administration tended to lecture

Europeans on the merits of "Reaganomics" and liked to exclude the Commission from G7 meetings. American attitudes range from the belief that the EC was just a trade club, that Delors was anti-NATO, to the idea that EMU was a threat to the dollar. Delors retorted on one occasion that Europe should not take lessons from a country that financed its development through military build-up and a huge deficit. He also criticised the service economies favoured by both Thatcher and Reagan: "What kind of supply can correspond to this kind of demand? Either a workforce that is poorly paid and without protection, on the Reaganite model, or (why not if one thinks of the opportunities created by immigration?) a workforce with a status akin to that of slaves." (28) He made the claim that the social democratic alternative had a resistance to unemployment because of the depth of their social fabric.

To Delors this gulf is philosophical: there is the Reagan-Thatcher Anglo-Saxon liberal outlook, which downgrades people in relation to the market, and there is the more European social democratic alternative with the market in its place. Additionally, Delors was also influenced by the French "Colbertian" *dirigiste* belief in the role of the state.

This animosity between two systems added to the gulf between Delors, with his French European viewpoint, and Reagan and his acolyte Thatcher. Delors saw US individualism and a return to *laissez-faire* as alien and not European, and he did not, unlike Thatcher, want US leadership. The argument during the protracted GATT Uruguay round illustrated the division between the free trade of

the British and Delors' belief in European protection. Ross wrote that this schism of opinion ran through the Commission itself: "Leon Brittan ....was a genuine neo-liberal to whom the fully open market was the only industrial policy." (29) Delors' defence of the CAP on this issue perhaps illustrated not only the usual French distrust of the US but also his nationalism in defending essentially a French rather than an EC position. Delors believed in equality with the US in their mutual relationship: "It must be one of equals, as political thinkers on both sides of the Atlantic have affirmed frequently and one which corresponds to the vision of Jean Monnet, the intellectual father of the new Europe." (30)

There was a fundamental ideological split between Delors and Thatcher in their relations with the US. They both inherited some national attitudes, including the so-called British special relationship and the traditional French suspicion. Delors had the personalist hostility to the US and was from a different political spectrum to de Gaulle, but had a Gaullist view of the US. Thatcher, who had similar views to de Gaulle about Europe, was at the other extreme regarding the US. There is an irony in that de Gaulle used his dislike of the US to achieve his way in Europe and that Thatcher, with her love of the US, agreed with many of de Gaulle's sentiments about Europe. According to Holland: "Thatcher represented the reincarnation of Gaullist tradition; just as de Gaulle had stymied any concession that encroached upon French sovereignty during the 1960s, Thatcher was committed to



opposing any federal attack on British national independence." (31)  
However, these sentiments became mixed with her ideological views  
and, in contrast to de Gaulle, Thatcher was concerned about  
de-regulation, free trade, liberal market economics and, as she said in  
the Bruges speech "...Britain would fight attempts to introduce  
collectivism and corporatism at the European level..." (32)

The division of opinion between Thatcher and Delors was  
reminiscent of the near disaster of the 1960s, when Hallstein took the  
supra-national view against de Gaulle's *Europe des Patries*, with French  
leadership and US exclusion. To Monnet, de Gaulle believed "that  
Europe should be built around France and he could not imagine  
delegating sovereignty." (33) Allen believed that, like Thatcher, de  
Gaulle was concerned about the advance of supra-nationality at the  
expense of national sovereignty. He also believed there was another  
similarity; de Gaulle wanted to keep the CAP and as a consequence  
integration developed, just as Thatcher pushed the SEA, with the same  
result. (34) It was perhaps ironic that de Gaulle, by blocking British  
entry, also robbed himself of a potential ally in the supra-national /  
national sovereignty debate. The opinions which divided Hallstein and  
de Gaulle were also present with Thatcher and Delors but, in addition,  
there was ideological partition. Thatcher constantly equated Delors'  
supra-national federalist viewpoint with socialism. He is a socialist so he  
is a federalist. (35)

There were many issues wrapped up in those many complex debates

and the role of the US perhaps provided an interesting comparison. De Gaulle and Thatcher would have agreed on many things but they had diametrically opposed views on the US: De Gaulle was hostile and saw the US as a threat, especially in high politics, whereas Thatcher was infatuated, mainly with their economic system. In another contrast, Monnet was enthusiastic, had a cooperative relationship with John Kennedy and wanted partnership; but Delors, his admirer and follower, was ambiguous, hostile and took a more sceptical "Gaullist" view. Between Thatcher and Delors there was an ideological schism: She wanted economic liberalism and he opposed Anglo-Saxon economic ideology and the role of the US and Britain in supporting it. This divide was further illustrated by the positions taken by the two during the SEM negotiations and their aftermath.

## 5.2. FRANCE AND THE UNITED STATES OF AMERICA.

- 1 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 88.
- 2 Duroselle, J, "General de Gaulle's Europe. Jean Monnet's Europe", pp. 1-12 in *The World Today*, No 22 1966, p. 4.
- 3 Hellman, J, *Emmanuel Mounier and the New Catholic Left* (Toronto, 1981), p. 208.
- 4 *Ibid.*, p. 209.
- 5 *Ibid.*, p. 237.
- 6 World de-colonialization was not quickly accepted by the French in the post-war period.
- 7 Hoffman, S, "Perceptions, Reality, and the Franco-American Conflict", pp. 57-71 in *Journal of International Affairs*, Vol 21 No 1 1967, p. 62.
- 8 George, *Politics and Policy*, p. 98. See also, Monnet, J, *Memoirs* (London, 1978), p. 484. Monnet was greatly concerned that this nationalism, especially with de Gaulle in power, could produce major disagreements: "(French policy) is leading us down the outdated path of nationalism and inevitably encouraging nationalism in other countries and in particular Germany."
- 9 Nationalism will persist, even the pre-1914 variant as prescribed by de Gaulle, as long as the nation state system exists and must be accommodated within the EC. The US view was that French nationalism was anachronistic in the modern world.
- 10 The cold war was the motivation behind resented US pressure over independent Algeria because they were controlled by a socialist regime together with threats from John Foster Dulles (the agonizing reappraisal) over the ill-fated EDC, whilst no threats were made against Britain.
- 11 Duchene, F, "Less or More Than Europe? European Integration in Retrospect", pp. 9-22 in *The Politics of 1992. Political Quarterly* (Oxford, 1990), p. 11.
- 12 Harrison, R, *Europe in Question* (London, 1974), p. 173.
- 13 George, *Politics and Policy*, p. 63.  
France always insisted upon equality with Britain.

- 14 Hoffman, "Perceptions, Reality", p. 63.
- 15 Harrison, *Europe in Question*, p. 159.
- 16 Ibid., 168.
- 17 The Agreement was between: John Kennedy: US President 1960-63.  
Harold Macmillan: Prime Minister 1957-63.
- 18 Harrison, *Europe in Question*, p. 161.
- 19 Urwin, D, *The Community of Europe* (London, 1991), p. 106.
- 20 Duchene, F, "Less or More than Europe?", p. 17.
- 21 George, *Politics and Policy*, p. 63.
- 22 Ginsberg, R, "US-EC Relations", pp. 256-278 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 258.
- 23 Delors, J, Speech to the EP, *Bulletin of the EC*, No 2 Vol 19 1986, p. 14.
- 24 Harrison, *Europe in Question*, p. 171.
- 25 Powell, C, "A Fundamental Incompatibility?", pp. 8-10 in *The Spectator* 3rd Sep. 1994, p. 8. Sir Charles Powell: Thatcher's Foreign Policy Adviser 1983-90.
- 26 Delors, J, quoted in, Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 163.
- 27 Delors, J, *Our Europe* (London, 1992), p. 41.
- 28 Ibid., p. 67.
- 29 Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 130.
- 30 Delors, J, "Europe's Ambition", pp. 14-27 in *Foreign Policy* No 80 Fall 1990, p. 20.
- 31 Holland, M, *European Community Integration* (New York, 1993), p. 45.
- 32 Thatcher, M, *Britain and Europe: The Bruges Speech*, 20th

September 1988 (London, 1988), p. 7.

- 33 Monnet, *Memoirs*, p. 493.
- 34 Allen, D, "The European Union, The Single European Act and The 1992 Programme", pp. 26-52 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 29.
- 35 Thatcher, M, *The Downing Street Years* (London, 1993), p. 727. Thatcher said that the "Franco-German federalist project was supported by many people" and "...by socialists because of the scope it offered for state intervention." See also, Thatcher, M, *The Path to Power* (London, 1995), p. 489. Thatcher discussed the later Maastricht Treaty: "Maastricht's federalism was essentially the child of socialist thinking." She clearly links federalism with socialism.

## 6. INTEGRATION.

If you open that Pandora's Box you never know what Trojan 'orses will jump out. (1)

### 6.1. THE SINGLE EUROPEAN ACT AND NEGATIVE INTEGRATION.

Integration is like riding a bicycle: the choice is simply going forward or falling off. (2)

The SEA was perhaps the great step which revitalized the EC and helped to produce many of the integrationist steps which followed. It was an attempt to re-create the original intention of the Treaty of Rome to override national interests and remove hidden barriers to internal trade, many of which had been erected during the recession and period of "Euro-sclerosis" in the 1970s.

The EC was receptive to the SEA following recessions in the 1970s, the pre-eminence of intergovernmentalism and increased American and Pacific Rim competition. The general weakness of the left at that time meant that market solutions to the problems were examined, in an attempt to create what Howe called "Thatcherism on a European scale." (3) This period of "stagflation" had seen old declining industries subsidized and, according to John Pinder, national markets were slowing the dynamism of the EC. (4) External forces were slowing integration and, in response, Europe was turning inwards upon itself to create wealth from its own resources: *A Europe san fronteirs*. The Dooge Committee was formed to examine the issue and the first item of its report said "by creating a genuine internal market by the end of the



decade on the basis of a precise timetable." (5) According to Delors: "Following the example of Jean Monnet, the idea must be turned into an objective, and that in time must be made concrete by setting a date - hence 1992." (6)

The divide between Thatcher and Delors over this issue and the subsequent proposals for extending the SEM into the monetary and social areas can be illustrated by using the integration theory of Kapteyn and various views on regulation. The first scenario is Thatcher's vision of the stateless market, where there is no regulation and the gap between the negative integration of the market and the positive integration of state-like structures is very wide. (7) Kapteyn's second scenario is near Delors' hopes for the transfer of powers to a European government and the gap between negative and positive integration closed. (8) His third scenario is a form of middle way between the two extremes, represented by Thatcher and Delors. Both Dyson et. al., and Woolcock et. al., examine different views on regulation: The British wish to regulate only where necessary; and the European view, (which includes the German system), (9) of a more consensual and corporatist approach and the necessity to regulate to make the market work in the public (as well as the private) interest. (10)

Although Delors is given much of the credit for driving the SEA to relaunch the EC, many of its concepts came from a paper circulated by Thatcher during the Fountainbleau Council. (11) According to Moravcsik, "...her extreme neo-liberalism lent the SEA much of its

substance." (12) It was the first overhaul of the Treaty of Rome and was the only measure to gain universal support, perhaps because it was a compromise following the EP's Draft Treaty on European Union and the Genscher-Columbo plan. Delors felt he was only asking the member states to adhere to the commitments they had made 35 years before. (13) It was a measure which fitted the converging domestic agendas of the member states, thus producing integration from intergovernmental bargaining, rather than from spillover. (14)

In addition, there was pressure from business to promote this project. European business did not want its markets penetrated by corporations controlled by the Japanese. Allen believed, "...the Japanese threat inspired many to advocate the advantages of completing the internal market in the 1990s." (15) The European Business Round Table contributed to the agenda and, according to Sandholtz and Zysman, it was the threat of aggressive Japanese expansion which focused business on the project: "The final goal of the European dream is to transform Europe into an integrated economic continent with its specific role weight and responsibility on the international scenario vis-a-vis the USA and Japan." (16) "The Commission aided by business was able to mobilize a coalition of governmental elite's that favoured the overall objective of market unification." (17)

Thatcher's instincts supported the SEA and Britain became highly *communautaire*. To Moravcsik: "Insofar as Thatcher was pro-European, it was largely because she saw the EC almost exclusively as an



organization for promoting economic liberalism in the industrial and service sectors." (18) Therefore, she did settle the BBQ and promoted a project which was an attempt at negative integration by the removal of barriers to create a giant 340-million strong free trade area, which would involve 40% of the world's trade. It would be free of protection and with market forces prevailing. Howe justified the SEA to Parliament by the fact that 48% of Britain's exports went to Europe and that we wanted "completely free access to these markets." (19) Thatcher stated her intentions before the White Paper was published. At the Dublin Council in December 1984, she agreed to enlargement, but also called for a free trade market with budget discipline and no regulation from the Commission.

In retrospect, that seemed a vain hope considering that the re-invigorated Commission and its active and visionary President had different views on regulation and were promoting the SEM. She repeated this desire to Parliament following the Luxembourg Council in December 1985: "The government is wary of greater integration except on matters such as the internal market which are to our advantage." (20) In her memoirs she stated: "(The SEA)....must be used to create and maintain a single market, rather than to advance other objectives." (21) This illustrated her desire for the "stateless market" without elements of state building and her desire for no institutional regulation in the market.

To Thatcher, the new single market would also include new members

which brought to the fore the widening-versus-deepening debate. To her, widening would slow down the deepening process, by contrast another view is that widening could make deepening necessary in order to maintain stability and to stop the centrifugal forces that come with enlargement. It is typical of Thatcher that she would not agree to pay more for protection upon the entry of Spain and Portugal, because if they were joining a free market, they should stand alone and not expect high budget contributors like Britain to support them. In the British view, many of the new applicants also took a sceptical approach to integration, and thus Thatcher, despite being totally opposed to Sweden's domestic social consensus, could see an ally in future battles with Brussels.

Cockfield's White Paper, "Completing the Internal Market" which listed 300 measures with no priority but a tight timetable, was published by the Commission in June 1985 and its principles were accepted by the Luxembourg Council in December 1985, and signed on February 1986. The preamble to the SEA stated that: "Just as the customs union had to precede economic integration, so economic integration has to precede European unity." (22) Also in the preamble is the commitment to EMU. (23) Title one contained the phrase, "making concrete progress towards European unity;" title two stated the intention to establish the internal market by 1992, gave formal status to the EMS, named EMU as an objective, and extended the range of qualified majority voting in the European Council. (QMV) This produced not only a new

dynamism within the EC but also meant Britain was committed to the EC. This list of proposals was certainly beyond Thatcher's desire and contained elements of European state building; the positive integration of Kapteyn's second scenario.

By settling the budget issue (BBQ) and by promoting the SEA, Thatcher helped to unleash the forces which she spent her time fighting at each European Council after 1985 and those forces led indirectly to her demise. She knew the SEA would give more power to the Commission in return for the economic benefits. The main question is: why did Thatcher sign the SEA? In her first book of memoirs she wrote that originally she did not want a Treaty, only arrangements, but that she was forced to back down. Her greatest worry at that stage was cross border terrorism and she would not have signed without safeguards. She signed because she felt the huge market it created would "get the community back on course." (24) Perhaps she was persuaded by her desire for an enlarged free-trade area, in line with the British policy of world wide free trade? In her 1995 memoirs she wrote: "International free trade gives collective peace and prosperity. It must be a liberal world - politically, economically and culturally." (25) It seems Thatcher wanted the economic rewards without paying the political price. In the view of Gamble, she did not appreciate the full implications of the SEA or majority voting. (26) This conundrum was discussed by Hugo Young: "Having herself negotiated and signed the European Single Act in 1985 it was as if at some point thereafter she

suddenly became aware of what it meant. How this misunderstanding came about - how so diligent a reader of the small print came so thoroughly to misinform herself remains one of the puzzles of the Thatcher era." (27)

To Cockfield, "her support of the Single Market was largely based on a misunderstanding." (28) He also said she "felt she had been conned" into signing both the Solemn Declaration on European Union and the SEA. (29) However, she does admit being warned at the time that giving the Commission new powers would only make it want more and she says that she thought the SEA would be an end in itself: "Looking back I was wrong to think that. But I still believe it was right to sign the SEA because we wanted a Single European Market." (30) With more reflection she enlarges upon the SEA: "The Single European Act, contrary to my intentions and my understanding of formal undertakings given at the time, had provided new scope for the European Commission and the European Court to press forward in the direction of centralization." (31) This misconception was discussed in Parliament by George Robertson in 1985: "The Government's ideology sees a free-trade area - a Europe-wide enterprise zone - with deregulation triumphant and all social protection dismantled, but for our partners in the EC, even those on the right wing it is about much more than that..." (32) Several years later, Kohl made a similar point: "I have never understood Mrs Thatcher who believes that the future of Europe lies in a super free-trade area." (33) These statements illustrate the basic

divide: The negative integration of the "stateless market" of Thatcher with the removal of controls and regulation and the views of both Robertson and Kohl which show a desire for a transfer of sovereignty, an erection of Europe-wide controls and positive integration.

Another area of controversy concerns Thatcher's agreement to an extension of majority voting, the QMV. To Cockfield, she "did not regard the unanimity as a way for all members to move foreword together. She saw it as a right to veto." (34) The QMV was brought in, despite stating in Parliament in 1985 that she thought the market could be completed keeping the unanimity rule. (35) To quote Smith, "...she was persuaded that more majority voting was required if the programme was not going to be blocked by one country or another." (36) Majority voting did change the nature of the EC as Pinder has written:

"Unanimous agreement among government representatives is the typical procedure for intergovernmental organizations, whereas majority voting is used in a federal system." (37) Howe told Parliament what QMV meant: "...qualified majority will replace unanimity for the measures which are major components of the construction of the common market..." (38) To Thatcher, majority voting was for the articles of the SEA and no more. As she wrote later: "....the new majority voting provisions intended solely to implement the single market were used by the Commission to extend its regulatory powers." (39) Delors's view was that "the law of the lowest common denominator could water down our ambitious plans for European Union." (40) Thatcher seems to have

been aware of this and was determined to keep unanimity on most issues and preserve the Luxembourg compromise, although it was not enshrined in the treaties.

She wanted to keep the unanimity rule for directives "which could be vital" to many industries and she also thought there was a gap between rhetoric and reality on the issues in many states. (41) For example, both Denmark and Greece had similar views to Thatcher's. There also appears to have been some self delusion; after agreeing to those changes she said that the "Luxembourg compromise was unaffected." (42) She told the House of Commons in 1985 that "we agreed there should be greater use of majority voting on a number of treaty articles dealing with goods and services ...but unanimity will be retained for all decisions on taxation." (43) She then said specifically: "The Luxembourg compromise, whereby a member state can invoke a very important national interest to prevent a decision being taken is unaffected." (44) She then described how the two systems would work together: "...the Luxembourg compromise will still be applied even when there is majority voting provided that a very important national interest is involved." (45) Howe endorsed this view when he told Parliament that "...the Luxembourg compromise remains in place, untouched and unaffected," (46) a view he repeated later in his memoirs when he called it "untouched." (47) These statements were made in 1985, but by 1986 the argument was still going on with Delors calling the QMV an important step in achieving the SEM and as a way to "stop

the inertia." (48) During the same speech he repeated the implied threat of a multi-speed Europe to keep up the dynamism, in order to "speak of a community not a free trade area." (49)

Thatcher did not seem to realize that Delors would attach other items to the SEA, making them subject to QMV, to stop her defending the national interest against the majority opinion. She had a minimalist position; majority voting to gain the SEA, then opt out. Despite the fact that Thatcher and Howe, in partnership with Cockfield and Delors, had promoted the SEA project, (50) her criticism of fellow neo-liberal Cockfield is withering: "Cockfield produced the single market but he disregarded the larger question of politics - constitutional sovereignty national sentiment and the promptings of liberty. He was the prisoner as well as the master of his subject. It was all too easy for him to go native and to move from de-regulating the market to re-regulating it under the rubric of harmonization." (51) It is this latter point which is perhaps the most important to Thatcher because this influences the free movement of the market. The statement demonstrates another division between Thatcher and Europe. Her view of regulation was minimalist, especially in the economic field, (52) and was an extreme version of the British reluctance to regulate; in contrast, Cockfield, despite being an economic liberal, saw the need for some harmonization and regulation to make the SEM work.

He seemed to be taking more of a European stance and Howe confirmed this when he later wrote that Thatcher did not re-nominate

Cockfield to the Commission because "he had gone native with his tax harmonization plans." (53) Thatcher seems to have reacted to this by replacing Cockfield with "one of us", Brittan but, to her dismay, he also went native and began to advocate tighter European integration.

However, despite this accusation, Brittan fought a continual bureaucratic battle in the Commission in defence of neo-liberalism, most especially against Delors. (54) In her memoirs there is no evidence that she knew of this internal Commission battle; her famous "no, no, no" reply in Parliament included criticism of Brittan. (55)

At the London Council of December 1986, Thatcher seemed to have realized the full impact of the SEA and the Commission President. She agreed to implement the SEA, she still restated her ideological aversion to the CAP and she realized Delors was a new kind of President, "a major player in the game", prepared to use the SEA to advance federalism supported by the Franco-German axis. (56) Much to her annoyance he used the pre-council dinner to announce that, because of the CAP, the EC was nearly bankrupt. She resented Delors "springing surprises upon the heads of Government" and seeming to work "from his own agenda." (57) Thatcher later wrote that "The European Commission, which had always had a yen for centralized power, was now led by a tough, talented European federalist, whose philosophy justified centralism." (58) That was also a point when she realized that the direction of the EC had changed - towards a direction she did not want and she expressed concern that the veto would be "circumvented."



(59)

Delors was aware of the differing priorities of the members and what they hoped to gain from the SEA and, again, Kapteyn's theory can be used to show the divide: Britain and Denmark wanted integration to stop with the SEA, followed by the widening of the EC to include the northern states (the first scenario); the southern members were looking for more regional aid and a ticket to modernity; and the founder members led by France and Germany viewed the SEA as a stepping-stone towards deepening the relationship (the second scenario). (60) Kohl summarized their view: "The internal market is only an intermediate point of development, we must have political union in Europe too." (61) During his "Monnet" lecture in 1986, Delors listed his three alternatives for the future of the EC and these are very similar to Kapteyn's thesis:

A choice must be made between a large market in name only where different arrangements and requirements exist in the various countries and from which our economies as a whole would not benefit, or a free trade area which is not regulated and is subjected to divergent economic policies and I might add, has no conscience, no soul, no political will or else finally, a true economic area....to make our economic policies converge and lead us towards European Union. (62)

Delors was mindful of the British push for a limited market-orientated free trade zone and he made a plea to stop that kind

of development: "I reject a Europe that would be just a market, a free trade zone without a soul, without a conscience, without a political will and without a social dimension. That's where we are heading and I am issuing a cry of alarm." (63) To Ross, Delors believed that markets were a "social construction which gained their vitality from the people who contributed to them." (64) On one occasion he told the Directors General of the Commission that "the Community is not, and will not be, a free-trade zone." (65) In the programme of the Commission for 1986, Delors stated that "the creation of a vast economic area...is inconceivable ....I would say unattainable without some harmonization of social legislation." (66) The different emphasis in these two quotes can be explained by the fact that the first was said inside the Commission and the second was for public consumption and needed to be more diplomatic. His more dogmatic quote seems nearer to the real Delors. To Bressard, he re-emphasized these points by stating that the SEM was doomed if it did not include a move towards political union. (67)

Delors repeated his apocalyptic warnings between 1985 and 1990 when he talked of "de-regulation at any price," "a barrier free Europe cannot operate without ground rules," (68) and of "ideological reasons for a utilitarian vision of Europe." (69) In announcing the Commission's programme for 1990 he said, "The Single Act is an indivisible whole. It extends beyond the single market to solidarity through economic and social cohesion, to the environment...and monetary cooperation....it implies the creation of a single economic and

social area without which the Community would be a hollow creation."

(70) This is a clear exposition of European state building, of resisting the Thatcherite concept of the stateless market. It also illustrates his belief that regulation was needed to gain the full extent of the SEA.

This dynamism pointed towards positive integration, towards all the harmonization that Thatcher feared. (71) It included extending the area of competence of the Commission, although it would still not be as powerful as the ECSC High Authority, and thus keep the European Council as the decision making body. (72) Moves were proposed towards the ERM, EMU, a central bank, the Social Charter and ultimately economic and political union. Despite this, the structure and source of power within the EC was unaltered. In his speech to the Monnet Centenary Symposium, Delors listed his objectives of the SEM; the creation of a single market, economic and social cohesion, technological cooperation, monetary cooperation, care for the environment and the social dimension. He believed those measures would stop a kind of economic Darwinism taking place where, for example, the economic gap between Germany and southern Italy widens. Perhaps his most telling remark was that those ideas were not his, they came from the member states. Delors said: "Contrary to what some believe, these six objectives are not the brainchild of the Commission, still less of red Jacques Delors." (73)

Negative integration, the removal of barriers, was giving way to positive integration and Thatcher believed that Howe and the Foreign

Office (FCO) would compromise in an attempt to avoid isolation. (74)

This should not have come as a surprise because there was nothing secret about Delors' intentions or the contents of the SEA. Whichever way it is interpreted, the meaning does seem clear enough. It appears that Thatcher signed the SEA and then tried to resist the consequences. Delors spoke clearly on several occasions of the SEA being a stage towards his goal of political union. He called it "concrete progress towards European unity." (75) Without this progress, "European integration would lose its driving force and one of its objectives, namely economic and social progress." (76)

Bressard wrote that by 1988 Thatcher had realized that the SEA had gone beyond what was first envisaged. (77) Despite this she still, even by 1990, retained the hope that the SEA would be limited and she could not envisage withdrawal, as the following Parliamentary exchange illustrated: Question: "Does my RHF agree and confirm that her words today mean in effect that she would prefer to withdraw from the Treaty of Rome and the Single European Act?" Prime Minister: "No. We should like to have the kind of Europe we believe in and the Europe that we went in to join." (78) Thatcher's kind of Europe was a minority view and her old colleague Cockfield gave the Commission's view and that of Delors: "The SEA .... leads the way to the future development of the community - a road clearly signposted in the solemn declaration and in the Single European Act - namely - European Union. After the single market will come the single currency; and after the single

currency will come the single economy; and after the single economy will come European Union." (79)

Positive integration was needed to further this goal and it was obvious where the resistance would come from: "Britain remained a distinctly awkward partner in the enterprise that was launched in 1985 of creating a more closely integrated EC." (80) The awkwardness was perhaps increased by the ideological antipathy to the spillover from the SEA by the British Prime Minister. Perhaps Pinder is near to the reality when he said that "positive integration may prove to be beyond the present political capacity of Europe." (81) This may be true, but what the momentum did was to bring into open conflict the antipathy between Thatcher and Delors, who represented the extremes of the European debate.

## 6.1. THE SINGLE EUROPEAN ACT AND NEGATIVE INTEGRATION.

- 1 Ernest Bevin, on the Council of Europe, quoted in, Northedge, F, "Britain and the EC: Past and Present", pp. 10-41 in R. Jenkins (ed), *Britain and the EEC* (London, 1983), p. 16. Also, Barclay, R, *Ernest Bevin and the Foreign Office* (London, 1975), p. 67.
- 2 Walter Hallstein, quoted in, Smith, G, *Politics in Western Europe* (London, 1972), p. 288.
- 3 Howe, G, *Conflict of Loyalty* (London, 1994), p. 456.
- 4 Pinder, J. "The Single Market: A Step Towards European Union", pp. 94-110 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 98.
- 5 *Ad Hoc Committee on Institutional Affairs. The Dooge Committee. Report to the European Council, Brussels 1985, (Luxembourg, 1985), p. 14.*
- 6 Delors, J, *Our Europe* (London, 1992), p. 28. See also, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 29. Delors "instinctively" agreed with the logic of the "Monnet method."
- 7 Kapteyn, P, *The Stateless Market* (London, 1996), p. 69.
- 8 Ibid.
- 9 Dyson, K, "Regulatory Culture and Regulatory Change: Some Conclusions", pp. 257-271 in K. Dyson (ed), *The Politics of German Regulation* (Aldershot, 1992), pp. 259-60.
- 10 Woolcock, S, et. al., *Britain, Germany and 1992* (London, 1991), pp. 94-114. See also, p. 102. "...both Germany and the EC have drawn on similar philosophies in order to deal with the issue of how to structure regulatory policy in a liberal economy that comprises a number of different states."
- 11 Young, J, *Britain and European Unity 1945-92* (London, 1993), p. 149. See also, Moravcsik, A, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community", pp. 19-56 in *International Organization* No 45 1991. Delors was a facilitator between the member states rather than an initiator.
- 12 Ibid., p. 50.

- 13 Delors, J, Speech to Edinburgh University 1992, quoted in, G. Prince (ed), *A Window on Europe* (Edinburgh, 1992), p. 257. See also, Moravcsik, "Negotiating the Single European Act:", p. 45. Convergent national interests helped produce the SEA (as it had solved the BBQ) rather than supra-national elements. The EP's Treaty was rejected, they were excluded from the decision making process and were presented with a "*fait accompli*" with the SEA. European defence, institutional reform and a new EMS significantly did not gain universal support.
- 14 Moravcsik, "Negotiating the Single European Act:", See also, Moravcsik, A, "Liberal Intergovernmentalism and Integration: A Rejoinder", pp. 611-628 in *Journal of Common Market Studies* Vol 33 No 4 December 1995.
- 15 Allen, D, "The European Union, The Single European Act and the 1992 Programme", pp. 26-52 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 33.

An alternative view is that the SEM has encouraged inwards Japanese investment to gain access to the market and many would say this is economic penetration allowing MNC's greater power. Some of the erosion of the member states power can be blamed on the MNC's, thus helping the integration process.

- 16 Sandholtz, W. and J. Zysman, "Recasting the European Bargain", pp. 95-128 in *World Politics* Vol 42 No1 October 1989, p. 98.
- 17 Ibid., p. 96. See also, Ross, *Jacques Delors*, p. 38. The Cecchini Report illustrated the costs of "non Europe." Moravcsik, "Negotiating the Single European Act:", p. 45. Moravcsik questions the premise of the business reasons for the SEA. The European Business Round Table did not move to Brussels until 1986 and business was slow to promote the SEA. He called it an inter-state bargain between France, Germany and Britain.
- 18 Ibid., p. 31. See also, Woolcock, et. al., *Britain, Germany*, p. 95. ".....the government actively favoured extending the liberalization already introduced at home to the EC and beyond."

There were contrasting attitudes to the SEA; whereas Germany tried to gain consensus behind the project, Britain just made business aware of the opportunities.

- 19 Howe, G, *Hansard*, Vol 96, 1985, Col 318.
- 20 Thatcher, M, *Hansard*, Vol 88, 1985, Col 438.

- 21 Thatcher, M, *The Downing Street Years* (London, 1993), p. 553.
- 22 SEA Preamble, Council of European Communities, Brussels 1986 (ECSC-EEC-EAEC Luxembourg, 1986).
- 23 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 70. See also, Elliott, M, *The Poisoned Chalice* (BBCTV, 1996).  
Delors insisted on the reference to EMU and the FCO persuaded Thatcher to accept it.
- 24 Gamble, A, *The Free Economy and the Strong State* (London, 1994), p. 132. The SEA fitted the "thrust of the domestic Thatcherite economic strategy." See also, Woolcock, et. al., *Britain, Germany*, p. 95. Cockfield, A, "The Real Significance of 1992" pp. 1-8 in *The Politics of 1992, Political Quarterly*, p. 2. Cockfield said that the rest of the community would have pressed ahead with the SEM anyway.
- 25 Thatcher, M, *The Path to Power* (London, 1995), p. 472.
- 26 Gamble, *The Free Economy*, p. 132. See also, Collins, M, *Western European Integration* (New York, 1991), p. 35. Young, H, "Le Crunch", *The Last Europeans* (Channel Four, 1996) in which David Williamson, Director-General of the Commission said that Thatcher "read all of the SEA" and in the same programme Michael Butler said "she knew what she was doing." Elliott, *The Poisoned Chalice* in which Bernard Ingham said she "took a calculated risk." To David Owen "she knew what was happening and knew what the expansion of majority voting would mean." This view was endorsed by Lawson: "Given the changes made there was no scope for her surprise at the outcome." Delors said that "she understood it" and his *Chef de Cabinet*, Pascal Lamy said "she paid the political price for the SEA."
- 27 Young, H, *One of Us* (London, 1993), p. 618.
- 28 Cockfield, A, *The European Union* (London, 1994), p. 135. See also, Elliott, *The Poisoned Chalice* in which Cockfield claims she did not even know that the goal of harmonization of indirect taxation was in the Treaty of Rome.
- 29 Ibid., p. 137. See also, Elliott, *The Poisoned Chalice*. Powell said that some declarations were not honoured and that Britain was "diddled." To Teddy Taylor she was "misled by the FCO and conned into signing." This is strongly denied by Michael Butler in the same programme: "She knew every line."
- 30 Thatcher, *The Downing Street Years*, p. 557.  
See also, Elliott, *The Poisoned Chalice* in which she said that



signing the SEA "was etched on my heart....I trusted them ...and I got my fingers burnt."

- 31 Thatcher, *The Path to Power*, p. 473. Her later memoirs seem to be more anti-European. From dismay at events following the SEA, the European Court was later criticized for favouring centralization.
- 32 Robertson, G, *Hansard*, Vol 96, 1985, Col 332. See also, Taylor, "The New Dynamics of European Integration", pp. 3-25 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 22. Thatcher's image of Europe was a kind of macro enterprise zone, free of regulation. Elliott, *The Poisoned Chalice* in which both Teddy Taylor and his Euro-sceptic colleague Peter Tapsall claim the SEA went through Parliament because it was introduced at the end of the week and was not fully considered.
- 33 Kohl, H, quoted in, Cockfield, *The European Union*, p. 136.
- 34 Cockfield, *The European Union*, p. 137.
- 35 Thatcher, M, *Hansard*, Vol 82, 1985, Col 189.
- 36 Smith, G, "Britain in the New Europe", pp. 155-170 in *Foreign Affairs* Vol 71 No 4 Fall 1992, p. 166.
- 37 Pinder, J, "The Single Market", p. 104. See also, Ross, *Jacques Delors*, p. 32.
- 38 Howe, G, *Hansard*, Vol 96, 1985, Col 320.
- 39 Thatcher, *The Path to Power*, p. 497.
- 40 Delors, J, *Bulletin of the EC, Supplement 1/86* (Strasbourg, 1986), p. 8.
- 41 Thatcher, M, *Hansard*, Vol 88, 1985, Col 431.
- 42 Smith, "Britain in the New Europe", p. 166.
- 43 Thatcher, M, *Hansard*, Vol 88, 1985, Col 429.
- 44 *Ibid.*, Col. 426.
- 45 *Ibid.*, Col. 432.
- 46 Howe, *Hansard*, Vol 96, 1985, Col. 320.
- 47 Howe, *Conflict of Loyalty*, p. 458.

- 48 Delors, J, "The Single Act and Europe: A Moment of Truth", *Ninth Jean Monnet Lecture*, 21st November 1986, European University Institute, (Florence, 1986), p. 31.
- 49 Ibid.
- 50 Howe, *Conflict of Loyalty*, p. 533.
- 51 Thatcher, *The Downing Street Years*, p. 547.
- 52 This does not mean Thatcher would not regulate. The Financial Services Act followed the "big bang" deregulation of the stock exchange.
- 53 Howe, *Conflict of Loyalty*, p. 535. See also, Ibid., p. 405. Howe makes the point that Cockfield's predecessor, Christopher Tugendot was also accused of going native.
- 54 Ross, *Jacques Delors*, p. 130.
- 55 Thatcher, M, *Hansard*, Vol 178, Nov 1990, Col 873.
- 56 Thatcher, *The Downing Street Years*, p. 558. See also, Thatcher, M, Speech to the EP, *Official Journal of the EC*, Annex No 2-346. This was a speech concerning European Thatcherism, however she did not mention Delors or the Commission. It was not as venomous as her later Bruges speech. Her attitude seems to have hardened.
- 57 Thatcher, *The Downing Street Years*, p. 558.
- 58 Ibid., p. 559.
- 59 Ibid.
- 60 Kapteyn, *The Stateless Market*, p. 69.
- 61 Kohl, H, quoted in, Bruce, L, "Europe's Locomotive", pp. 68-90 in *Foreign Policy* No 78 Spring 1990, p. 70.
- 62 Delors, J, "The Single Act and Europe:", p. 36.
- 63 Delors, J, quoted in, Grant, *Inside The House*, p. 269. See also, Delors, *Our Europe*, p. 28. "The CAP.... would not be sacrificed on the altar of the great market of industry and services."
- 64 Delors, J, quoted in, Ross, *Jacques Delors*, p. 109.

- 65 Ibid., p. 120.
- 66 Delors, J. The Programme of the Commission 1986, *Bulletin of the EC, Supplement 1/86*, Commission of the EC (Strasbourg, 1986), p. 9.
- 67 Bressard, A, "Futures of Economic Integation: Beyond Interdependence: 1992 as a Global Challenge", pp. 47-66 in *International Affairs* Vol 66 No 1 January 1990, p. 54.
- 68 Delors, J, *Bulletin of the EC, Supplement 4/85*, Commission of the EC (Strasbourg, 1985), p. 11.
- 69 Delors, "The Single Act and Europe:", p. 22.
- 70 Delors, J, The Programme of the Commission 1990, *Bulletin of the EC, Supplement 1/90*, Commission of the EC (Strasbourg, 1990), p. 14.
- 71 Pinder, "The Single Market", p. 108. Thatcher favoured negative integration, the removal of all barriers to the SEM, but their removal does stop governments managing and produces a need for new controls, positive integration, at a European level. John Pinder said that the contrast between these two forms of integration should not be too distinct; "...the linkage between the two is essential to the dynamic of the integration process."
- 72 Duchene, F, "Less or More Than Europe? Integration in Retrospect", pp. 9-22 in *The Politics of 1992, Political Quarterly* (Oxford, 1990), p. 12. See also, *Bulletin of the EC*, No 2 Vol 17, 1984 which must have angered Thatcher. Its publication of the Draft Treaty of European Union inverted the power structure placing the EP at the top and the European Council at the bottom.
- 73 Delors, J, Speech to the *Jean Monnet Centenary Symposium*, 10th November 1988, Office of Official Publications, 1989, p. 119.
- 74 Thatcher, *The Downing Street Years*, p. 598.
- 75 Delors, J, "The Single European Act", *Bulletin of the EC, Supplement 2/86*, p. 7.
- 76 Delors, "The Single Act and Europe:", p. 31.
- 77 Bressard, "Futures of Economic Intgration", p. 64.
- 78 Thatcher, M, *Hansard*, Vol 178, 1990, Col 877.

79 Cockfield, "The Real Significance of 1992", p. 8.

80 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 115.

81 Pinder, "The Single Market", p. 109.

## 6.2. POSITIVE INTEGRATION AND SPILLOVER: THE DELORS PACKAGE.

Together with other members of the Council I signed the declaration on European Union. (1)

Britain signed the SEA in February 1986 and at the ceremony there was no mention of further measures from either the President of the European Council, Hans Van Den Broek, or the Vice President of the Commission Frans Andriessen. (2) It was Delors and the Commission who attempted to capitalize on the integration momentum created by the SEA and to push it into other spheres. He talked of "monetary cooperation, economic cohesion and the social dimension." (3)

Following the negative integration of the SEA with its economic market building, Delors and the Commission moved via his "Russian Dolls" strategy into the process of European state building. He wanted to enhance the SEM with such measures as the 1987-88 Delors package, (the *paquet Delors*) a new push towards EMU, the Social Charter and ultimately political union. Writing in *The Single Act: A New Frontier*, he said "the choice is between a hazy free trade area embellished with a few financial transfers and a truly economic area." (4) His later address in 1989 to the European Parliament (EP) repeated these points: "...the economic dimension of the single market cannot be seen in isolation. Every market needs some rules. Everyone accepts that." (5)

However, the measures he proposed appeared to lead beyond only the economic and into a European project of state building. The success of the SEM was that it allowed Delors to set the agenda and

take the lead. He seemed to be trying to use the intergovernmental solidarity created by the SEA and the general economic optimism (which remained despite the crash in 1987) to create his vision of European union. Delors called this harmonization to stop unfair competition, social dumping and unequal business contests. (6) To Pinder, this move towards positive integration meant "bringing common institutions and instruments to make laws and policies to meet objectives beyond that of an undistorted single market." (7)

The SEA had universal intergovernmental support but these further moves towards integration did not. Not only Thatcher thought they were enforced spillover and many, including the French, had reservations. She saw those ideas as distorting the market and she would not accept them, because she believed positive integration of that kind puts up barriers. She resisted any perceived logic of spillover: She was unhappy with the Delors' package, would not accept any timetable towards EMU or even its precursor the ERM, wanted no central bank dictating monetary policy and most important of all - she would not accept, under any circumstances, a social dimension to the single market which would distort and destroy the free movement of the labour market, increase costs and destroy jobs. Repeatedly, she called it backdoor creeping socialism, centralized bureaucratic neo-socialist interfering, which would destroy the basics of economic survival - the market. (8)

Those dynamics were there following the success of the SEA and

Thatcher was perhaps correct when she talked of a re-awakening of federalist instincts. However, talk of a "slippery slope" to a common foreign policy and a "federal Europe" (9) seem far from the reality, where rhetoric in many cases does not match the actions of the member states, and not just in Britain. Despite those reservations, momentum towards positive integration built up and Thatcher realized she could not stop it. The threat of a "two-tier" Europe, and being side-lined in Europe, kept her involved because ultimately she wanted access to the European market she had helped to create. She wanted the SEM and she realized integration momentum was building up, but she still wanted to keep centralization and regulation to a minimum. To John Young, she could not turn the tide; instead she tried to direct it towards the free market. (10)

Those integratory forces were coming to the fore, pushed by the Commission, and Thatcher did to a certain extent acquiesce. By accepting majority voting on the SEA, she opened the door for her veto of future measures to be overridden. She compromised the "Luxembourg compromise." This should not have come as a surprise to her because the Gensher-Columbo plan had said that "vital interests should be pleaded only in exceptional circumstances." (11) But not anticipating that an astute insider like Delors would add other measures to the SEA seems naive and out of character. Although she wanted nothing extra grafted on to the existing treaties, she participated in an Inter Governmental Conference (IGC) established at the Milan Council

of 1985, as a result of the 1984 Dooge Committee which was examining closer cooperation. (12) The spectre of the Messina scenario may have influenced her and she wanted avoid a repeat. (13) She did not want to be sidelined in Europe, especially when her objective for the SEM was coming to fruition. She also felt that the FCO wanted to stay on board and thus would compromise. The Dooge committee, which included one of her own ministers Malcolm Rifkind, did not advocate a federal Europe or anything like it. It went out of its way to take national interests into account and talked of "old alliances" being maintained, defence coordination, taking into account NATO, and cultural identities preserved. However, it did have one phrase (on page 17) which was guaranteed to antagonize Thatcher "...to forge ahead towards monetary integration." (14)

Despite the intentions of the Treaty of Rome, she believed the vision of the EC had changed after 1984: "...the European Community subtly but surely shifted its direction away from being a community of open trade, light regulation and freely cooperating sovereign nation states towards statism and centralism." (15) However, the EC has never been about total free trade as she wanted it and as the CAP illustrates. There may be a measure of self deception on her part, perhaps that was how she wanted the EC to be - not how it actually was. She recognized this, hence her promotion of the SEM. However, she was convinced that new forces were building up against her and she saw a kind of chimera in the making: "For the underlying forces of federalism and



bureaucracy were gaining in strength as a coalition of socialists and Christian Democrat governments in France, Spain, Italy and Germany forced the pace of integration and a Commission equipped with extra powers began to manipulate them to advance its own agenda." (16)

If those states were added to the smaller states, whom she acknowledged in September 1983 had federalist instincts, there were not many left with her point of view, perhaps only Denmark and Greece. She saw those forces gaining momentum, manipulated by an assertive and political commission working to its own federalist and integrationist agenda.

Perhaps she saw the danger of federalism in the wrong place. Michael Butler makes the point that if power is moving from the Council, the EP and not the Commission will have the greater influence. The EP had democratic legitimacy and could challenge national parliaments. Possibly that is why she was determined to curtail its fund-raising powers and thereby stop it from becoming another source of legitimate authority. (17) She preferred a "limited role" for the EP and thought "assembly" was a more appropriate name. (18) Although in 1985 she sanctioned "a modest increase in its powers," she thought the "Council of Ministers, representing governments answerable to national Parliaments, must always have the final say." (19) She preferred the nominated system of selecting MEP's because it kept close contact with national Parliaments; later the elected EP demanded

a wider role to justify the salaries of its members; and she concluded that an assembly where "people did not speak the same language or share the same traditions illustrated the shortcomings of attempts to create artificial Europe-wide institutions." (20)

The impetus for integration came when the leaders of the EC were all at the peak of their careers, were established and dominated their respective national arenas: Lubbers, Mitterrand, Kohl, Gonzalez, Santer, Schuler and Delors all had positive reasons to favour integration. Some may have had doubts but only Thatcher saw it as a threat.

The first measure to follow the SEA and move towards positive integration was the Delors Package, the *paquet Delors*. According to Delors: "In Brussels in June 1987, eleven countries gave their approval to the main outlines of the Delors plan." (21) It boosted regional funds, stopped the smaller states being hurt by the SEA and put them behind the EMU project. The *paquet Delors* gave more structural funds to Spain and Portugal and promised reform of the budget and the CAP. Not only Thatcher resisted the increase in the budget. The Gaullist Prime Minister of France during the "cohabitation" period, Jacques Chirac, also wanted something in return for higher contributions. This potential deadlock was broken in February 1988 by the partnership of Kohl and Delors; Germany promised to finance the change as part of its push towards greater European unity. Delors told Kohl that only through the EC could Germany gain a place on the world stage and that this measure would promote the "family spirit" of the EC. (22)

Delors realised that reform of the the budget was needed but his main concern when announcing his programme for 1987 was "fairness for all members." (23) He obtained an enlarged budget, but Thatcher also achieved her aim by preserving the budget rebate, having the budget better controlled with fixed spending for five years in advance and the Germans paying the bill. What this also did was to increase the member states commitment to the EC, including Britain's, thus allowing the "Russian dolls" strategy to take affect. The *paquet Delors* interfered in the free working of the market and gave events a more European dimension. It was evidence that the stateless market as envisaged by Thatcher was unacceptable to the other members and that some form of state-like measures were needed at European level. In Kapteyn's theory, it was a move to narrow the gap between the negative integration of the market and the positive integration of the state. Its acceptance built up the momentum towards Thatcher's toughest and most internally divisive challenge; the ERM and ultimately EMU.

## 6.2. POSITIVE INTEGRATION AND SPILLOVER: THE DELORS PACKAGE.

- 1 Thatcher, M, *Hansard*, vol 44, June 1984, Col 60. It was the Stuttgart Council of June 1983 which issued a "Solemn Declaration on European Union" and Thatcher signed, although she later told Parliament that it did not mean a federated Europe. She claimed it did not transfer powers to a centralized Europe in the way the later Maastricht Treaty did. See also, Howe, G, *Hansard*, Vol 96, April 1985, Col 325. He confirmed this assessment when he told Parliament that the Stuttgart declaration was not "a declaration or proclamation of a united states of Europe...."
- 2 *Bulletin of the EC*, No 2 Vol 19, 1986.
- 3 Delors, J, *Bulletin of the EC*, No 2 Vol 19, 1986, p. 10.
- 4 Delors, J, *The Single Act: A New Frontier, Programme of the Commission 1989*, p. 26. The Delors Package was started in 1986 and made public in 1987.
- 5 Delors, J, Speech to the EP, *Programme of the Commission 1989*, p. 7.
- 6 Delors, J, *Programme of the European Commission, 1985 Bulletin of the EC*, Supplement 4/85.
- 7 Pinder, J, "The Single Market: a Step Towards European Union", pp. 94-109 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 107. See also, Tranholm-Mikkelsen, J, "Neo-functionalism: Obstinate or Obsolete? A Reappraisal in the Light of the New Dynamism of the EC", pp. 1-22 in *Millenium: Journal of International Studies* Vol 20 No 1 1991, p. 13. Tranholm-Mikkelsen makes the point that the very act of negative integration, for example removing customs barriers, creates the need for positive integration in the form of visa requirements, common action against smuggling and other such necessities of policing the SEM. "Negative integration creates problems - problems that can only be solved by either retreating from the original commitment to the internal market (spillback) or going further forward with positive integration - spillover."
- 8 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 228. "Positive integration involves a degree of intervention in the free working of the market." See also, *Ibid.*, p. 182. The SEA built up neo-functional spillover pressures which were becoming difficult to resist. *Ibid.*, p. 227. The commitment to 1992 "carried a raft" of spillover measures in its wake; Thatcher's belief

being that the market would take care of all the problems associated with the SEA. Taylor, P, The "New Dynamics of European Integration", pp. 3-25 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 17. Because Delors new measures were attached to the SEA Taylor calls them "enforced spillover" although he qualifies that by saying the dynamics of spillover were there. George, *Politics and Policy*, p. 184. See also, Young, J, *Britain and European Unity 1945-92*, (London, 1993), p. 152. The Commission was exploiting spillover pressures.

Although she never used the terminology, to Thatcher those measures were "enforced spillover", promoted by Delors.

- 9 *Ad Hoc Committee on Institutional Affairs, The Dooge Comm, Report to the European Council.*
- 10 Young, *Britain and European Unity*, p. 147.
- 11 Genscher, H, *Bulletin of the EC*, No 11 Vol 14, 1981, p. 10.
- 12 Holland, M, *European Community Integration* (New York, 1993), p. 71.
- 13 Young, *Britain and European Unity*, p. 152.
- 14 *Ad Hoc Comm on Institutional Affairs*, p. 17.
- 15 Thatcher, M, *The Downing Street Years* (London, 1993), p. 536.
- 16 *Ibid.*, p. 536.
- 17 Butler, M, *Europe, More Than a Continent* (London, 1986), p. 155.
- 18 Thatcher, *The Downing Street Years*, p. 60.
- 19 *Ibid.*, p. 554. See also, Lawson, D, Interview with Nick Ridley pp. 8-10 in *The Spectator*, 14th July 1990. His views on the EC institutions: (The Commission) "seventeen unelected reject politicians...pandered by a supine Parliament."
- 20 Thatcher, M, *The Path to Power* (London, 1995), p. 337.
- 21 Delors, J, *Our Europe* (London, 1992), p. 29. Thatcher refused to agree to the Delors' package at the Brussels Council of June 1987.
- 22 Delors, J, quoted in, Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 78.

23 Delors, J, Speech to the EP, *Bulletin of the EC*, Supplement, 1/87.

### 6.3 THE ERM AND EMU.

Monetary union is indispensable to the programme to free the internal market. (1)

There is no way one can buck the market. (2)

To Delors, the EMU project seemed a logical extension to the SEM.

By contrast Thatcher viewed it as ideological anathema because it would affect the free movement of the market and stop market forces from prevailing. The precursor to EMU, the ERM or as it was called in Europe the EMS, was also subjected to the same criticism.

Some form of monetary integration had been on the agenda since the early 1970s and in 1972 Britain joined the forerunner to the ERM, the snake, for six weeks from May to June, before being forced out. It was not a great success. Neither was Schmidt's proposals for an EMS to counter President Carter's ideas on reflation during the recession of that period. The EMS was devised by Germany and France to protect Europe and the interests of the EC from the vagaries of a weak dollar, thus giving the impression that the system was anti-American. This impression may have influenced Thatcher's attitude to the later system because both she and her economic guru, Alan Walters, were pro-American. (3) EMU returned to the top of the agenda in the wake of the SEA, and it was part of Delors' "Russian Dolls" strategy to push for greater integration, to give an EC dimension to monetary policy, an important step towards his vision of European union. He summarized his views and the merits of EMU: "The first phase of the EC's history from 1950 to 1982 has been based on Schuman's leitmotif, never again war between us. Since 1984 there has been my idea that union is

necessary to guarantee survival. Without that union, our countries will turn into museums for the Japanese and Americans to visit." (4)

In addition to political advantages, there seemed to be merit in the fiscal discipline the system would bring, by linking currencies to the anti-inflationary Deutschmark, by being on the inside of EC financial decision making, influencing events and, for Britain, the possibility of preserving London as a financial centre. (5)

There was pressure for Britain to become involved and at least join the ERM but this met with fierce opposition from the British Prime Minister. The actual process of fixing the exchange rate was ideological anathema to Thatcher. It stopped the free movement of the market, and she said it would "subvert market forces." (6) In addition, a fixed rate with an independent central bank would be outside government control and thus could adopt a more Keynesian attitude to economics, undermine her economic liberalism and destroy the Thatcher orthodoxy of monetarism. This view can be traced to that of the guiding light of monetarism - Milton Friedman. He emphasized money supply as the weapon to fight inflation and control the economy. Dyson considered that, to monetarists "the key requirement was a long-term discipline on the rate of growth of the money supply." (7) He also said that Friedman "was a long standing apostle of floating exchange rates....so that countries could pursue independent macro economic policies." In this respect "neither he nor his disciples could be expected to view the EMS with any enthusiasm." (8) Thatcher echoed Friedman's view that



exchange rates were too important an instrument of "domestic economic adjustment to be sacrificed." (9)

Friedman's theory opposed EMU, as did one of the first monetarists, Walters; so it was to be expected that one of their ideological followers, Thatcher, would do likewise. She called Walters "a brilliant but little known" economist when in 1974 he forecast economic disaster following Heath's change of policy. (10) He then became influential with Keith Joseph, who circulated his economic papers in 1975. (11) Walters was Thatcher's economic advisor from 1981-85 and in 1989 and her admiration of him was so great that she bracketed him with Friedman. (12) He was influential and, in many cases, determined her policy. According to David Smith: "He was a major influence. His Leicester bluntness appealed to Thatcher's Grantham common sense and he had a ready explanation for the failure of post-war fiscalist policies." (13) His views were always heard: "Alan, who knew that he could always have access to me whenever he wished." (14) Her praise of him was unstinting as the following examples show: She was "attracted by his clear and persuasive analysis;" (15) "his opinions I set in high value;" (16) "he also had the merit of being right." (17) His views became more important than either Howe or Lawson and were fundamental in her resistance to ERM entry.

The high point of monetarism in the early 1980s illustrated their belief that the money supply was all important. (18) With Lawson's Medium Term Financial Strategy (MTFS), it became the most

important economic weapon to control inflation and sterling was allowed to float on the foreign exchange markets. The fixed exchange rate would take away that weapon. Helen Thompson summarized the whole problem:

....the new government was committed to a money supply target as the fundamental tool of economic management. This was incompatible with ERM membership in two ways. First, while the government wanted to direct monetary policy at monetary targets, ERM membership would have meant directing monetary policy at the exchange rate. Second, the central bank intervention required to keep a currency stable means that money will enter and depart circulation according to the requirements of that objective whatever the consequences for monetary growth. (19)

Thatcher was quite clear on the issue and blamed Britain's inflationary problems in the late 1980s on the move by Lawson from strict control of the money supply towards the use of exchange rates to reduce inflation. Thatcher later wrote that the mistake of the 1980s was to put the exchange rate above that of control of inflation. (20) Stable exchange rates were pursued at the expense of monetary discipline. (21) Her conclusion was that "Governments should commit themselves to price stability....which can only be achieved by reduced monetary growth...." (22) She was also explicit in her criticism of the ERM: "....if you fix the exchange rate, then interest rates and domestic monetary

conditions go where they will." (23) Howe confirmed where her antagonism lay: Firstly, her "ideological hostility to the very idea of an exchange rate policy. And second was her mounting hostility, particularly from the date of her Bruges speech (September 1988), to any institution or idea which might strengthen the role of the European Community." (24)

By contrast Delors, during his period as the tough minded and austere Finance Minister in the French Socialist government, combined public spending reductions with a prices and incomes policy. He believed Thatcher's policy of monetarism without an incomes policy would cause more pain than necessary. He also fought to keep France within the EMS because he feared withdrawal would mean a massive devaluation of the Franc. (25)

The issue naturally divided Thatcher from Delors but, more importantly for her, it caused a rupture at the heart of the British government. The divisions came as a result of the failure of £M3 and £M0 to behave to the patterns as prescribed in monetarist doctrine. The money supply continued to grow. Dyson considered the problem: "The growing internationalization of capital markets raised the question of whether it would be possible to achieve domestic money supply targets. After 1979, the efforts of the British government to pursue an independent monetary policy based on such targets provoked disillusionment." (26) The emphasis on money supply became less pronounced in Lawson's budgets of 1984-89 compared to the pre-1983

budgets of Howe. To Dyson, policy was changed quietly with more importance put on the exchange rate than on the money supply. (27)

This change is still shrouded in mystery and produced one of the great controversies of the Thatcher government, with recriminations from both sides of the argument between the pure monetarist Thatcher and her Chancellor who changed tack. Lawson qualified his change of mind on the issue by stating that with the on-coming election "the political pressures for the relaxation of monetary discipline will mount." (28) He thought, with some misgivings, that an externally imposed exchange rate discipline would be more politically acceptable. To quote Lawson: "At the end of the day the argument rests on political judgement." (29)

The debate with Thatcher over this change of policy produced much acrimony between the two. Hugo Young believed: "Starting in February 1987 he began to operate sterling as if it were in the ERM even though it wasn't." (30) Thatcher accused him (which he denied) of making policy behind her back by shadowing the Deutschmark in an attempt to control inflation and ease entry into the ERM. She has written: "Nigel Lawson's shadowing of the Deutschmark between March 1987 and March 1988 undermined my own government's anti-inflation policy." (31) What this policy did was to push up interest rates to maintain the pound's position in relation to the Deutschmark and thus have an adverse effect upon inflation. Whether this was the cause of the late 1980s inflationary spiral or Lawson's tax cutting

budgets which unleashed credit, is a matter for debate. Thompson has written that it is "implausible to suggest as some have done that Thatcher herself was unaware of the policy..." (32) To Thompson "lip service" was being paid to monetary targets and "the exchange rate was now central to economic policy...." (33) If that was true, Thatcher was less committed than she has since written in her memoirs; she is not the model of consistency she pretends to be.

John Cole believed the division between Thatcher and Lawson was "over the whole ideology of fixed or floating exchange rates." (34) Lawson's flexibility was illustrated by his reaction in the wake of the October stock exchange crash. To Cole, Lawson was "...sufficiently concerned to loosen monetary policy." (35) "He had leaned far enough out of the ivory tower to discover that in the real world preconceived theory should not dominate his handling of events." (36)

The rancour over this issue came to a head before the Madrid Council in June 1989, just as the issue was to be given a new dimension by events in Europe. Thatcher called the meeting between herself, Howe and Lawson on the eve of the Council an "ambush." (37) Howe called it the "notion of collective responsibility." (38) She resisted putting any date on entry into the ERM despite pressure and threats of resignation from both Howe and Lawson. Howe blamed Walters: "His hostile influence to the ERM persuaded Thatcher to say no." (39) She laid down two conditions: the completion of the SEM and reduction of the inflation rate, for which she blamed Lawson. (40) This meeting and

the bad blood it created can now be seen as the crucial point when the government fell apart and illustrated the gulf of opinion at the very centre.

The ideologically pure Thatcher resisted her Foreign Secretary and then demoted him. She also opposed her Chancellor, who was willing to adapt his monetarist beliefs to the circumstances of the time. These were not one nation Tories who were "wet" on monetary policy, they were true believers, "one of us" who saw sense in joining. Both could also differentiate the ERM from EMU. Lawson saw the ERM as an agreement between independent sovereign states and the EMU proposals as incomplete and flawed. He said: "It is clear that economic and monetary union implies nothing less than European government - albeit - a federal one - and political union: the united states of Europe. That is simply not on the agenda now nor will it be for the foreseeable future." (41) Whereas he saw the ERM as a tool of policy, "...it would reduce exchange rate fluctuations and we would be able to use it to assist us in our anti-inflationary policy," (42) she saw it as being "sucked into a currency union." (43) Her official answer to the question when it was posed in Parliament showed her desire to keep her party united and was that "...we shall join the exchange rate mechanism of the European monetary system when we believe that the time is appropriate." (44)

Lawson became frustrated with Thatcher when, despite frequent urging, she would not take his advice which was to use the ERM as a

tool to either reduce inflation or to slow down the momentum towards EMU. Howe echoed this view. (45) He saw the non-elected hand of the hostile Walters behind the position of the "time is right" formulae later replaced by the "when inflation comes down excuse." Howe believed Walters was both sure of his wisdom and becoming less discreet and, like Thatcher, he had a bias towards the US and against Europe. (46) Howe assumed that she always listened to Walters and overrode for more than five years the collective opinion of such staunch supporters as Brittan, Tebbit, Lawson and himself. (47) She, almost alone, resisted the case for entry and this rejection of collective decision making in favour of her anti-ERM advisor, Walters, produced a gulf in the government which weakened it and was the cause of her downfall. (48) It directly caused the resignation of Lawson. (49) Howe is nearest to the reason for her intransigence: "Her ideological hostility to the very idea of an exchange rate policy....even though the government was committed." (50) In his resignation speech, Lawson emphasized both his and Thatcher's view of Europe - and what divided them: " ....and let me make it clear I am speaking as she speaks of a Europe of nation states." He warned that Britain would not lead Europe in a free market ethos, "....as long as we remain largely outside the EMS....our continuing non participation in the ERM cannot fail to cast a practical doubt on that resolve." (51)

Thus Thatcher lost her long-serving Chancellor, the most influential character in her government and the architect of much of the Thatcher

revolution. Her ideological myopia and adherence to strict monetarist doctrine, despite the realities of the time, cost her a great deal, and her unbending attitude and determination not to waver from her monetarist instincts would ultimately cost her everything.

Perhaps the tragedy of the situation was that only Britain asked the hard questions about EMU, but they were ignored because the other members thought Britain was trying to destroy the concept. (52) The *Economist* said that, for this reason, all British suggestions were treated with suspicion, (53) including Lawson's adaption of Hayek's competing currency theory which he presented to the European Council of Finance Ministers. In essence, it meant that only the most stable anti-inflationary currency would be used in the SEM because market forces would decide the answer. It appealed to Thatcher because "the markets rather than governments would provide the momentum for monetary union." (54) However, she later admitted in her memoirs that it was only a manoeuvre to slow down EMU, but said that the other members did not like it because it was not "the statist centralist model our partners preferred." (55) Dyson called it a "diversionary tactic" that did not "receive the attention that was expected." (56) The Bundesbank stopped it by asking how competing currencies could lead to EMU without state involvement and organization. (57) Jolly Dixon, the Commission official responsible for EMU perhaps summed up the EC opinion of Thatcher: "She would put her foot down and isolate the Brits...we could then ignore them and go about our business..." (58)



Thatcher was sceptical yet, when at the Hanover Council of June 1988 it was proposed by Kohl that Delors head the Committee to investigate EMU, she did not object: "Chancellor Kohl suggested that a committee of central bank governors with a few outsiders be set up under M. Delors chairmanship." "....there was nothing I could do to stop the committee being set up." (59) To Delors even at this stage (July 1988) they had already made "progress ....towards monetary union." (60) Kohl made his position clear to the EP following this Council: "...extension of cooperation on monetary policy with a view to economic and monetary union, the progressive achievement of which is our objective under the SEA." (61)

The Delors Committee was given authority but in her memoirs Thatcher thought it would be slowed down because it contained sceptical bankers, including Karl Otto Pöhl and Robin Leigh-Pemberton. (62) Howe shared this expectation, recalling that Germany had its own sceptics: "Karl Otto Pöhl of the Bundesbank and their Finance Ministry." (63) Thatcher also admitted that she had few allies at that time. (64) She had managed to alienate everybody. She under-estimated the results of the Delors Committee because, despite the presence of the realistic bankers, it did produce positive results. It agreed that the member states by accepting the SEA had also accepted EMU; that there would be central control but with the Christian democrat concept of subsidiarity; and that stage three would lock exchange rates and produce a central bank. (65) This final point was

anathema to Thatcher because the process of locking exchange rates was contrary to the monetarist belief in floating exchange rates and, as she said many times, would allow inflation to run riot.

However, the most influential member of the committee, Pöhl was unconvinced. He saw his constitutional duty as defending German national interests and seemed to resent the political visionaries. He seemed to have a great deal in common with Thatcher and gave a tough realistic view in his criticism of the motivation behind EMU: "Like a lot of French bureaucrats Delors does not understand market mechanisms, he believes in administration. Like Kohl and Mitterrand he believes in a moral drive for European integration derived from World War Two. But this view is based on circumstances which are out of date." (66)

Despite the similarity of their views, the two never formed an axis to resist EMU. He apparently disliked her nationalism and perhaps her anti-Germanism, if Ridley's view of EMU in any way reflects hers: "This is all a German racket to take over the whole of Europe....with the French behaving like poodles." (67) Undeterred by the momentum building up, she still did not acknowledge where it could lead, or pretended she did not, as her amazing reply in Parliament on 30th June illustrated: "Monetary union would be a first step but progress towards it would not necessarily involve a single currency or a European central bank." (68)

Despite misgivings, Pöhl agreed to go along with EMU and, according to Howe: "Pöhl had disappointed us all and Leigh-Pemberton had not

felt able to dissent on his own." (69) The report on EMU was signed by the governor and Thatcher never spoke to him again on European matters. (70) Thompson has made the relevant point that, in fairness to Leigh-Pemberton, he could not bring much influence to bare because Britain was outside the ERM. (71) This seems to confirm Lawson's fear that being outside meant Britain could not slow up or move the momentum in a more acceptable direction. The Messina scenario was again in evidence, as confirmed by both Howe (who ultimately resigned over this non-participatory role) and Cockfield who said, "we have a sad history of too little too late but not quite." (72) Both saw the danger of the founder members pushing ahead with closer union and Britain again acting as the reluctant European confined to the periphery. The phrases variable geometry and concentric circles were used by the Commission and by Kohl and Mitterrand in an effort to keep Thatcher involved in the project. She, however, resisted all pressures including those from her friends in business but she did not want exclusion from other initiatives. Delors attempted to allay her fears when he said that EMU was not "a transfer of sovereignty designed to raze Westminster to the ground." (73)

The Madrid Council of 26th June 1989 accepted the Delors report and said it "launched the process leading to EMU." (74) Lawson believed she was worried that she had signed the SEA with its commitment to EMU but her Parliamentary reply ruled out withdrawal from either. It was simply - no! (75) There were pressures to move

forward which were not all the product of the visionary ideals of the EC: Mitterrand believed it would subsume and curtail the overwhelming power of the Bundesbank to dictate economic policy and Kohl thought it would alleviate the fear of resurgent German power. This latter point became important towards the end of 1989 when reunification became an issue.

German reunification came back onto the agenda after the Madrid Council. Delors realized that, just as the first phase of the EC's development concerned the control of German power, so did EMU. (76) The role of Germany in the new push for EMU was crucial. Kohl wanted EMU for essentially political reasons, whereas the Bundesbank was sceptical on economic grounds. The role of the German currency and the Bundesbank was vital to the whole project. Germany supported Delors and the French, despite some reservation and their recurring nightmare of German power, supported the push for reunification. (77) It seems that where Thatcher opposed both EMU and reunification, France and Germany used more diplomatic skill to produce a typical European deal; both gained and only Thatcher lost because of her anachronistic and decreasing capacity to resist.

The Rome Council of October 1990 decided on stage two of EMU by January 1994. Thatcher's criticism of this Council and the Italian presidency was acrimonious and the domestic tabloid press jumped on the nationalist xenophobic bandwagon. A typical example was that it was "like a coach trip with the Marx brothers in the driving seat." (78)

Her comments on stage two were: "People who get on a train like that deserve to be taken for a ride. It was heading towards cloud cuckoo land." (79) She was alarmed at talk of a single currency by the year 2000 and was not prepared to compromise. She was impatient with the far-off goals of the EC and saw discussions on EMU as diverting the EC from the path of low protection and a single free trade zone. Delors became the focus of her attacks and it was he she blamed for the change from strictly trading arrangements to centralized state building. To Hugo Young, he was "the source of her loathing....and it is not too strong a word." (80)

Fuel was added to the flames by Delors who announced in the Commission Programme for 1990 that we need "to make progress towards EMU." (81) In her memoirs, she wrote of her dismay and frustration that her vision of a open free trade EC based on market principles was being neglected for a more aesthetic vision of the future: "In three years the European Community had gone from practical discussions about restoring order to the Community's finances to grandiose schemes of monetary and political union with firm timetables but no agreed substance - all without principled public debate on these questions either nationally or in the European fora." (82)

Although Thatcher had equated EMU with high politics and had said that Britain's future as a "democratic sovereign state" (83) was at stake, this was only the tip of the iceberg. Her real resistance was ideological: EMU meant the ERM, which meant fixed exchange rates which

produced the inflation which her monetarist's beliefs were determined to attack. She was also concerned that any central bank could have "Keynesian" tendencies and undermine her monetarist policies which had been achieved at a heavy but worthwhile price. As a monetarist she wanted to control the money supply, the fabled £M3, and not leave it to a central bank; she had even grown impatient with her own central bank but having to deal with a "Euro-fed" - a new version of the Bundesbank - would have been intolerable. Thatcher remained the most convinced *laissez - faire* neo-liberal free trader in her Cabinet, with the exception of Ridley, and both had similar ideological objections to the EMU project. More pragmatic true believers could see the sense in trimming monetary ideology to fit the circumstances of the time; both her former Chancellors saw the need to adapt monetarism to the realities of the time and saw the need to use the ERM as a weapon and EMU as a way to keep Britain involved. (84) Both were neo-liberals but they were pragmatic, whereas Thatcher was a purist and would not bend.

She criticised her new Chancellor, John Major, for playing "Nigel's cracked record to the effect that you should steer by the exchange rate rather than the money supply." (85) What really brought her angst was the attack by Delors (86) and the Commission on what she saw as the free open Europe; any EMU proposal would bring regulation and control to the free flowing market and this was the *bête noire*. As she said herself: ...."there can be no right level for sterling apart from what the market says it is..." (87) Howe sums up her view and belief in that

nothing, least of all a French socialist, should be an obstacle to free market economics. He said simply that "ideological obsessions" destroyed the relationship between Thatcher, Lawson and himself: (88) They certainly destroyed the relationship between the British Prime Minister and her allies in Europe.

It is paradoxical that, despite her resistance, Thatcher had to sanction entry into the ERM when the time was wrong, in order to keep her new Chancellor. Her reasons for entry summarized her belief: "the money supply had turned sharply downwards." (89)

The EMU debate illustrated the extremes of the argument in relation to the opposing views of regulation and Kapteyn's integration theory. Thatcher showed an extreme version of the British reluctance to regulate; she wanted no regulation and Howe and Lawson wanted only what was necessary to achieve limited objectives. By contrast, the European view was for institutional regulation to make the market work better and to pave the way for greater things. EMU was European state building; the process of achieving that goal involved fixed rates and a Euro-bank and had the elements of a transfer of powers from a national to a European level. European state powers were being produced to help control the stateless market. The result of this process has, to date, produced the "half way house", much intergovernmental bargaining and very slow progress towards the transfer of power.

### 6.3. THE ERM AND EMU.

- 1 George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 184.
- 2 Thatcher, M, *The Downing Street Years* (London, 1993), p. 703.
- 3 Howe, G, *Conflict of Loyalty* (London, 1994), p. 453. ...."for even when he was on our side of the Atlantic his heart often beat to an American rhythm. This is one reason why he may later to have found it so difficult to allow Margaret to lean towards things European as much as most of her Cabinet colleagues might have wished."
- 4 Delors, J, quoted in, Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 125.
- 5 George, *Politics and Policy*, p. 188.  
George made the point that the enthusiasts for EMU were under the influence of the Deutschmark anyway; EMU would give them more power not less. See also, Dyson, K, *Elusive Union* (London, 1994), p. 330. The existing EMS was dominated by the Deutschmark as the anchor currency and this gave the Bundesbank "structural power that translates into *defacto* managerial responsibility within the ERM." The Germans thus have a "special leadership role within the EMS." Woolcock, S, et. al., *Britain, Germany and 1992* (London, 1991), p. 101. The Bundesbank is typical of the German view of regulation. A regulatory framework, set in statute with clear policy objectives. Day-to-day running is delegated to independent bodies. "The classic and most well known example of this kind of *ordnungspolitik* is the Bundesbank."
- 6 Thatcher, *The Downing Street Years*, p. 693.
- 7 Dyson, *Elusive Union* p. 233. See also, Smith, D, *The Rise and Fall of Monetarism* (London, 1987), p. 36. Alan Walters was examining the British economy in "quantity theory terms" in 1969. Also p. 47. "He has the longest monetarist pedigree of any British economist."
- 8 Dyson, *Elusive Union*, p. 235.
- 9 Ibid.
- 10 Thatcher, M, *The Path to Power* (London, 1995), p. 221. See also Ibid., p. 254. Walters was right whilst the Heath government had been wrong. Howe, *Conflict of Loyalty*, p. 75. Smith, *The Rise and Fall*, p. 50.



- 11 Howe, *Conflict of Loyalty*, p. 86. "Foremost amongst Keith Joseph's mentors were Alan Walters and Alfred Sherman."
- 12 Thatcher, *The Path to Power*, p. 567. See also, Cole, J, *As It Seemed To Me* (London, 1995), p. 340. "Walters represented ideological commitment, unpolluted by political consideration."
- 13 Smith, *The Rise and Fall*, p. 74.
- 14 Thatcher, *The Downing Street Years*, p. 135. See also Howe, *Conflict of Loyalty*, p. 187. Howe resented his interference, when for example he advocated a change in the measure of money supply from M3 to M0. "Alan was never happier than when he was making some exclusive input into the Prime Minister's thinking except when he was taking the credit for having done so."
- 15 *Ibid.*, p. 133.
- 16 Thatcher, *The Path to Power*, p. 303.
- 17 Thatcher, *The Downing Street Years*, p. 713.
- 18 Howe, *Conflict of Loyalty*, p. 172. It was Alan Walters who advocated the use of M3 combined with floating exchange rates and a large reduction in the PSBR. See also Thatcher, *The Downing Street Years*, p. 136.
- 19 Thompson, H, "The UK and the Exchange Rate Mechanism 1978-90", pp. 227-238 in B. Brevati and H. Jones (eds), *From Reconstruction to Integration* (Leicester, 1993), p. 229.
- 20 Thatcher, *The Path to Power*, p. 478.
- 21 *Ibid.*
- 22 *Ibid.*
- 23 *Ibid.*, p. 479.
- 24 Howe, *Conflict of Loyalty*, p. 690.
- 25 Grant, *Inside The House*, p. 50.
- 26 Dyson, *Elusive Union*, p. 237. See also, Cole, *As It Seemed*, p. 311. "Ministers were in danger of running through all the Ms on the motorway network."

- 27 Dyson, *Elusive Union*, p. 237. See also, Thompson, "The UK and the Exchange Rate Mechanism", p. 230.
- 28 Lawson, N, *The View From Number Eleven* (London, 1993), p. 111. See also, Cole, *As It Seemed*, p. 300. "...the ideology from which both Chancellor and Prime Minister began was not quite the laws of the Medes and Persians."
- 29 Lawson, *The View From*, p. 112.
- 30 Young, H, *One Of Us* (London, 1993), p. 544.
- 31 Thatcher, *The Path to Power*, p. 596.
- 32 Thompson, "The UK and the Exchange Rate Mechanism", p. 232.
- 33 Ibid.
- 34 Cole, *As It Seemed*, p. 294.
- 35 Ibid., p. 300.
- 36 Ibid., p. 301. See also, Ibid. "...it is unforgivable simply to sit in an ideological bunker." Dyson, *Elusive Union*, p. 239. There was "continuing dissent from monetarist's who favoured flexible exchange rates, like Walters..." Lawson, *The View From*, p. 505. Cole, J, *As It Seemed*, p. 340. Lawson called this view of Thatcher and Walters that of "simon-pure monetarists" and that he, through experience, had become "an exchange rate monetarist."
- 37 Thatcher, M, quoted in Tibbarnam, P, *The Downing Street Years* (BBC TV, 1993).
- 38 Howe, *Conflict of Loyalty*, p. 579.
- 39 Ibid., p. 275 & 450.
- 40 Young, *One of Us*, p. 558. Hugo Young calls these prerequisites Alan Walters "smokescreen of conditions."
- 41 Lawson, *The View From*, p. 910.
- 42 Ibid., p. 923.
- 43 Thatcher, M, quoted in, Gamble, A, *The Free Economy and the Strong State* (London, 1994), p. 134.
- 44 Thatcher, M, *Hansard*, Vol 88, Col 433.

- 45 Howe, *Conflict of Loyalty*, p. 576.
- 46 Ibid., pp. 453 & 577.
- 47 Ibid., p. 451. See also, Thatcher, *The Downing Street Years*, p. 136. Norman Tebbit: Employment Secretary 1981-83, DTI Secretary 1983-85, Conservative Party Chairman 1985-87.
- 48 Howe, *Conflict of Loyalty*, p. 689.
- 49 Ibid., p. 563 & 665. Walters article against the ERM brought Lawson's resignation. See also, Young, *One Of Us*, p. 553.
- 50 Howe, *Conflict of Loyalty*, p. 690. See also, Thatcher, *The Downing Street Years*, p. 715. To Walters the "ERM is half baked."
- 51 Lawson, N, *Hansard*, Vol 159, Col 209.
- 52 Moravcsik, A, "Negotiating the SEA: National Interests and Conventional Statecraft in the European Community", pp. 19-56 in *International Organization* No 45 1991, p. 21.
- 53 "What Road to EMU?", *The Economist*, 30th June 1990, p. 17.
- 54 Thatcher, *The Downing Street Years*, p. 716.
- 55 Ibid.
- 56 Dyson, *Elusive Union*, p. 137.
- 57 Ibid.
- 58 Dixon, J, quoted in, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 86.
- 59 Thatcher, *The Downing Street Years*, p. 740. See also Elliott, M, *The Poisoned Chalice* (BBCTV, 1996). Kohl told Thatcher privately that the bankers would slow down the EMU process. She also approved the chairmanship of Delors and his re-appointment as President of the Commission.
- 60 Delors, J, Speech to the EP, 6th July 1988, *Official Journal of EC*, No 2-367.
- 61 Kohl, H. Speech to the EP, 6th July, 1988, *Official Journal of the EC*, No 2-367.

- 62 Karl Otto Pöhl: President of the Bundesbank. Robin Leigh Pemberton: Governor of the Bank of England.
- 63 Howe, *Conflict of Loyalty*, p. 534.
- 64 Thatcher, *The Downing Street Years*, p. 708.
- 65 Delors, J, *Report on EMU, Bulletin of the EC*, No 4 vol 22 1989.
- 66 Pöhl, K, quoted in, Grant, *Inside The House*, p. 121.
- 67 Ridley, N, *The Spectator*, 14th July, 1990, p. 8.
- 68 Lawson, *The View From*, p. 904.
- 69 Howe, *Conflict of Loyalty*, p. 576. See also Ross, *Jacques Delors*, p. 82.
- 70 Young, *One of Us*, p. 554.
- 71 Thompson, "The UK and the Exchange Rate Mechanism", p. 234.
- 72 Cockfield, A, "The Real Significance of 1992", pp. 1-8 in *The Politics of 1992, Political Quarterly*, (Oxford, 1990), p. 6.
- 73 Delors, J, Speech to the *Centenary Symposium - Jean Monnet*, 10th Nov. 1988.
- 74 Report on the Madrid Council, 26-27th June 1989; *Bulletin of the EC*, No 6 Vol 22.
- 75 Thatcher, M, *Hansard*, Vol 178, Col 877.
- 76 Dyson, *Elusive Union*, p. 137. "...there was a need for EC solidarity in the face of a watershed in post-war history." See also, Attali, J, "The Great Magician", p. 16 in *The Guardian*, 14th January 1996. Conversation with Mitterrand, translated by M. Frankland and published in the following Mitterrand's death. "The essential question of Europe is to have a monetary agreement with Germany in order to allow ourselves to quarrel with Great Britain." (1989) "We want a strong European Community equipped with a common currency that allows us to control Germany." (1990)
- 77 Robertson, G, "Britain in the New Europe", pp. 697-702 in *International Affairs* Vol 66 1990, p. 698.
- 78 Grant, *Inside The House*, p. 149.

- 79 Thatcher, M, quoted in, Young, *One of Us*, p. 576. She had little patience with what Ian Davison in the Financial Times, 8th July 1985, called the European "necessity for fine words and Euro-froth."
- 80 Ibid., p. 554.
- 81 Delors, J, Speech to the EP, 17th January 1990, *Bulletin of the EC*, Supplement 1/90.
- 82 Thatcher, *The Downing Street Years*, p. 767.
- 83 Ibid., p. 719.
- 84 Ibid., p. 726. Lawson: "one of the cleverest people in British politics."
- 85 Ibid. John Major: Chancellor of the Exchequer 1989-90.
- 86 Ibid. Delors: "one of the cleverest people in European politics."
- 87 Ibid, p. 722.
- 88 Howe, *Conflict of Loyalty*, p. 690.
- 89 Thatcher, *The Downing Street Years*, p. 718.

#### 6.4. THE SOCIAL DIMENSION.

...it will be possible to realize not a mere free trade area exposed to every passing wind, but a shared space for the benefit of all. (1)

The social dimension was an attempt to build upon the success of the momentum created by the SEA project. It was to become the Social Charter and Social Chapter. (2) Delors wanted to link the SEA to a series of social measures including the protection of workers rights, health and safety measures and, perhaps his main concern, the prevention of social dumping. He felt that this issue, with different members undermining social provision in the name of competition, could undermine the concept of the SEM. These areas were first discussed publicly in 1987 although the Commission had talked about them previously.

His motivation can be traced back to his personalism and the need to balance the rôle of the individual, as seen in liberalism and that of the community, illustrated by the social democratic legacy of Europe.

Delors saw the social dimension as fitting Europe's model of society with market capitalism combined with social provisions and care for the community. This went to the very heart of his beliefs and upbringing. The social dimension was justified by Delors' beliefs and he also saw those sentiments as part of Europe's heritage in that relations between individuals, groups and society needed always to be regulated. He acknowledged that the Japanese and Americans conducted social affairs differently and with a more individualist attitude, but he believed the

European method traditionally involved the participation and protection of all groups in society. In his inauguration speech, Delors called this broad concept "a peoples Europe" and he linked the term to the SEA.

(3) He considered that the majority of the SEA concentrated upon helping and creating a better atmosphere for business, with little provision for the social improvement of ordinary working people. He therefore wanted a social dimension to the SEA and believed it was "central to our work." (4)

It is perhaps significant that in 1988 he first launched those ideas to the European Trade Union Confederation (ETUC) who were his natural allies, especially on the issues of social dumping and social dialogue. (5) Delors was greatly concerned about social dumping, where states competed for jobs and consequently lowered their social standards to become competitive, and this provided some of the *rationale* behind the social dimension. To Delors: "The beneficial effects of a large market would be dissipated if some member states were to seek a competitive advantage by sacrificing social achievements."

(6) His belief in a social dialogue can be seen from his period as finance minister, when all parties were consulted on his economic policies and by his determination to involve all groups in the SEA. His trip to the TUC was part of that process.

This gestation of the Social Charter and Social Chapter, and the wording of the report on the subject made it clear that Thatcher would object: The report said that the Social Dimension needed to be

concerned with "information, consultation and participation of workers" and that trade unions should be guaranteed "rights and freedoms in the public and private sectors, including the conducting of negotiations and activities, including strike action." (7) Delors thought the SEA would improve business but, in addition, something should be done for the workers, especially his supporters in the trade unions. His speech to the EP in January 1989 sums up his view: "Europe will never be built ....if the working men and women are not among the first to be involved." He said the social dimension would provide "social rights to give concrete form and life to the European model of society." (8) Delors' roots were in the trade unions, and he saw them losing influence in the face of right wing ascendancy in the 1980s, epitomized by the Thatcherite vision of the SEA as a total free market. He classed the SEA as a bargain: the SEA removed barriers and liberalized the market, therefore action was needed for the protection of jobs and the harmonization of standards. (9) This harmonization would stop what he called "social dumping" (10) and help "calm union fears" about the single market concept. (11)

Delors linked these measures to the SEA, in accordance with his spillover or "Russian Dolls" strategy; in this way he would slowly increase the level of competence of the EC and create a more *communautaire* attitude towards the SEM. In contrast to Thatcher, who thought the SEA was an end in itself, Delors said the SEA "incorporated the social dimension." (12) He stated in the Commission



programme for 1989: "...we must work together to implement the provisions of the single act....the improvement of working conditions...to make the social dimension a practical reality." (13)

In 1990, he enlarged upon the issue: "...the creation of a vast economic area, based on the market and business cooperation is inconceivable - I would say unattainable - without some harmonization of social legislation." "It is the corollary of the integrated market, a precondition for its completion." (14) However, his ultimate destination seems clear enough and he repeated it so often that it should not have been a surprise to anyone what his intentions were. He wanted dialogue between both sides of industry, between all of society and thought Europe was capable of advancing together. (15) His ultimate aim was a "European social area." (16) This endeavour was not new to the EC, not just a Delors' project. Similar views were held by the majority of the member states. For example, several member states including Belgium, Holland and Denmark have a social partnership, where employers, trade unions and the government fix conditions of work and wages.

Kohl spoke to the EP and said: "We will be able to achieve such an important aim as the internal market only if we win over to this goal all groups in society, namely workers and employers, representatives of industry and trade unions.... We need a European economic and social continuum.... The SEM is a living peoples Europe." (17) These views show the German style of consensus, cooperation and institutional

regulation and seem to put Kohl in the Delors' camp on the issue. A similar view was expressed by Mitterrand: "...the single act deals with the social dimension of Europe." (18)

These speeches appear to show Thatcher's isolation on the issue. According to George, the social issue represented the "fundamental difference between Britain and the other member states." (19) Even Thatcher's erstwhile allies on other integration issues, the Danes, supported the social dimension. Delors reinforced the view that the social dimension did not just come from him when he talked about the 1988 Hanover Council's proposal for the "adoption of a charter of human rights" (20) and of the 1989 Madrid Council "wanting a social dimension to the single market." (21) The report of this latter Council placed the question of the social dimension in the context of the implementation of all parts of the SEA. It should be given the same importance as the economic aspects and there was a "general consensus" in favour. (22) Britain stood outside this consensus.

Delors believed this reflected the political ideology of Thatcher rather than a traditional British scepticism of social provision. When asked about support for social provision, his reply was revealing: "Yes in Britain's foundations but not in Thatcherism. The English remain attached to many grass roots collective organizations. Their tradition is the same even if they still dream of being at the heart of three circles - America, the Commonwealth and Europe." (23) He believed that Thatcherism was alien to Britain - it was a change of direction and not

part of the heritage. He also said that Thatcherism was closer to the rampant individualism of the Americans and it highlighted the division of opinion in Britain: The British cannot "in the name of their internal difficulties compel others to abandon what is regarded as a vital necessity in Europe." (24) Delors' view of Thatcherism seems to converge with Thatcher's own opinion: Both saw it as related to American individualism, radicalism and the need to re-create the so-called flexibility of the American labour market; and they acknowledged it as a change from the past; a breaking of the collectivist consensual settlement of British politics since 1945.

Their divisions over the social dimension could not have been wider and its philosophy infuriated Thatcher. Where other states encouraged dialogue and participation, her government specialized in confrontation, the exclusion of organized labour from influence and they had introduced several measures to curtail their power. There were ideological reasons for those measures and the near-anarchy of the "winter of discontent" provided additional motivation for this anti-labour stance. (25)

The social dimension was another step in the increasing antipathy between Delors and Thatcher. By 1989, with the moves towards EMU and Delors' proposals on the social dimension, their relationship was beyond repair. She saw the collection of measures in the social dimension, and even the sentiment behind it, as a return to corporatism and to the tripartism of the early 1970s; the involvement of workers in

their businesses by representation on the boards of industry, equality, and statutory minimum wages meant to her the corruption of, and interference in, the free flow of the labour market. She thought the measures would not only pervert the market but that they were "socialism via the backdoor," "Marxist interventionism," "a socialist charter," and they would condemn us to "Euro-sclerosis when what we need is American style flexibility." (26)

Her criticism ranged beyond Delors. She thought the Germans wanted to put up employment costs in states like Portugal, thus making them less competitive than Germany; she also equated the social dimension with the German system of worker participation in business and industry. She later included Sweden in her criticism: "The Swedish style welfare state has failed - even in Sweden. So the Euro-statists press ahead with their social chapter." (27) She also doubted the ability or desire of some states to implement EC social legislation, compared to Britain's good record in enforcing EC law. The argument that the protection of employees rights would undermine competitiveness and cost jobs is still with us today. It is a fundamental division of political opinion, the argument being between social protection and "Gradgrind" economics in the name of competition.

Eleven of the member states made the Solemn Declaration on the Social Charter in May 1989; only Thatcher resisted. At the Strasbourg Council in December 1989, eleven members signed the Social Charter and Britain opted out, thus excluding itself from future developments in

the field. Although on this issue Thatcher had the overwhelming support of her party, her resistance and ideological objections to the social dimension of the SEA were a further stage in her isolation in Europe. As each of Delors' "Russian Dolls" unfolded, Britain seemed to be in a near-permanent minority of one.

The social dimension illustrated the division of ideology between Thatcher and Delors. (28) It also demonstrated an attempt to make the SEM more than a stateless market and to stop the "downward spiral." (29) It placed social policy on a more *communautaire* basis. However, despite the British view, it has not brought with it European state building and a significant "transfer of sovereignty." (30) National conditions and procedures are accommodated within its broad framework. Rather than Kapteyn's scenario two - the European-wide controls and state building model - it appears to be nearer scenario three, the "interstate cooperation" model. (31)

The social dimension also illustrated the contrasting views of regulation between Britain and Europe. To Britain, the SEM had to be open, with minimum regulation, and this fitted the domestic thrust of policy since 1979. There was resistance to move competence to a European level, especially in areas which would not ensure the liberalization of the market. Woolcock judged that, "The British approach to market regulation rests on the interpretation of national public interest by Parliament, or, more accurately, by the government of the day." (32) The German approach emphasized a clear regulatory

framework agreed by broad consensus, protected by statute but with the day-to-day operation delegated to lower bodies. (33) In the case of the social dimension this would be the national authorities, which is what happened. Within that framework the market would operate: "Markets should be allowed to operate freely but subject to regulation designed to satisfy agreed objectives." (34)

Although Britain ultimately "opted out", the other eleven members agreed on the social dimension but allowed for national preferences in such areas as labour law. In addition, the unanimity rule still applies to many of the provisions which came out of the social dimension, for example, social security and redundancy protection. What may have started as a "spillover" from the SEA ended as the usual European intergovernmental bargain. However, despite this, its very existence and the sentiments which produced its broad outline are a clear division of political belief between the EC and the British Tory party. Thatcher represented this resistance in the extreme just as Delors with his push for a Europe-wide set of social laws represented the other extreme.

#### 6.4. THE SOCIAL DIMENSION.

- 1 Delors, J, *Our Europe* (London, 1992), p. 154.
- 2 This is the umbrella term for the non-economic aspects of the SEA promoted by the Commission. It was to develop into the Social Charter (Charter of the Fundamental Rights of Workers) and Social Chapter (Agreement on Social Policy) which were in the Maastricht Treaty of 1993. Britain under Thatcher's successor "opted out."
- 3 Delors, J, Speech to the EP, *Official Journal of the EC* No 2-321 Jan. 1985, Debates in the EP, pp. 321-4. See also Delors, J, *Bulletin of the EC*, No 2 Vol 19 1986, p. 112.
- 4 Delors, J, Speech to the EP, 17th Feb. 1990, *Bulletin of the EC*, Supplement 1/90, p. 14.
- 5 Delors, J, quoted in, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 43.
- 6 Delors, J, Programme of the Commission, *Bulletin of the EC*, Supplement 4/85, p. 30.
- 7 "The Social Dimension", *Bulletin of the EC*, No1/2, Vol 23, 1990, p. 28.
- 8 Delors, J, Speech to the EP, Jan. 1989, *Bulletin of the EC*, Supplement 1/89, p. 78.
- 9 Delors, J, *Bulletin of the EC*, No 2, Vol 19, 1986, p. 11.
- 10 Delors, J, Speech to the EP, *Official Journal of the EC*, Debates in the EP, No 2-321, 1985, p. 5.
- 11 Delors, J, quoted in, Ross, *Jacques Delors*, p. 44.
- 12 Delors, J, Speech to the EP, 16th Feb. 1989, *Bulletin of the EC*, Supplement 2/89, p. 12.
- 13 Ibid., p. 8. See also, George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 203. There seemed to be a Europe-wide consensus in favour of the social dimension and the EC always had a "social dimension."
- 14 Delors, J, *Bulletin of the EC*, No1/2 Vol 23, 1990, p. 12.
- 15 Ibid., p. 11.

- 16 Ibid., p. 12.
- 17 Kohl, H, Speech to the EP, 6th July 1988, *Official Journal of the EC*, No 2-367. See also, Woolcock, S, et. al., *Britain, Germany and 1992* (London, 1991), p. 102. Germany needs consensus in any regulatory framework. To Kohl, to make the SEM work there needed to be rules, set in statute, supported by a broad consensus.
- 18 Mitterrand, F, Speech to the EP, 25th Oct. 1989, *Official Journal of the EC*, No 3-382. The two speeches were made to the EP and obviously contained what the audience wanted to hear.
- 19 George, *Politics and Policy*, p. 215.
- 20 Delors, J, Speech to the EP, 16th Feb. 1989, *Bulletin of the EC*, Supplement 2/89, p. 13.
- 21 Delors, J, Report on the Madrid Council, *Bulletin of the EC*, No 6 Vol 22 1989, p. 10.
- 22 Ibid.
- 23 Delors, J, quoted in, Grant, *Inside The House That Jacques Built* (London, 1994), p. 87. The TUC, a major "British collective organization", invited Delors to address them to his obvious pleasure.
- 24 Delors, J, Speech to the *Monnet Centenary Symposium*, Nov. 1988.
- 25 George, *Politics and Policy*, p. 215. See also, Woolcock, et. al., *Britain, Germany*, p. 102. The Thatcher government did not want consensus whereas the German and European view is that consensus is needed to make the market work.
- 26 Thatcher, M, *The Path to Power* (London, 1995), p. 578. See also, Thatcher, *The Downing Street Years*, p. 750. Grant, *Inside The House*, p. 87. Woolcock, S, et. al., *Britain, Germany*, p. 102. "There is little support in Germany for any Anglo-American type of deregulation."
- 27 Thatcher, *The Path to Power*, p. 622. See also, George, *Politics and Policy*, p. 217. Her free market principles meant she opposed the protection the social dimension would offer and, in addition, it would help to create a regional trading block rather than her desired world free trade system. Thatcher, *Path to Power*, p. 471. This meant to Thatcher that the EC came near to sabotaging GATT.



- 28 Swann, D, "The Single Market and Beyond - An Overview", pp. 3-25 in D. Swann (ed), *The Single Market and Beyond* (London, 1992), p. 25. "Margaret Thatcher and Jacques Delors were not on the same wavelength on this aspect of the SEA. "
- 29 Kapteyn, P, *The Stateless Market* (London, 1996), p. 69.
- 30 Ibid., p. 70.
- 31 Ibid.
- 32 Woolcock, et. al., *Britain, Germany*, p. 97.
- 33 Ibid., p. 101.
- 34 Ibid.

## 6.5. POLITICAL UNION.

Bonn is not Weimar. (1)

It should also be remembered that the twelve solemnly affirmed in the preamble to the Single Act that they were prepared to create

a European Union: that means one for twelve and twelve for one. (2)

The fourth area of spillover, or Russian Doll, which followed in the wake of the SEA were the discussions and the momentum towards the rather ill-defined term political union. (3) Delors had written in 1985 that he was in favour of European Union. (4) The document published by the Commission on the SEA in 1986 talked of the members needing "to transform relations as a whole among their states in a European union." (5) His speech to the EP in 1988 was explicit and increased the antagonism with Thatcher: "My own feeling is that we are not going to manage to take all the decisions needed between now and 1995 unless we see the beginnings of European government in one form or another." He added that "ten years hence 80% of our economic legislation and perhaps even our fiscal and social legislation will be of community origin." (6)

However, there were many difficulties in moving into the political sphere of integration and he was well aware of them: "When a head of government goes back home flexing his muscles like Rambo and says I won at the Council last night, we have come to a pretty pass, because the fact is that of the twelve, even the strongest will win together or lose together. Politics must be given a European dimension." (7) He also acknowledged the limits of political integration in that member states

had separate histories, foreign policy concerns and special relations. Speaking in the EP, he said that the "fundamental diversity of our countries is a source of enrichment." (8) Despite Thatcher's fears at the time, this document was not a blueprint for federalism; it did not hide where its preferences lay, but it acknowledged the difficulties, especially in high politics. (9)

Intergovernmental bargaining was added to the spillover pressures when France and Germany maintained the momentum because they wanted the completion of the SEM, EMU and political union in Europe. In January 1989, Delors repeated his linkage of political union with the SEA: "...moving steadily towards European Union, the ultimate objective may I remind you, of the Single Act." (10) Mitterrand told the EP in 1989 that "...the Community's political design was European Union." (11)

Perhaps the most important issue was what the term political union meant. Butler echoed Thatcher's criticism when he said that with all the plans and reports on union, Tindermans, Genscher-Columbo, and Dooge, the EC would talk in broad terms rather than the unpleasant realities of the CAP, budget or SEM. (12) He said that the Dooge committee was "rather superficial" in its description of "union"; to Butler the word "union" had the advantage of "ambiguity." It could mean anything from a federal Europe, the WEU, or the European postal union. (13) Thatcher said as much in Parliament back in 1985: "Once again it comes down to the phrase European Union, which to this

country means European federation; but it does not mean that in Europe. They are as much against a federal Europe as we are." (14) She repeated this in an answer: The term meant less "over there" than some people "over here" think they mean. (15) She accused Andreotti, the Italian Prime Minister, of "gaining top marks for calculated ambiguity" on the subject. (16)

The issue was given a spur by events outside the control of Thatcher and her arch antagonist Delors. The events of 1989 changed the map of Europe and brought the possibility of a united powerful Germany to the heart of the European debate. Although not part of their socio-economic division, the unification issue created problems for both of them and their different approaches to it increased the mutual antagonism which had been building up since the SEA.

In 1989, Thatcher seemed out of touch with the realities of events in Europe. She viewed German reunification purely through a realist assessment so that, to her, it was a change in the balance of power which had kept Europe at peace since 1945. She visualized a zero sum game in which, if Germany became stronger, someone else became weaker. In Thatcher's view, she was continuing Britain's traditional balance of power policy in Europe; she said that for many years "a major yet unstated objective of policy had been the containment of German power." (17)

To her, the answer to the "German question" was not to bind it closer to Europe, as Germany France and Delors wanted, but to construct a

framework for containment. She said "tying the German Gulliver down within a federal European Community was no answer." (18) She rejected integration as a way of producing a more stable Germany, with the spectre of nationalism contained from within. She viewed integration as having a centralized federal Europe as its end game (19) whereas Kohl saw it from a de-centralized German perspective with power spread and balanced, and Mitterrand and Delors saw both reunification and integration as ways to secure Germany to France and as part of a myriad network of agreements. (20) This linked France economically to a resurgent Germany, as well as containing it through a European-level decision-making process.

By contrast, Thatcher wanted a "return to the politics of balance of power which would ensure that individual nation states, like Britain and France, would be able to act as a counterweight to Germany if it pursued policies which were against our interests." (21) This *rationale* seemed to be a return to a kind of failed pre-1914 *Realpolitik* balance of power scenario and was totally out of touch with the mood of the times. It was an old-fashioned answer to expect modern Europe to adopt.

At this time Thatcher seemed isolated in her balance of power stance; Powell believed she tried and failed to "drive a wedge between France and Germany." (22) Perhaps her view of the Franco-German relationship was nearer to that of Ridley: "The Franco-German reproachment has been distorted into a Franco-German axis, operated

to secure the objectives of these two countries." (23) Thatcher wanted Germany in NATO but controlled by the US presence. (24) This would make them an integral part of an intergovernmental organization and their attachment to the west would not be at the price of further integration within the EC. She even said that the US needed to stay in Europe (to redress the balance of Power) because they provided insurance against the rise of Germany. (25) That view seemed like an attempt to continue the cold war with the Americans as the guardians and Germany replacing the Soviet Union as part of the object of policy. In addition, she wanted a *Pax Americana* "in the camouflage of United Nations resolutions" to preserve the peace in the post-1989 Balkanization of the East. (26)

Although many of the European states are Atlanticists, it is not surprising that her patronizing attitude was rejected by Europeans who perhaps felt the time was right to keep their own peace, without the US. Despite her traditional distrust and prejudice against the previous generation of Germans, it did seem a strange way to talk about an ally and economic partner.

Those fears came to the surface when Ridley vilified the Germans during an interview with the *Spectator*. Lawson made the point that Ridley felt safe making his infamous anti-German remarks to Lawson's son on 14th July 1990, because he had heard them from Thatcher in private. (27) To quote Ridley when discussing Kohl: "I mean he will soon be trying to take over everything." And on sovereignty: "You might

as well give it to Adolf Hitler." (28) Thatcher's comment on this issue in Parliament was more controlled but reflected the same underlying fear: "If we did not retain our national identities in Europe, the dominant people in Europe would be German." (29) It was perhaps unfortunate that at this time Thatcher convened a seminar on the "German question." The leaked reports of its conclusions show a fear of unification, the danger of a German takeover of the EC, and some of the words used to describe the German national character are revealing; they include, angst, aggressive, assertive, bullying, egotism, and inferiority complex. (30) To Howe, the Ridley interview and the leaked seminar "served to confirm the scale and passion of Margaret Thatcher's anti-Germanism." (31)

Thatcher's delay in endorsing reunification brought her isolation. Allen called her marginalized and anachronistic and claimed that Germany was contemptuous of her attitude and the US, Soviet Union and EC gave her no support. (32) Allen wrote: "Mrs Thatcher's stock response was Canute-like in its determination to preserve the status quo and there was precious little sympathy for the German dilemma." (33) She had so little sympathy that she wrote in her memoirs: "I had unsuccessfully resisted the reunification of Germany." (34) Her attitude seemed to be that, because Germany had lost in 1945, it should wait until the victors sorted out the peace; a view endorsed by Ridley. He claimed that at this period the EC had no influence over Germany. Perhaps nearer the truth was that Thatcher, because of her attitude

about most European issues, had no influence. He made his view plain in his auto-biography: "If the Germans have a mind to do something they take little notice of other points of view." (35) Ridley, like Thatcher, seemed to have little appreciation of living in a divided country which was suddenly faced with the possibility of being united.

Ridley saw Thatcher as the champion of Eastern Europe against the domination of Germany. Both appeared to be influenced by Germany's history, did not trust its nationalist ambitions and saw it gaining power, either inside the EC with EMU or outside in some form of territorial expansion. Germany was not treated as a European partner, more as a dangerous inhabitant of Europe, which could only be controlled by its inclusion in NATO and by the US presence. Thatcher did not seem to appreciate that Germany's membership of both the EC and NATO meant it would not be a rogue state in the centre of Europe. President Gorbachev accepted the reunification of Germany and eventually NATO membership, partly for those reasons because he, more than her, appreciated the security issues involved.

At the Strasbourg Council of December 1989, Thatcher appreciated that the relationship between France and Germany would need to become closer. Old French fears were coming to the fore and the Germans, in response wanted to show everyone that they were good Europeans. By the time of the January 1990 Dublin Council, she knew that unification would push France, "federalists on grounds of tactics rather than conviction," and Germany, who wanted to demonstrate that



they would not behave like "the old Germany of Bismark and Hitler," down the federalist path advocated by Delors. (36)

Delors saw the inevitability and thus supported Kohl's push for German reunification; he also appreciated the prospect of a potential super-state in Europe. Despite his French fears of German power, Delors saw the answer as closer integration, with Germany a full participant in the future of Europe and not just an object of policy. (37) Thatcher, with her balance of power realism, did not seem to appreciate that approach. Like Monnet, Delors laid the blame for Europe's previous wars at the door of rampant nationalism, with people pursuing their own destinies irrespective of others. Like his mentor, he was strongly influenced by 1939-45 and saw integration as the answer. One of the founding fathers, Paul-Henri Spaak, sums up this view: "Those who drew up the Rome Treaty....did not think of it as essentially economic; they thought of it as a stage on the way to political union." (38) To Delors, nationalism could be controlled by integration rather than by some pre-1914 balance of power.

As events have unfolded, her fears have not materialized; on the contrary, Germany has proved a more reliable European than Britain, has not looked for an alternative foreign policy and has continued its pragmatic business-like approach to the EC. She over-reacted to reunification and believed Germany had not learned the lessons of the past. However, she was not alone in her fear of Germany, but she was alone in her solution to the German Question. The alternative, the

integrationist model, was the concept more favoured by other EC members and most significantly by France (and Delors), who have much more to fear from resurgent nationalism than Britain. This solution, the subversion of German power within the EC, gave momentum to Delors' plans for European unity. It gave urgency to the concept of building political union to bind and curtail German power. Because of her isolation, Thatcher's realist balance of power scenario was marginalized and she saw herself on the periphery as Europe pushed towards greater integration and political union.

The dynamism of integration resulting from the SEA seemed to have come in a carefully thought-out manner, with the *paquet Delors*, EMU, the social dimension and political union, but the events of 1989 pushed it into turmoil. In the Commission programme for 1990, Delors talked of "world events" making an increase in the pace of integration necessary. (39) The Commission's October 1989 report on the issue linked economic with political union and gave several reasons for urgency: the new world order would mean new applicants and the EC would have to democratize and reform its institutions; it talked of "pooled sovereignty" and a "federal type organization" (Thatcher's nightmare) to avoid Europe degenerating into a "free trade area." (Thatcher's dream.) (40) The same document said that "Political union and economic, social and monetary union are thus inextricably linked." (41)

Despite the vagueness of the term, there was a push to go forward

and Delors saw Germany as the key to Europe's future. However, his main ally Kohl saw the problems ahead: "...translating grand designs into sustainable structures is never a simple task." (42) Perhaps both Thatcher's caution and Kohl's awareness of the difficulties were to be proved correct when the EC gave a poor response to the unfolding story in the East. There was not a united or firm response, as illustrated by Delors' criticism of the lack of a common view after the 1986 Reykjavick summit, despite the fact that it was Europe's future that was at stake - and it had no say in the outcome. (43) In January 1989, Delors spoke to the EP of the problem: "There is a gap between progress on the economic front and the hesitations of political cooperation." (44) Delors wanted to make the EC an international actor. (45) The "economic giant and political pygmy" jibe still stung and, to Delors, there was a need to change the EPC into the more *communautaire* CFSP. (46)

The revolutions in the East brought the possibility of new applicants onto the agenda. Delors saw the danger of this widening at the expense of deepening, because it would create Thatcher's desire - a giant free trade area. He told the *Monnet Centenary Symposium*: "We cannot cope with another enlargement....internal development first, then enlargement." (47) This view brought a rebuke from Ridley; speaking to the Bruges group in 1990, he talked of a moral obligation to allow new members, especially the Visegrad group, and that the EC should not go ahead with EMU if it meant their exclusion. Both his and

Thatcher's support of the East may owe something to the fact that new members of that kind would need assimilation and thus retard Delors' deepening process. Ridley said that Delors and the Franco-German axis turned "a blind eye" to Eastern Europe, for the sake of their push for integration. (48) Delors' push for political union was a race against time but he saw dangers in this momentum. It was too fast and the issues "went to the heart of state building." (49) The Commission was unprepared for the momentum and saw the problems of moving the EC "from market to state building." (50)

Powell acknowledged that the momentum seemed unstoppable and that the British government was divided; he accused Howe of going along with any ideas so long as Britain was not left behind. (51) Thatcher was equally critical of her former colleague: "For Geoffrey harboured an almost romantic longing for Britain to become part of some grandiose European consensus." (52)

Paradoxically, it was the cost (\$100 billion per year) of reunification which stalled the progress of Delors' last "Russian Doll." In addition, a European recession put pressure on the ERM, derailed the EMU process and made more members sceptical of its feasibility. Joseph Joffe believed: "What unhinged Europe this time was the gargantuan costs of the benign takeover of the bankrupt GDR by Bonn inc." (53)

There were two debates involved in these events. The reunification issue revealed Thatcher's balance of power realist views, as opposed to Delors' more integrationist belief. This divergence contributed to their

antipathy and added considerably to the tension between the two. The question of political union was the next stage in their running battle over the future of Europe and this became an extension of their arguments over EMU and the social dimension. It showed the difficulty of moving from the "stateless market" into the realm of state building.

(54)

Not only Thatcher voiced concern, for Delors and Kohl saw the difficulty of turning rhetoric into reality. Mitterrand showed his alarm when Delors proposed a political executive for a federal Europe: "It's mad. What is he interfering for? No one in Europe will ever want that. By being extremist he is going to destroy what is feasible." (55) The answer seemed to be between the two extremes as proposed by Thatcher and Delors: Europe is more than a market but less than a state. The antagonists in this ideological division articulated their views in major speeches which encapsulate the whole European debate.

## 6.5. POLITICAL UNION.

- 1 Alleman, F, quoted in Urwin, D, *Western Europe Since 1945* (London, 1989), p. 76.
- 2 Delors, J, Speech to the EP, 18th January 1989, *Bulletin of the EC*, Supplement 1/89.
- 3 The objective of integration in non-economic areas, for example, foreign, home policy and justice. These areas, despite the rhetoric, have remained intergovernmental although the CFSP has increased cooperation. This and the cooperation on justice and home affairs were built into the Maastricht Treaty as two of its pillars.
- 4 Delors, J, Speech to the EP, 14th Jan. 1985, *Official Journal of the EC*, Debates in the EP No 2-321/11.
- 5 "The Single European Act", *Bulletin of the EC*, Supplement, 2/86, 1986.
- 6 Delors, J, Speech to the EP, 6th July 1988, *Official Journal of the EC*, Debates in the EP, No 2-367/140. See also, Elliott, M, *The Poisoned Chalice* (BBCTV, 1996). To Charles Powell this speech contributed to the "volcanic" reaction against Delors in Downing Street and provided part of the motivation behind the Bruges speech.
- 7 Delors, J, Speech to the *Monnet Centenary Symposium*, 10th Nov. 1988.
- 8 Delors, J, Speech to the EP, 16th Feb. 1989, *Bulletin of the EC*, 2/89, p. 13. See also, Delors, J, *Our Europe* (London, 1992), p. 22. "The European project cannot replace the national one."
- 9 Howe, G, *Conflict of Loyalty* (London, 1994), p. 643. See also, Holland, M, *European Community Integration* (New York, 1993), p. 73. This period was "a crossroads" for the EC; either deeper integration or enhanced intergovernmentalism.
- 10 Delors, J, Speech to the EP, 18th Jan. 1989, *Bulletin of the EC*, 1/89.
- 11 Mitterrand, F, Speech to the EP, 25th Oct. 1989, *Official Journal of the EC*, Debates in the EP, No 3-382/ 142. The EP also kept up the pressure because they felt that the SEA was an inadequate response to their draft treaty of European Union.

- 12 Butler, M, *Europe, More Than a Continent* (London, 1986), p. 164.
- 13 Ibid., p. 164-65.
- 14 Thatcher, M, *Hansard*, vol 82, 5th Dec. 1985, Col 199.
- 15 Ibid., Col 432.
- 16 Thatcher, M, *The Downing Street Years* (London, 1993), p. 762.
- 17 Thatcher, M, *The Path to Power* (London, 1995), p. 520.
- 18 Ibid., p. 491. See also, Lippert, B, and P. Stevens-Strochmann, *German Unification and EC Integration* (London, 1993), p. 6. "...the British approach to unification seems near the realist school of thought."
- 19 Bogdanor, V, "Constitutional Implications", pp. 60-65 in H. Howie (ed), *Towards Fiscal Federalism* (London, 1992), p. 65. The British Government has difficulty comprehending a federal structure with power devolved upwards as well as downwards. The people who oppose development in the EC also oppose local government, devolution and decentralization.
- 20 Thatcher, *The Downing Street Years*, p. 761. See also, Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 89. Attali, J, "The Great Magician", p. 16 in *The Guardian* 14th Jan. 1996. Conversation with F. Mitterrand, translated by M. Frankland and published following Mitterrand's death. "We must dissolve Germany in a European political union before Kohl hands over power. Otherwise German arrogance - Bavarian this time, not Prussian as before - will again threaten the peace of Europe." (October 1990)
- By supporting Kohl's push for rapid reunification, France gained an IGC on EMU to discuss democratic legitimacy, institutional reform, more coherence of policy, and the CFSP.
- 21 Thatcher, *The Path to Power*, p. 491.
- 22 Powell, C, "A Fundamental Incompatibility?", pp. 8-10 in *The Spectator*, 3rd Sep. 1994. See also, Elliott, *The Poisoned Chalice*. The Franco-German axis pushed unification and "squeezed out Thatcher" who at this time had no friends in Europe.
- 23 Ridley, N, *My Style of Government* (London, 1991), p. 140.
- 24 Hoagland, J, "Europe's Destiny", pp. 33-50 in *Foreign Affairs*, Vol

69 No 1, 1990.

- 25 Johnson, M, *The European Council: Gatekeeper of the European Community* (Oxford, 1994), p. 111.
- 26 Thatcher, *The Path to Power*, p. 508.
- 27 Lawson, N, *The View From Number Eleven* (London, 1993), p. 900. See also Howe, *Conflict of Loyalty*, p. 632. Elliott, *The Poisoned Chalice*. Howe said that Thatcher had little rapport with Kohl or love of his country. Powell said that Thatcher believed Germany could never be trusted; and after a visit to Kohl where he stressed his Europeanism, she complained, "that man is so German."
- 28 Ridley, N, Interview, pp. 8-10 in the *The Spectator*, 14th July 1990. Dominic Lawson commented during the interview that Ridley's views were not significantly different from Thatcher's. See also, Howe, *Conflict of Loyalty*, p. 632. "...and Nick Ridley would play with growing conviction the role of Greek chorus to the Prime Minister."
- 29 Thatcher, M, *Hansard* Vol 178, 30th Oct. 1990, Col 882.
- 30 Spence, D, "The European Community and German Unification", pp. 136-163 in C. Jeffrey and R. Sturm (eds), *Federalism, Unification and European Integration* (London, 1992), p. 50.
- 31 Howe, *Conflict of Loyalty*, p. 632.
- 32 Allen, D, "The European Community and the New Europe", pp. 230-250 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 237.
- 23 Ibid., p. 235.
- 34 Thatcher, *The Path to Power*, p. 508. See also, Elliott, *The Poisoned Chalice*. Douglas Hurd said Thatcher made it difficult and thought she could stop reunification.
- 35 Ridley, *My Style of Government*, p. 76.
- 36 Thatcher, *The Downing Street Years*, p. 760.
- 37 Mayne, R, "The Role of Jean Monnet", p. 38
- 38 Urwin, D, *Western Europe Since 1945* (London, 1989), p. 123.
- 39 Delors, J, Speech to the EP, 17th Jan. 1990, *Bulletin of the EC*,



Supplement, 1/90, p. 16.

- 40 "Political Union", *Commission of the EC*, p. 27. See also, Kapteyn, P, *The Stateless Market* (London, 1996), p. 69. This document described the two extremes of the European debate according to Kapteyn's thesis. It was promoting the European state building model (scenario 2) to narrow the gap between the negative integration of the market and the positive integration of the state. It acknowledged the problem of the democratic deficit which needed to be dealt with for this model of Europe's future to be acceptable.
- 41 "Political Union", p. 27.
- 42 Bruce, L, "Europe's Locomotive", pp. 68-90 in *Foreign Policy* No 78, Spring 1990, p. 80.
- 43 Delors, J, Speech to the Monnet Centenary Symposium.
- 44 Delors, J, Speech to the EP 18th Jan. 1989, *Bulletin of the EC*, Supplement 1, 1989.
- 45 Ibid.
- 46 Ross, *Jacques Delors*, p. 90.
- 47 Delors, J, Speech to the *Monnet Centenary Symposium*.
- 48 Ridley, *My Style of Government*, p. 154.  
  
Many believe Delors produced the EEA to retard the entry of the EFTA states, which were more easily absorbed into the EC than the states further east.
- 49 Ross, *Jacques Delors*, p. 90.
- 50 Ibid.
- 51 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 138.
- 52 Thatcher, *The Downing Street Years*, p. 309.
- 53 Joffe, J, "The New Europe-Yesterdays Ghosts", pp. 29-43 in *America in the World, Foreign Affairs* Vol 72 No1 1992-93, p. 38.
- 54 Kapteyn, *The Stateless Market*, p. 2. "The fear of national weakness leads to a need for cooperation, but that same fear prevents them

from committing themselves."

55 Attali, J, "The Great Magician".

## 7. THE MAJOR SPEECHES.

It became clear in the mid 1980s that people were doing creative work in the EC and social policy was becoming stronger. ....we had the good judgement or good luck to invite Delors. (1)

Delors spoke to the TUC in Bournemouth on the 7th of September 1988 and he was a great success. He was treated more like a political leader than an international administrator. His four themes were: the preservation of a European model of society; that Europe must master its own destiny; that there must be cooperation and solidarity because "it is impossible to build Europe only by deregulation;" and he said that "the social dimension is a vital element." (2)

Delors *leitmotiv* reiterated his beliefs and his arguments with Thatcher. He repeated his personal conviction when he said that the European model was a balance between society and the individual. (3) He illustrated his point further, saying the EC must be concerned with "cooperation as well as competition", and he called it "individual initiative and solidarity." (4) He said "unemployment is our major challenge" and the "social dimension is very important." (5) He included other member states in his argument when he said that the Hanover Council of June 1988 had agreed that the SEM needed to be for the benefit of all and that it would not harm social welfare. He returned to his fear of the SEM without regulation; that it would lead to the undermining of working conditions. According to Delors, "Europe must not be the road to social regression." (6)

His next theme was European level collective bargaining: "....social

dialogue and collective bargaining are essential pillars of our democratic society and social progress." (7) Thatcher took exception to that statement and it was the excerpt she used in her memoirs.

The delegates appreciated the point because they had been excluded from any role of influence since 1979; many thought they had more in common with the social democratic views of Europe than with Tory Britain. Peter Shore said they were "reviled at home and welcomed into Europe." (8) To John Cole, the unions had been more than reformed, they had been "submerged." They were "still a significant factor in the economy, except that ministers refused to acknowledge this." (9) This exclusion of the TUC from decision making or, as Cole called it, "ideological blindness", provided a division of opinion between the Tory party and all the other parties of the right in Europe. "Ministers have discovered to their horror that Europe still believes in tripartism - cooperation between the social partners (industry and the unions) and the government." (10) Cole said that Thatcher described the German system of "*mitbestimmung*" which included worker-directors as "Marxist thinking." (11) These divisions illustrated the different views on regulation (and deregulation) between the British, especially Thatcher, and the European approach, epitomized by the German desire for consensus, statute and parameters within which the market would operate. (12)

The speech did much to remove the unions' hostility to the EC and the SEM and was the beginning of their conversion towards a

pro-European stance after years of either ignoring the EC, or opposition, when they treated it as a capitalist club. To quote Norman Willis:

I saw much evidence in Europe that the social partnership is part of the economic success. We realised that we must not put up with the European Community but make the best of it. And we got a response from the Community that was totally lacking from the government. We found a home in social Europe, not just on the rebound, but in a positive sense. I believe that we have a responsibility to show that European democracies can deliver the goods economically. (13)

Following Delors' speech, Ronald Todd the leader of the Transport Union, stated the view of many TUC members when he called Europe "the only game in town." (14) Delors also attempted to allay fears of a federalist European super-state: "You dear friends will remain British....we all retain our individual way of life.... and our culture." (15)

He closed with the argument about the meaning of the SEA: "1992 is much more than the creation of an internal market, abolishing barriers to the free movement of goods, services and investment. To capture the potential gains it is necessary to work together. Dear friends, your movement has a role to play. Europe needs you." (16) He was asking them if they could afford, from their position of domestic weakness, to ignore Europe. Those final comments must have inflamed Thatcher.

Thatcher saw the visit as an attempt to gain support for the Commission and the Social Charter from left wing groups in Britain and to encourage them to lobby Brussels. All were contrary to her beliefs and went against everything she had been trying to achieve since 1979. She resented any other source of power, especially from the TUC, whom she blamed for many of Britain's problems and she distrusted them as much as she distrusted Delors. She said Delors had "slipped his leash as a *fonctionnaire* and become a fully fledged political spokesman for federalism." (17)

Both he and the TUC were obstacles in the way of her revolution and she recognized a common enemy. Delors defended himself: "She cannot find a single passage in which I interfered in Britain's domestic politics. My goal was to change the stance of trade unions. I succeeded." (18) He also succeeded in enraging Thatcher. Howe has written: "The standing ovation which he received from the brethren fuelled the flames at No 10." (19) Thatcher's reply was not long in coming and on the 22nd September 1988 she delivered the Bruges speech. (20)

It was to be Thatcher's most controversial speech concerning the EC. The FCO and Howe attempted to "tone it down" but to no avail. Powell informed the FCO: "I've been told to tell you that the first draft will be done in Downing Street." (21) James Dickie has written that about 40% of the speech was from the FCO but Powell made it more anti-European and, to Dickie, the "knuckle duster stuff" was pure

Thatcher; it was an "arrow at the heart of Jacques Delors." (22)

Realizing what was to happen, Howe had "given up the struggle and gone off to Africa." (23)

Her criticism of the EC was wide ranging: She objected to Delors, a non-elected civil servant, becoming identified with federalism. Although she did not name him directly it was obvious whom she was attacking under the name of the Brussels bureaucracy. She rejected supra-nationalism and any enhancement or spillover from the SEA, to giving more power to the Commission or EP, and to the push towards EMU or the social dimension. She believed those socialist principles were on the agenda instead of the real necessities, which were dealing with the practical problems and the making of free markets.

Although accepting that on some issues Europe needed to speak with one voice, she wanted no "identikit European personality" and resisted an extension of areas of competence of the Commission: "I am the first to say that on many great issues the countries of Europe should try to speak with a single voice. But working more closely together does not require more powers to be centralized in Brussels or decisions to be taken by an appointed bureaucracy..." (24) Her language was emotive and she linked the EC with the Soviet Union and Eastern Europe, which spent years shaking off centralization and stagnation. She equated supra-nationalism with the Eastern command economies: "It is ironic that just as those countries such as the Soviet Union which have tried to run everything from the centre, are learning that success

depends on dispersing power and decisions away from the centre, there are some in the community who seem to move in the opposite direction." (25)

Her most notorious phrases were reserved for what she saw as the dangers to her neo-liberal economics: "We have not successfully rolled back the frontiers of the state in Britain only to see them re-imposed at a European level, with a European super state exercising a new dominance from Brussels." (26) To Lawson this was "a perfectly valid sentiment" which was changed in tone by Ingham's press briefing, addressed to people, few of whom had read the text of the Bruges speech. He thought the new tone reflected more her own feelings: "intensely chauvinistic, and particularly hostile to the Community." (27)

She reiterated her views on the SEA: "We must have the European single market with the minimum of regulations - a Europe of enterprise." (28) She repeated her non-acceptance of the concept of the SEA as a stepping stone for further integration: "...it is matter of plain common sense that we cannot totally abolish frontier controls if we are also to protect our citizens from crime and stop the movement of drugs or terrorists and of illegal immigrants." (29) This undermined the integrity of her partners because she was accusing them of being unable to maintain border controls and showed little faith in a genuine single market.

She believed the other members, despite what they said, would object to the loss of power which would result from projects such as EMU. In



her memoirs, she enlarged upon her critique of other members: Italy had such unstable government that it would favour control from Brussels and small states like Belgium would have more power in a more integrated Europe. What she did not mention was the Franco-German axis and the French belief that only through the EC would they maintain world influence and use German economic power for the good of Europe. She spoke in such a confrontational style and with such rhetoric that the important points like the democratic deficit were lost in a torrent of nationalism and vilification. The speech naturally created resentment in the EC and increased Britain's isolation. The other members were being made scapegoats for not following her ideological vision of the EC. She finished with a warning not to replace NATO with the WEU and thereby exclude the US. (30) It was a summation of all her views on Europe and it put Britain in a minority of one on most issues. Delors, interviewed by Michael Elliott (1996) said she "tried to demonize Europe" and Butler, called it "dangerous stuff." (31)

There was a division of opinion at the heart of government, between its senior members and within the Conservative party. (32) The Bruges speech's nationalist rhetoric appealed to her right-wing followers who, as a result, formed the Bruges group, whose main concern was the repatriation of powers back from the EC. To Ridley, she "translated her own philosophy for Britain onto a European scale" and this made anathema of market interference like the social dimension. (33) By

contrast, Lawson called it xenophobic, (34) and Howe considered her "negative speech" a mixture of "caricature and misunderstanding" and her belief that the Commission would replace the Council of Ministers as the decision-making body as "pure fantasy." (35) Howe wrote: "I began to see her - I do so more clearly now" (1994) as part of the anti-Europe lobby in the Tory party, but she had to continue as Prime Minister of a member country. This contradiction he described in his memoirs "...like being married to a clergyman who had suddenly proclaimed his disbelief in God." (36) He even believed she had been anti-EC for years. (37)

Howe seems to simplify her position; she was not anti-EC when she envisaged just a free trade club; it was the evolution of the EC and its state building, especially when this affected the market, which caused her to turn against the EC so venomously. Howe concluded that the party was being split by the defection of its own leader and he later wrote that, "it was at this moment at which there began to crystallize the conflict of loyalty with which I was to struggle for perhaps too long." (38)

Despite the impression given, the speech did show her commitment to the EC but, as with everything, it had to be on her ideologically motivated terms. The negative feeling created by the speech made it harder for her to get her own way on other aspects of the SEM and it increased her isolation. These various opinions were all partially correct but perhaps her ideological soulmate and intimate Ridley was nearer the

truth when he talked of philosophy.

She wanted Thatcherism exported to Europe, with the SEA helping to create a *liberal deregulated market* and no more; the questions of sovereignty and supra-nationalism were part of this overall critique of the EC. In her desire for this, she issued an apocalyptic warning, created a false argument and she was ridiculed for xenophobia by Howe in his resignation speech. She was perhaps a Don Quixote tilting at windmills, seeing danger where there was none.

The ideological gulf between Thatcher and the rest of the Community had become wider, resulting in there being no shared vision. She believed she alone could see the dangers ahead and, to her, the other members were dupes of the Commission or enemies of the integrity of the British state. They were now all classed together, the EC was full of demons and "ill intentioned people" and only she could see the logic of a liberal orientated SEM.

It was an exposition of the concept of the stateless market and illustrated Kapteyn's point regarding the fear of transferring sovereignty in order to transfer former national controls to a European level. Its tone, whether real or interpreted showed the dangers of the pure stateless market; the retreat behind nationalist barriers and the danger of ending economic liberalization. Kapteyn calls Thatcher's view a mixture of free market liberalism, in which negative competition grips the market, and incompatible nationalism, which will destroy the SEM. (Scenario 1) Kapteyn gave an example of this contradictory position of

Thatcher. She attacked the EC for excessive fraud and blamed its existence on Brussels. However, she would not countenance a transfer of more power to Brussels in order to fight fraud. (39) Bruges summed up her view on a transfer of more functions to Brussels: "There was no transfer of sovereign rights in her vision of the Community. It offended her nationalism and would only frustrate the free market mechanism."

(40)

The Bruges speech brought a retort from Delors, also at Bruges on 17th October 1989. In it, he restated his personalist belief in individualism tempered by community, appealed for European solidarity, for a social dimension to the EC, in the belief that it was not just a capitalist club. He emphasized its need for strong central institutions to help it to compete with the rest of the world. He said he wanted an IGC on EMU and one on political union, as well as a maximalist CFSP using QMV and reform of the institutions. He defended the Social Charter and linked it to events in the east: "Think of the effect in Prague and Warsaw and elsewhere when the EC declares solemnly, by means of the Social Charter, that it will not subordinate fundamental workers' rights to economic efficiency." (41)

Then, in answer to Thatcher's attack: "...we have to unite old nations, strong in their tradition and personality. So there is no plot against the nation, no one is being asked to give up a legitimate patriotism." (42) He used the events of 1989 to promote greater unity and, rather than calling it the "end of history", he called it the acceleration of history.

He emphasized the need more than ever for Franco-German cooperation, the need for closer union to deal with new members and to provide aid to the East.

He was defending again the proposals for European state building, for avoiding the purely "stateless market" and as with earlier clashes with Thatcher, showed the other extreme of the European debate.

(Kapteyn's second scenario) (43)

The Bruges speech may have stung Delors into that defence of his position, but it was at home and with her own party, that the Bruges speech would produce its most damaging and ultimately self-destructive affects on Thatcher.

## 7. THE MAJOR SPEECHES.

- 1 Willis, N, quoted in, Sampson, A, *The Essential Anatomy of Britain* (London, 1992), p. 139.
- 2 Delors, J, *The Report of the 120th Trades Union Congress, 5th-9th September, 1988*, in Bournemouth. Reported by M. Cherer, Official Reporters. (London, 1988), p. 568. See also Lawson, N, *The View From Number Eleven* (London, 1993), p. 907. "The Theme of control rather than deregulation could not have been more clearly expressed, nor a more explicit rejection of the British government's vision of Europe." Woolcock, S, et. al., *Britain, Germany and 1992* (London, 1991), p. 95. The British government stressed the need for the market to be open, especially in the period leading up to the Rhodes summit in December 1988, when a debate on fortress Europe was at its height.
- 3 Delors, J, Speech to the TUC, p. 568.
- 4 Ibid.
- 5 Ibid.
- 6 Ibid.
- 7 Ibid., p. 570.
- 8 Shore, P, interviewed in, Elliott, M, *The Poisoned Chalice* (BBCTV, 1996).
- 9 Cole, J, *As It Seems To Me* (London, 1995), p. 306.
- 10 Ibid.
- 11 Ibid.
- 12 Woolcock, et. al., *Britain, Germany*, pp. 94-114.
- 13 Willis, N, quoted in, Sampson, *The Essential Anatomy*, p. 139.
- 14 Todd, R, (General Secretary of the Transport and General Workers Union) speech to the TUC, in Elliott, *The Poisoned Chalice*. See also, George, S, *Politics and Policy in the European Community* (Oxford, 1991), p. 216. "British trade unions came to see the prospects of improving conditions of their members better at the community level than at the national level." Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 89. Thatcher helped this conversion: "...if she hated the EC so much, there had to be

something good about it." Kapteyn, P, *The Stateless Market* (London, 1996), p. 147. The TUC's influence had been at state level and the lack of a European state has meant they had little influence in Europe. "They should organize themselves at European level but are caught in the dilemma of the transfer of decision making to a European level." Their influence is therefore less than business.

- 15 Delors, J, Speech to the TUC, p. 570.
- 16 Ibid.
- 17 Thatcher, M *The Downing Street Years* (London, 1993), p. 742. See also Powell, C, quoted in, Grant, *Inside The House*, p. 89.
- 18 Delors, J, quoted in, Grant, *Inside The House*, p. 89. See also, Elliott, *The Poisoned Chalice*. Delors sanctified the TUC by attending and wanted the left to love Europe.
- 19 Howe, G, *Conflict of Loyalty* (London, 1994), p. 537. See also, Lawson, *The View From*, p. 907. The FCO thought the invitation might make the unions and the Labour party less hostile to the EC. ".... it was scarcely a triumph of diplomacy to have been instrumental in greatly widening the already dangerous rift between the British Prime Minister and the President of the European Commission." Powell, C, interviewed in, Elliott, *The Poisoned Chalice*. Powell called Thatcher's reaction "volcanic." Young, H, *One of Us* (London, 1993), p. 549. Thatcher was "roused to fury." Powell, C, quoted in, Grant, *Inside The House*, p. 89. They felt Delors had "spoiled " a successful period of the EC when they had been able to "focus on enlargement and the single market." Ibid., Thatcher was enraged because Delors delivered his speech in Britain. Elliott, *The Poisoned Chalice*. Thatcher's temper was not improved when she discovered the FCO had arranged Delors visit. Howe "wanted to build bridges between the UK and Europe."
- 20 Lawson, *The View From*, p. 907. "Later that same month it was Margaret's turn to put the boot in, with her famous Bruges speech."
- 21 Powell, C, quoted in, Young, *One of Us*, p. 548. See also, Elliott, *The Poisoned Chalice*. Powell said Thatcher returned early from her holidays on another matter, then rather than going back on holiday she wrote the Bruges speech.
- 22 Dickie, J, *Inside the Foreign Office* (London, 1992), p. 282.
- 23 Ibid. See also, Howe, *Conflict of Loyalty*, p. 537. "...my people had given up the tussle." "I had myself departed for a tour of East and

- Central Africa on 10th September."
- 24 Thatcher, M, Speech to the College of Europe, Bruges, 20th September 1988. *Britain and Europe: The Bruges Speech* (London, 1988).
- 25 Ibid.
- 26 Thatcher, *The Downing Street Years*, p. 744.
- 27 Lawson, *The View From*, p. 907. See also, Ingham, B, interviewed in, Elliott, *The Poisoned Chalice*. He had to brief the press in simple terms; it was no good being subtle with the tabloid press. The accusations and counter accusations regarding Ingham's briefing of the press are explored further in the next chapter.
- 28 Thatcher, *The Downing Street Years*, p. 744.
- 29 Swann, D, "The Single Market and Beyond - An Overview", pp. 3-25 in D. Swann (ed), *The Single European Market and Beyond* (London, 1992), p. 18.
- 30 Thatcher, *The Downing Street Years*, p. 744.
- 31 Delors, J, and Butler, M, interviewed in, Elliott, *The Poisoned Chalice*.
- 32 Elliott, *The Poisoned Chalice*. The Bruges speech has now become the symbol of Tory divisions over Europe.
- 33 Ridley, N, *My Style of Government* (London, 1991), p. 146.
- 34 Lawson, N, interviewed in, Elliott, *The Poisoned Chalice*.
- 35 Howe, *Conflict of Loyalty*, p. 537.
- 36 Ibid., p. 538.
- 37 Howe, G, quoted in, Young, *One of Us*, p. 550. It was the accident of office which prevented her opposing entry and that she played only a "slight part" in the 1975 referendum campaign. See also, Benn, A, *The Benn Diaries* (London, 1995), p. 310. Benn was told that Thatcher stopped the Tory constituency parties working flat out for a "yes" vote. This was the price demanded by the anti-marketeers for their support of her in the leadership election.
- 38 Howe, *Conflict of Loyalty*, p. 538. See also, Cole, *As It Seems*, p. 306. A traditional Tory looking at events after Bruges: "This government believes its own propaganda about Britain's success."



We're in danger of finishing up as a rainswept island off the coast of Europe." Swann, "The Single Market and Beyond", p. 25. Holland, M, *European Community Integration* (New York, 1993), p. 55. Thatcher believed the EC should be built around the active cooperation of independent sovereign states. Taylor, P, "The New Dynamics of EC Integration", pp. 3-25 in J. Lodge (ed), *The European Community and the Challenge of the Future* (London, 1989), p. 22. She saw a role for the Commission and the speech was concerned with striking a balance between supra-nationalism and national sovereignty; to slow the integration process and salvage some sovereignty. George, *Politics and Policy*, p. 185. George called her view "a resistance to the logic of spillover and that she was reminding many of de Gaulle's stance on the issue." Defarges, P, "John Bull's Divided Love", p. 20 in *The Guardian*, 27th September, 1994. Her view was "deregulation, intergovernmental cooperation and a strong alliance with the US." He also pointed to her fear of the Commission and its protectionism.

39 Kapteyn, *The Stateless Market*, p. 110.

40 Ibid.

41 Delors, J, quoted in, Allen, D, "The European Community and the New Europe", pp. in D. Swann (ed), *The Single European Market*, p. 233.

42 Delors, J, quoted in, Grant, *Inside The House*, p. 130.

43 Kapteyn, *The Stateless Market*, p. 69.

## 8. DEPARTURE: THE PRAGMATIC SURVIVOR, NO NO NO AND TREACHERY WITH A SMILE ON ITS FACE.

The end of Jacques Delors' decade as President of the European Commission coincided with the downward cycle of his strategy. (1)

After her third general election victory in 1987, she developed an arrogant sense that she was politically immortal. (2)

This assessment has concentrated upon the differences between the principle antagonists. However, there were similarities, because both had an ideological belief in their actions, the desire, force of character, courage and the willpower to turn ideas into reality. Both had the ability to use power to achieve their ends and to dominate, especially their immediate subordinates.

The reason for the political survival of Delors and not of Thatcher was perhaps his ability to compromise, to listen to argument and to steer the course he believed to be successful rather than the "correct" one. Despite his ardent personalist and socialist beliefs, he was a pragmatist: "I have tended to favour a pragmatic approach of putting forward an objective and suggesting a strategy." (3) To Ross he had "...a vision and a strategy. The Community had a brief window of opportunity to deepen itself before a menacing international market system dominated by the Americans and Japanese crashed in on it." (4) He always believed his job was to provide ideas, momentum and initiative and in that goal he succeeded.

He could accommodate and with great skill keep most people on board for his European vision. Delors gained influential friends from

both left and right, the most important being Kohl and Mitterrand. He was prepared to start with the single market, to slowly introduce more and to move away from the stateless market. He could skilfully use European rhetoric, although he used it on occasions to invoke French concerns. He intended to achieve his goal, not by Thatcher's method of attacking opponents but by smaller steps using coalition building, moral pressure and in some cases apocalyptic warnings: "Too often Europe had hung about arguing on the station platform while history's trains have departed." (5)

In his first Commission he worked with and became close to Cockfield and Natali, both of whom worked closely with him, especially during the SEA process. In the second Commission, he would not overrule strong commissioners like Andriesson, Bangerman and especially Brittan. Ross made the point that this inner core of commissioners were all liberals but Delors still managed to achieve much, perhaps because they argued among themselves as much as with him. (6) However, he would have public rows with Brittan, a "diplomatically regulated state of conflict" and Macsharry, especially when the subject was close to his heart, like the CAP and EC negotiations during the GATT Uruguay round. (7) Ross commented that Macsharry became Delors' *bêtes noires* "to the point that Delors overlooked the agriculture commissioner's considerable merits as a negotiator." (8)

Even when in a minority, he resisted US bullying over GATT when

his traditional French distrust of the US came to the fore. He always emphasized the rights of workers, especially farmers, whom he believed were at the very heart of the French community. Although he never forgot his roots or his instincts about protection he did on occasions, put EC interests ahead of both French national interests and his socialist belief. Delors was thus distrusted by the *Parti Socialiste*, which he did not officially join until 1979. He even received the ultimate insult from the French press, that he was "a creature of Anglo-Saxon liberalism." (9)

He seemed more of an internationalist than a nationalist. His message was that a Europe which remained a collection of competing nation states would be weakened in the face of global competition and global problems. Like Monnet, he believed that the states of Europe had a common history much older than the cold war and that they should be able to manage joint policies. Delors wrote: "What is essential said Jean Monnet is that there should be no more separate national actions, but European actions instead." (10)

In his article "Europe's Ambitions," he wrote about economic blocks taking shape and how Europe was at a disadvantage by not having penetrated the Japanese market. He wanted Europe to preserve its cultural identity in the face of US influence and believed it should go further than the Lomé conventions in its relations with the third world. (11) To him, the SEM seemed an acknowledgment of the world moving into economic blocks and that the EC's dominant economic

position gave it responsibilities and a political role which could only be reconciled with a federal type structure. (12)

His "Russian Dolls" strategy, came very close to success but in the end he was frustrated by events. Recession, German reunification and the later referendums in Denmark and France perhaps did more damage than the famous handbag. The referendums illustrated the danger of politicians pushing too far ahead of public opinion and they made Delors feel uncertain about Europe's future.

Delors retired with grace at the end of his term. His ambitions and visions were unfulfilled, but the qualified success of his presidency laid the foundations for future EC development. He also appeared to have a future in French politics.

Cockfield thought "the highpoint of Jacques Delors' ambitions for rapid progress to European Union" came at the Rome Council in October 1990, when the member states agreed to set up an IGC on EMU and one on political union. This Council also provided the "trigger" for the events which led to the downfall of Thatcher. (13)

By contrast with Delors, Thatcher was destroyed by her own party. Although a pragmatic realist in high politics, for ideological reasons she was aggressive, impatient and intransigent when dealing with the EC. Through this attitude she destroyed the support of her longest serving Cabinet colleagues and, according to Howe, she progressively "curtailed Cabinet debate." (14) She ultimately dissipated the support of her own followers in the party, many of whom were more concerned about their

own survival than about her concerns about Europe.

Her report on the Rome Council and her performance at the despatch box from 3.30pm on 30th October 1990 was perhaps the time when she really lost control. Her attack upon the EC was so venomous, emotional and full of vilification that it could have been an attack upon Argentina, Arthur Scargill or others she considered to be enemies of the state. According to Cole, Douglas Hurd and others had worked carefully on the text, in order to "keep a divided Conservative party appearing as united as possible." (15) This proved a fruitless task. On the subject of EMU, Thatcher said: "And again I emphasized that we would not be prepared to have a single currency imposed upon us, nor to surrender the use of the pound sterling as our currency." (16) Later in the same speech she repeated her criticism of the EC which, in her opinion, would not discuss what she wanted to talk about: "The Community finds it more difficult to take the urgent detailed decisions than to discuss longer term concepts." (17) Neil Kinnock's reply touched upon the pertinent question of why she signed the SEA: "In 1985 she whipped and guillotined the SEA through the House. In June 1989 at Madrid she formally agreed with other heads of government to be determined to achieve the progressive realization of economic and monetary union...." (18)

This criticism of her apparently contradictory position, and subsequent questions from the House, provoked the famous reply and attack upon her former colleague Brittan, Delors, the Commission and

all its works. To Cole, the question and answer session was when Thatcher's "stream of consciousness tended to take over from Whitehall caution." (19) "As a friend of Hurd's said later, she was bowled à soft ball and could not help hitting it out of sight." (20) This reply cost Thatcher Howe's support and her premiership:

Leon Brittan is a loyal member of the Commission. Yes the Commission wants to increase its powers. Yes it is a non-elected body and I do not want the Commission to increase its powers at the expense of this House, so of course we differ. The president of the Commission M. Delors said at a press conference the other day that he wanted the European Parliament to be the democratic body of the Community the Commission to be the executive and the Council of Ministers to be the senate. No No No! (21)

During those exchanges she repeated all her old antagonisms: the Commission was striving to extinguish democracy, to put power in the hands of non-elected officials and EMU was the backdoor to federalism. (22)

The results of this exchange brought applause from fellow Eurosceptic's but others, including Howe, were dismayed. The party that had started Thatcher's reign as the party of Europe had become hopelessly and deeply divided. Cole observed that, "the faces of Geoffrey Howe, Douglas Hurd and John Major behind her on the front bench were studies in inscrutability." (23) This was too much for Howe

and he resigned. Despite the public comments of Ministers to the contrary, there was unrest in the party after the resignation of Howe. To Lawson, Howe's resignation "was chiefly dictated by Margaret's notorious no no no assault on Jacques Delors and the European Commission." (24) Cole presumed it was Howe's resignation which "undermined her" because he had been her deputy (in title rather than reality) for fifteen months and her ally in countless battles for many years. (25) Howe was greatly perturbed by her tone and said so in his memoirs. He saw the danger of her fighting the next election on that nationalist platform; (26) a position which also removed her from the "centre of gravity of her own Cabinet." (27)

The nationalist platform was echoed in the tabloid press, which Ingham "could most readily influence." (28) The chauvinist and xenophobic flavour of the "Up yours, Delors" article illustrated the danger of that type of popular nationalism taking hold and devaluing political debate. (29) That attitude was perhaps the simplistic down-market result of the infamous "Diet of Brussels" European election campaign, which brought such disastrous results and put both the Labour party and Michael Heseltine's supporters in the opposing camp concerning Europe. (30)

Howe saw Thatcher's views as a decisive break with the past, away from the thirty-year vision of Macmillan's concept, and perhaps more important, "she was breaking with Europe....the logic of Bruges taken to extremes.... and I had to break with her." (31) He came to the



"regretful conclusion" that it was time for him to leave. (32) His letter of resignation again highlighted the Messina scenario, when he had said the mood she struck made it more difficult for Britain to influence events in Europe. (33) Her reply still talked of the "party of Europe." (34)

Howe, who had supported Thatcher for many years, split with her over their conflicting approaches to Europe. Both supported the concept of the stateless market and the free trade and open market which that entailed but he wanted Britain to be involved in the momentum which followed it. He was more pragmatic than Thatcher and saw greater British influence in Europe by being on the inside, contributing to the debate over, for example, EMU rather than obstructing it. Although with a different political belief, Howe like Delors was prepared to be pragmatic on European issues and would compromise and reach a consensus. In contrast to them both, Thatcher resorted to overtly nationalist rhetoric to support her socio-economic objections to change in the EC and found it increasingly difficult to differentiate between the two.

Following talk that he did not disagree with government policy, Howe made his resignation speech on 13th November 1990 and it led to Thatcher's demise. With great skill and quiet venom, he opened the door to a challenge to her leadership and illustrated her paranoia and personal animosity against Delors and what she perceived as the threat of the EC.

We must at all cost avoid presenting ourselves yet again with an over simplified choice, a false antithesis, a bogus dilemma between one alternative, starkly labelled cooperation between independent sovereign states and a second crudely labelled alternative centralized federal super-state, as if there were no middle way between....the nightmare image sometimes conjured up by my RHF, who seems sometimes to look upon the continent that is positively teeming with ill intentioned people scheming in her words to extinguish democracy to dissolve our national identity and to lead us through the back door to a federal Europe. (35)

The speech persuaded Heseltine to make a challenge for the leadership, for which he had been waiting since resigning from the Cabinet in 1986. He took sufficient votes to successfully wound her and to cause her to resign, following the high drama of the ballot result and her consultation with the Cabinet. (36) Alan Clark provided a cynical view of the events: "There are no true friends in politics. We are all sharks circling, and waiting, for traces of blood to appear in the water." (37) "The poisoned chalice had claimed its most eminent victim." (Europe) (38)

There were several reasons for her defeat. Many in the party did not see Europe as a danger, as she did. They had grown tired of the hectoring and wanted a change of policy over Europe, which many felt she was handling badly. Many agreed with Howe, who felt her position

was leading to isolation. Perhaps most importantly, there was a danger of splitting the party. There always existed an ideological rift in the Conservative party between the dry neo-liberal right-wing faction which was sceptical about Europe and the one-nation Tories who were more accommodating. The split meant that, when it came to the crux of the matter, she lost the support of her Cabinet, with whom she had become less dominant after the sacking of her "wet" opponents in 1981. (39)

By 1990, she was isolated in Cabinet and the forced resignation of her staunch ally Ridley was crucial: "He was her last truly loyal friend, the last of the Thatcherites, who were in government with a consistent ideological purpose." (40) He was bitter about her demise and said her critics were motivated by personal animosity towards her and a "desire to be loved in Europe." He put the reasons for her removal down to ideology, her free market approach and the EC's instinctive desire for protection. (41) Lawson gave an additional motive when he said the conservatives felt they could win the election under another leader. His criticism of her was damning: "She had become reckless over Europe, reckless over the poll tax, reckless over what she said in public and reckless over her colleagues." (42) Government unpopularity, the poll tax and the obvious divisions at the heart of government contributed to her fall but, to John Young, European policy was one of the most important. (43) Europe was the anvil which broke her and her ideological myopia on the issue meant that she did not realize she had lost the support of her party. Howe made the point that she equated

herself with Britain and that criticism was unpatriotic; her own sovereignty was linked to the nation's sovereignty. (44) When he was interviewed recently by Hugo Young, Delors said "I may have been a pawn in an internal British debate." (45)

Delors did not rejoice that his tormenter had gone and later, by way of a compliment, he compared her to her successor: "I never wasted my time when I talked with her. She was always well informed on economic and monetary matters." (46) Delors knew that she was the greatest unifying force for the other members and that, without her, divisions would soon appear. Lawson judged: "By 1989 she had become the Community's great unifying force - and the unity she had forged was a unity against the UK." (47) The pragmatist Delors, his dream denied, lived to fight another day and departed with honour. Thatcher's reward for never losing an election was "treachery with a smile on its face." (48)

8. DEPARTURE: THE PRAGMATIC SURVIVOR, NO NO NO AND TREACHERY WITH A SMILE ON ITS FACE.

- 1 Ross, G, *Jacques Delors and European Integration* (Oxford, 1995), p. 327.
- 2 Cole, J, *As It Seems To Me* (London, 1996), p. 285.
- 3 Delors, J, Speech to the EP, 17th January 1990, *Bulletin of the EC*, Supplement 1/90, p. 12.
- 4 Ross, *Jacques Delors*, p. 76.
- 5 Delors, J, *Our Europe* (London, 1992), p. 23.
- 6 Ross, *Jacques Delors*, p. 160. Frans Andriessen: Commissioner for Foreign Affairs who "resented his international presence."  
Martin Bangemann: Commissioner for the Internal Market.
- 7 Ibid. Ray Macsharry: Commissioner for Agriculture.
- 8 Ibid.
- 9 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 111.
- 10 Delors, *Our Europe*, p. 153. See also, Monnet, J, *Memoirs* (London, 1978), p. 522. Like Monnet, Delors believed that it was no longer viable for effective separate actions by ancient nation states in a modern world.
- 11 The Lomè Conventions are a series of trade agreements between the EC and the ACP states. (African, Caribbean and Pacific states)
- 12 Delors, J, "Europe's Ambitions", pp. 14-27 in *Foreign Policy* No 80 Fall 1990.
- 13 Cockfield, A, *The European Union* (London, 1994), p. 148.
- 14 Howe, G, *Conflict of Loyalty* (London, 1994), p. 539.
- 15 Cole, *As It Seems*, p. 366. Douglas Hurd: Northern Ireland Secretary 1984-85, Home Secretary 1985-89, Foreign Secretary 1989-95.
- 16 Thatcher, M, *Hansard*, Vol 178, Col 869, 30th October, 1990.
- 17 Thatcher, M, *Ibid.*, Col 871.

- 18 Kinnock, N, *Ibid.*, Col 871. Neil Kinnock: Leader of the Labour Opposition 1983-92.
- 19 Cole, *As It Seems*, p. 366.
- 20 *Ibid.*
- 21 Thatcher, M, *Hansard*, Vol 178, Col 873.
- 22 *Ibid.*, Col 876.
- 23 Cole, *As It Seems*, p. 366. See also, Young, H, *One Of Us* (London, 1993), p. 577. Thatcher hurled "restraint to the winds" and seemed "high on power."
- 24 Lawson, N, *The View From Number Eleven* (London, 1993), p. 899. See also, Young, *One of Us*, p. 577.
- 25 Cole, *As It Seems*, p. 366. See Lawson, N, interviewed in, Tibbarnam, P, *The Downing Street Years* (BBCTV, 1993). "To Margaret Thatcher, Geoffrey Howe was a cross between a door mat and a punch bag."
- 26 Howe, *Conflict of Loyalty*, p. 661.
- 27 *Ibid.*, p. 645.
- 28 Lawson, *The View From*, p. 467. See also, Lawson, N, interview in, Tibbarnam, *The Downing Street Years*. Ingham could most readily influence the Sun newspaper. Biffen, J, interviewed in, Young, H, *The Thatcher Factor* (Channel Four). Both accuse Ingham of undermining their positions. Biffen became a "semi-detached" member of the Cabinet. Bernard Ingham is accused of influencing more newspapers than the Sun. See also, N. Comfort (ed), *Brewers Politics*, (London, 1995), p. 689. "The Yorkshire Rasputin." "...the belief of the liberal media that he was able to manipulate both the press and the government itself on Mrs Thatcher's behalf." Harris, R, *The Good and Faithful Servant* (London, 1990), pp. 83-106. He is also accused of undermining Francis Pym. Ingham has denied the accusations regarding the tabloid press, see Ingham, B, interview in, Tibbarnam, *The Downing Street Years*.
- 29 *The Sun*, 1st. November, 1990, News International. It asked its readers to "tell the French fool where to stuff his ECU," it wanted its patriotic readers to tell "the feelthy French to frog off" and that it was now time to "kick them in the Gauls."

- 30 The "Diet of Brussels" European election results were a disaster and continued a downward trend for the Tories, from winning 60 out of 78 seats in 1979 (80%), to 45 out of 81 in 1984 (55%), to 32 out of 81 in 1989 (39%). Accepting that the 1984 and 1989 elections were held at a time of unpopularity for the government, it seems that despite her domestic success with huge majorities, Thatcher was losing the argument over the EC. The 1989 turnout of just 32% points to apathy on the part of the people despite the importance she placed on the issues. Michael Heseltine: Environment Secretary 1979-83, Defence Secretary 1983-86. Leadership challenger to Thatcher 1990.
- 31 Howe, *Conflict of Loyalty*, p. 645.
- 32 Ibid., p. 650.
- 33 Ibid., p. 651.
- 34 Ibid.
- 35 Howe, G, *Hansard*, Vol 180, Col 460-461.
- 36 In the leadership ballot amongst Conservative MP's 45% voted against her. The "Home" rules then used meant she was mortally wounded.
- 37 Clark, A, *Diaries* (London, 1993), p. 373.
- 38 Elliott, M, *The Poisoned Chalice* (BBCTV, 1996). Thatcher became the latest political victim in a long line of resignations in which Britain's relations with the EC played a part: She joined Brittan and Heseltine who went following the Westland fiasco in 1986 and true believers Lawson in 1989, Howe and Ridley in 1990. Lawson and Howe became so alienated that they assisted in her downfall.
- 39 Thatcher's allies from the great economic debates of the early years, Howe, Lawson, Tebbit, Brittan and Ridley had all left the Cabinet and left her short of natural allies.
- 40 Young, *One Of Us*, p. 572.
- 41 Ridley, N, *My Style of Government* (London, 1991), p. 161.
- 42 Lawson, *The View From*, p. 93.
- 43 Young, J, *Britain and European Unity* (London, 1993), p. 160.
- 44 Howe, *Conflict of Loyalty*, p. 691.

- 45 Delors, J, interviewed in, Young, H, *The Last Europeans*, Channel Four, 1995.
- 46 Delors, J, quoted in, Grant, *Inside The House*, p. 90.  
See also, Ross, *Jacques Delors*, p. 88. Jolly Dixon, a member of Delors's team had a contrasting view: "The British under Major could be a lot more mischievous than they ever could under Thatcher. She usually maneuvered them into a corner. Everyone could then take for granted that they would not deal and ignore them."
- 47 Lawson, *The View From*, p. 900.
- 48 Thatcher, M., interviewed in, Tibbarnam, *The Downing Street Years*.



## 9. CONCLUSION.

Jacques Delors and Margaret Thatcher had more in common than either would care to admit. They stood out as rare ideologues in an age of grey and managerial politicians. (1)

There were several contributing factors to the antipathy between Thatcher and Delors. These included: concerns over national interest and identity; the influence of domestic party and internal party politics; the role of economic interest groups; and the views of elite groups.

However, this assessment has illustrated that their antipathy was intensified by a distinct socio-economic ideological divide. They had conflicting visions about the future of the EC and no meeting of minds over the fundamental issue of the role of the market in society, the role of the state and the relationship between the two.

Thatcher supported the neo-liberal criticism of the Keynesian consensus state and this she transferred to the EC. This added to her traditional British hostility and suspicion of Europe. She was a political realist, which contrasted with and came into conflict with the more integrationist views of the EC. She could negotiate successfully in high politics but when economics became involved she resisted like a zealot. Thus the arguments over the BBQ and CAP which had existed previously, were escalated and the rhetoric sharpened.

Her antagonism developed with Delors, whom she saw as the epitome of the EC and its culture. Her neo-liberal concepts came into conflict with the equally determined Delors, whose personalist, socialist and *dirigiste* doctrine provided his motivation and *grande mission*.

Personalism is a belief which is highly critical of liberalism.

Their attitude to the US also illustrated a division between the two. The role of the US and the special relationship with Britain have been a hindrance to Britain's involvement with the EC for many years. However, she wanted a very special relationship, especially during the Reagan years, and he had the French personalist and Gaullist suspicion of US economic and cultural motives.

The chasm between them over the future of Europe was illustrated in the post-1985 era of the EC, when the SEA and its ramifications became major issues. They worked in partnership to produce the SEA but both had different visions of it. Thatcher saw it as purely negative integration with the removal of all barriers to trade creating a *Europe sans frontiers* - a giant stateless market of an expanding community of nation states where the state, especially the potential European super-state, played a small role. There would be a total free flow of the market, which is described in Kapteyn's first scenario. Despite misgivings and a degree of self delusion, she agreed to the QMV and signed the SEA in the belief that it would create her vision. She seemed to be unaware of the possibility of the negative integration of the SEA becoming positive.

By contrast, Delors' interpretation was that the SEA was a stage on the road to greater integration. He did not want the stateless market, he wanted state-like structures to complement the market and this clash can be seen in the long running debates over the *paquet Delors*, EMU,

social dimension and political union. This is Kapteyn's second scenario.

She believed the *paquet Delors* was a move away from the free market towards protectionism, whereas he saw it as helping poorer members, increasing EC funds and a Europeanization of problem solving.

EMU was anathema to her because the fixed exchange rate conflicted with her monetarist belief in the control of the money supply to reduce inflation; she saw EMU as regulation, control and Keynesianism and that was her *bête noire*. By contrast, Delors saw the EMU as a political objective required to make the SEA work. He saw it all as one; the single market required a single currency and this natural progression from the SEA would be an integral part of EC state building.

To Thatcher, the social dimension would pervert and destroy the free flow of the labour market. It was European-style regulation where none was needed. She saw it as a return to corporatism, which stops enterprise and competition. Delors saw it as vital to provide social dialogue, to include everyone and not just the business community, to harmonize the social provision in the SEM and to prevent social dumping.

Political union was spurred by the reunification of Germany. To Thatcher, reunification meant a change in the balance of power and, through her old-fashioned realist stance, she tried to resist the inevitable. Political union was the sort of visionary language she hated when she believed there were greater priorities. To Delors,

reunification meant a speeding up of the process of political union, in order to tie the new larger and stronger Germany more closely to Europe. She resisted these attempts at European state building with strong rhetoric which in many cases did not match the reality. She stayed at the negotiating table, she did not invoke the Luxembourg compromise, but she became isolated.

The divide between Thatcher and Delors can also be seen in their contrasting views on regulation. Her extreme version of the traditional British reluctance to regulate compared to his more European view that regulation was a vital part of the system, which needed to be enshrined in statute and was required to make the market work.

Thatcher resented Delors promoting his views at the TUC and, in response, articulated her vision of Europe at Bruges. The clash was becoming more personal and Howe's attempts to bring them together failed. The Bruges speech, combined with the emotive venom and negative essence of Thatcher's no no no assault upon Delors, provoked Howe into following Lawson into resignation. Her comments showed a personal animosity towards Delors and their battle seemed to have become her *raison d'être*. The architects of Thatcherism had gone and she soon followed.

Thatcher's and Delors' views represented the extremes of the European debate, neither of which has come to fruition. Her vision of Europe failed because the negative integration of the stateless market has been regulated by the social dimension, EMU is a possibility and

political union is still on the horizon. However, Delors' vision of positive integration and European state building is still far from reality, with a great reluctance by member states to cede more power from each national forum. The realities of the EC are perhaps Kapteyn's Third Scenario, with limited progress towards integration and with intergovernmental bargaining diluting attempts at state building. The EC is more than the stateless market of Thatcher but less than the European state of Delors.

The divisions between the two were many, both political and personal, and overriding them all was an ideological chasm with no mutual comprehension of each other's point of view, which produced an argument between political zealots both of whom believed they were right.

## 9. CONCLUSION.

- 1 Grant, C, *Inside The House That Jacques Built* (London, 1994), p. 87.

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