



10 DOWNING STREET

THE PRIME MINISTER

4 November 1980

Dear Tony,

Thank you for your letter of 14 October about the Government's policy towards the European Community.

I am sorry that you think that some members of the Government have embarked on a "dishonest" campaign to "sell" Europe to the public. I know of no campaign of the kind you outline and I would not, of course, have anything to do with pulling the wool over the electorate's eyes.

It is however important clearly to explain the facts of our membership of the European Community. In doing that, there is no question of Ministers making a secret of our imports from the Community. The figures are published in Overseas Trade Statistics. They show that our imports from the Community have increased. The relationship between our exports to and imports from the EC since we became fully integrated into the Community's trading regime has shown a steady improvement. Over the last five years exports to the other Eight members have increased on average by 5 per cent per annum faster than imports from them as a result of which the export/import ratio has risen from 71 per cent in 1974 to 94 per cent in the first half of 1980. This has been achieved against the background of a deterioration in our global overseas trade performance. The deficit in our trade

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with the other Eight members in manufactured goods has grown; but that tendency was apparent long before we joined the European Community. Nevertheless here again our trade performance with the Community has been considerably better than in our global trade: in 1979 the increase over 1978 in manufactured exports to the Community was more than four times the increase in manufactured exports to the rest of the world in the same period.

As for the claim that we are resistant to changes in the Community, I would only refer you to Ian Gilmour's excellent speech to the Party Conference on 9 October, a major portion of which dealt with our ideas for the improvement and development of Community policies.

Finally I am not sure that I understand your juxtaposition between us being the party of Europe and the party of the United Kingdom. The two are not exclusive.

*Yours
Raymond*

Tony Marlow, Esq., M.P.

EEC

now

14th October, 1980.

Rt. Hon. Mrs. Margaret Thatcher PC MP,
Prime Minister,
10 Downing Street,
London, SW1.

I am most concerned that some Ministers seem to have launched a campaign to sell Europe to the public in a manner normally reserved for the sale of packaged soap. No half truth or distortion seems to have been left unused. We are being deluged with statistics on exports without a word concerning imports or, more importantly, the massive deficit in trade in manufactures. Any suggestion that existing arrangements should be tampered with bring forward quite implausible and misleading suggestions concerning damaging effects on employment.

Abandonment of the CAP on restoring some parts of trading policy to the UK is treated as if such moves would be the end of all European co-operation. Apparently, the campaign is justified on the basis that we are the party for Europe - if so, then who is to become the party of the United Kingdom?

Your premiership has shown that the United Kingdom is governable provided that it is told the truth. Given Labour's stance and the public's present perceptions, attempts to pull the wool over the electorate's eyes with regard to Europe could be electorally suicidal.

I have to say that so long as certain members of the party feel it necessary to continue what I consider a fundamentally dishonest campaign, I will feel bound to oppose it - as loudly, vigorously, and honestly as I can.

4. From: TONY MARLOW, M.P. for Northampton North



HOUSE OF COMMONS
LONDON SW1A 0AA

11th November, 1980.

Ian Gow, Esq MP,
Parliamentary Private Secretary to
The Prime Minister.

Dear Ian,

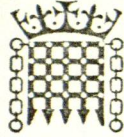
I attach a sealed copy of a letter to the Prime Minister. Also enclosed for your attention is a copy of the complete correspondence, including the letter. Obviously I do not know what the high politics are in this field.

As you know, my objective is to sustain the Prime Minister and her policies against all comers and eventualities - we all do it in different ways!

If you feel the letter is of any use can you please just drop it in the box - if not, perhaps you could be kind enough to return it to me.

Tony Marlow

From: TONY MARLOW, M.P. for Northampton North



HOUSE OF COMMONS

LONDON SW1A 0AA

11th November, 1980.

Rt.Hon.Mrs.Margaret Thatcher PC MP,
Prime Minister.

Dear Prime Minister,

Thank you for your letter of the 4th November in response to mine of the 14th October, concerning the Government's public attitude to EEC affairs.

As one of your most loyal and ardent supporters I had intended my original letter in a helpful light. I am a little hurt that the tone of the answer (including the word "dishonest" which I did not use) seems not to have recognised that fact.

I am also taken aback at the lack of objectivity, care and analysis that appeared to go into the staff work in preparation for the answer.

Given my position and interest in this field of policy I am amazed that Downing Street should send me an answer not only relying heavily on the selective use of statistics, but also one in which movements in our EEC Trade including oil are called in aid. Oil is a commodity of unlimited life, a currency which can be traded anywhere in the world at almost any time. It is surely absurd to include oil exports in discussion of the competitive trading position between industrial economies.

It is the development of trade in manufactures that bears immediately on jobs, industrial activity and our eventual industrial strength and vigour. In round figures (while our non-EEC global trade surplus in manufactures is well in excess of £4,000 million) our deficit with EEC countries in manufactures (excluding precious stones) has moved as follows:

1977	-£1,000 million
1978	-£2,000 million
1979	-£3,000 million

For the first three months of this year the deficit was increasing at an annual rate of £500 million. Since that time the advent of recession and the consequent destocking has led to a marked fall in imports. The underlying tendency so long as our oil ~~is~~^{is} currency remains strong must, however, be towards an increased deficit. It is for this reason that I am disturbed when I hear Ministers defending the absolute trading status quo with Europe - on the basis that any change would lead to a massive decline in exports and hence loss of jobs. Although any import substitution caused by a change in our relationship would lead to higher prices and less consumer choice, the jobs it would create would easily outweigh those lost in the export market. Perhaps Ministers can be a little more objective in the future as manifest distortion

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HOUSE OF COMMONS
LONDON SW1A 0AA

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which contradicts both popular feeling and logic is an electoral liability.

As regards the nature of the campaign I doubt if any fair-minded person reading the "leaked" document published in the Guardian would conclude that the purpose of the exercise is to spread objective truth and enlightenment.

I do not wish to put you to the trouble of a reply. However, I hope it will be possible for you to read this letter personally.

Please also accept that the views which I and, I believe, an increasing number of Conservatives are expressing on the Community are designed to strengthen and not weaken your personal position, to strengthen the Party and also to bring about a better understanding of the results of our present relationship with the EEC and, hence, a more fruitful way of achieving our common purposes with our European partners.

MARLOW, T.P.

14th November, 1980

Thank you for your letter of 11th November, together with its enclosures. Would you please have a word with me on the telephone about this (930-4433)?

Ian Gow

Tony Marlow, Esq., M.P.