The UK & the Negotiation of the Maastricht Treaty, 1990-1991

Thesis submitted for the degree of Doctor of Philosophy at the University of Leicester

by

Alasdair M. Blair
Department of Politics
University of Leicester

October 1997
Abstract

The UK & the Negotiation of the Maastricht Treaty, 1990-1991

Alasdair M. Blair

This thesis analyses UK engagement in the 1990-91 Maastricht Treaty negotiations by focusing on four specific case studies: Social Policy, Economic and Monetary Union, Common Foreign and Security Policy, and Political Union. In contrast to the other three, Political Union does not cover one specific topic, but embraces several issues such as treaty design and institutional reform. These case studies are complemented by analysis of policy co-ordination at both the UK and Community level, as well as discussion of the period prior to the commencement of the Political Union and Monetary Union Intergovernmental Conferences. The approach is that of the contemporary historian, providing a micro-level analysis, detailing the influence of individual government Ministers on differing aspects of the negotiations, and describing the reasoning behind decisions to be flexible on certain topics and inflexible on others. No attempt is made to create an identikit model of European integration. The theoretical gel is that of domestic politics and 'two-level' game playing, both demonstrating the constraints imposed on governments and negotiators at the European level. The originality of this research stems from the new sources used and the approach: covering both Monetary Union and Political Union, for example, when previous work has focused on one or other. Among other sources, information is based both on elite interviews and a questionnaire distributed to Conservative MPs and members of the government who sat in Parliament during 1990-91.
## Contents

- **Preface** vii  
- **List of abbreviations** x  
- **Glossary** xii  
- **Dramatis personae** xviii  
- **Format** xxii

### Introduction
- IGC dynamics 1  
- Structure 3  
- Notes 6  

### SECTION 1: POLICY CO-ORDINATION 11

**1: New Beginnings** 12
- Theoretical traditions 17  
  - A two-level game 24  
  - Playing the game 30  
- Methodology 33  
  - Strategy 34  
  - The problems and benefits of contemporary research 41  
- Conclusion 43  
- Notes 44

**2: Policy co-ordination at the UK level** 48  
- PRINCIPAL ACTORS 50  
  - Policy co-ordination at the highest level: Cabinet 50  
    - First Among Equals 52  
    - Committee Men 57  
  - Policy co-ordination at the highest level: Officials 59  
    - Foreign and Commonwealth Office 64  
    - UK Permanent Representation to the EC 66  
    - NO 10 Office 68  
- SECTORAL POLICIES 70  
  - Policy co-ordination on CFSP 70  
  - Policy co-ordination on Political Union 73  
  - Policy co-ordination on Monetary Union 75  
- Conclusion 78  
- Notes 82
<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3: Policy co-ordination at the EC level</strong></td>
</tr>
<tr>
<td>Overview</td>
</tr>
<tr>
<td>Luxembourg: dancing with the Commission</td>
</tr>
<tr>
<td>Policy co-ordination under Luxembourg: agenda shaping</td>
</tr>
<tr>
<td>Policy co-ordination during the Netherlands Presidency</td>
</tr>
<tr>
<td>Conclusion</td>
</tr>
<tr>
<td>Notes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 2: POLITICAL UNION</th>
<th>101</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4: Pre-negotiations on Political Union</strong></td>
<td>102</td>
</tr>
<tr>
<td>Policy outlines</td>
<td>103</td>
</tr>
<tr>
<td>Conclusion</td>
<td>109</td>
</tr>
<tr>
<td>Notes</td>
<td>110</td>
</tr>
<tr>
<td><strong>5: Negotiations on Political Union</strong></td>
<td>112</td>
</tr>
<tr>
<td>Structural design</td>
<td>113</td>
</tr>
<tr>
<td>A Dutch Treat?</td>
<td>117</td>
</tr>
<tr>
<td>Institutional reform</td>
<td>123</td>
</tr>
<tr>
<td>Made in Holland</td>
<td>128</td>
</tr>
<tr>
<td>Wider issues</td>
<td>134</td>
</tr>
<tr>
<td>The 'F word'</td>
<td>137</td>
</tr>
<tr>
<td>Boil it down</td>
<td>138</td>
</tr>
<tr>
<td>Maastricht European Council</td>
<td>140</td>
</tr>
<tr>
<td>Conclusion</td>
<td>143</td>
</tr>
<tr>
<td>Notes</td>
<td>149</td>
</tr>
<tr>
<td><strong>6: Negotiations on Social Policy</strong></td>
<td>155</td>
</tr>
<tr>
<td>Historical dimension</td>
<td>159</td>
</tr>
<tr>
<td>Core negotiations</td>
<td>165</td>
</tr>
<tr>
<td>Maastricht European Council</td>
<td>177</td>
</tr>
<tr>
<td>Conclusion</td>
<td>180</td>
</tr>
<tr>
<td>Notes</td>
<td>183</td>
</tr>
<tr>
<td><strong>7: Europe without America? CFSP Negotiations</strong></td>
<td>189</td>
</tr>
<tr>
<td>Integrationist versus intergovernmentalists</td>
<td>191</td>
</tr>
<tr>
<td>Core negotiations</td>
<td>197</td>
</tr>
<tr>
<td>Advancement of texts</td>
<td>198</td>
</tr>
<tr>
<td>New Presidency, new draft</td>
<td>203</td>
</tr>
<tr>
<td>Maastricht European Council</td>
<td>212</td>
</tr>
<tr>
<td>Conclusion</td>
<td>217</td>
</tr>
<tr>
<td>Notes</td>
<td>220</td>
</tr>
</tbody>
</table>
SECTION 3: MONETARY UNION

8: Pre-negotiations on Monetary Union
A Franco-German desire? 226
UK Response: eyes closed? 231
Evolution of the Hard Ecu 237
ERM commitment
Conclusion
Notes

9: Negotiations on Economic and Monetary Union
Policy groups
UK objectives: real or illusionary? 257
Which opt-out? 261
The transitional path 267
Core negotiations 271
Compromised by time 273
Maastricht European Council 278
Conclusion: power politics 284
Notes

SECTION 4: CONCLUSION, APPENDICES & BIBLIOGRAPHY

10: Conclusion
Policy formulation 296
Cabinet and Departmental influence 296
Parliamentary and Interest Group Pressure 305
Strategy 310
Theoretical aspects 317
Concluding observations 321
Notes

Diagrams and Tables:
2.1 UK Policy co-ordination During the 1990-91 IGC 81
3.1 Council Meetings layout under Luxembourg Presidency 97
3.2 Council Meetings layout under Netherlands Presidency 98
5.1 Positions on Treaty Structure 114
5.2 Pillar structure 123
5.3 Member States' positions on the European Parliament 125
5.4 Member States' positions on Political Union 134
5.5 Co-decision procedure 147
5.6 Co-operation procedure 148
6.1 Employment Workforce: Employees in Employment in Great Britain 157
6.2 Inward Direct Investment 160
6.3 Trades Unions in the United Kingdom 161
6.4 Member States’ Positions on extended QMV competence on social affairs 167
7.1 Member States’ positions on Foreign and Security Policy 194
7.2 Member States’ positions on Foreign and Defence Policy 209
9.1 Member States’ positions on a Single Currency 254
10.1 Government Ministers length of tenure by the end of 1991 297
10.2 Cabinet Ministers’ positions on European during IGC negotiations 302
10.3 Departmental positions on Europe during IGC negotiations 303
10.4 Member States’ positions during IGC negotiations 316
10.5 UK Maastricht Negotiating Team 323

Appendices 328
1: Members of the Cabinet, 1990-91 329
2: Ministerial Sub-Committee on European Questions 330
3: Personal Representatives for EPU IGC 331
4: Friends of the Presidency Group 332
5: Personal Representatives for EMU IGC 333
6: EMU IGC Participants 334
7: Central Bank Governors 337
8: Heads of State and Government 338
9: Ministers of Foreign Affairs 339
10: Ministers of Finance 340
11: Ministers of Defence 341
12: Declared supporters for the candidates in the Conservative Party Leadership Election, November 1990 342
13: Interview Methods and List of Interviewees 344
14: Questionnaire of Conservative MPs who sat in Parliament during 1990-91 352
15: European Institutional Dimension 379
16: Schedule of Proceedings: 1990-91 380
17: Chronology of Main Events: 1990-91 387

Bibliography 401
Preface

This thesis reconstructs and analyses the United Kingdom’s (UK) participation in the 1990-91 European Community (EC) Intergovernmental Conferences (IGC). The project discusses both economic and political issues, and while some descriptions are technical, the intention throughout has been to make the work accessible to a wide audience. If readers experience any problems with dates and places, a full chronological account is provided at the end of the thesis in appendices 16 and 17, while a list of the main negotiators appears in appendices 1-11. Otherwise, key personnel, or *dramatis personae*, are detailed at the end of this section after the abbreviations.

A work of this type creates numerous personal debts. I have outlined in appendix 13 those whom I spoke to, or contacted, during the research. I am grateful to all for giving so freely their time and advice, particularly when they no doubt had more pressing matters, and when my questioning was ‘occasionally’ of a haphazard nature. However, certain individuals were of particular assistance: Mr David Hadley, Sir John Goulden, Sir Michael Butler, Sir John Kerr, Sir Michael Jay, Sir Stephen Wall, Lord Lawson, Lord Kingsdown, Mr David Chuter, Mr Michael Ryder, Mr Richard Tibbels, Mr Nicholas Westcott, Ambassador Pieter Nieman and Ambassador Joseph Weyland. In addition, I am grateful to all those Conservative MPs who responded to a questionnaire distributed in September 1996, as detailed in appendix 14.

The work undertaken would not have been possible without the financial support of the University of Leicester and the Politics Department in particular. It served as my base for the three year duration of the Ph.D, and for two previous years as a taught postgraduate student. The transition to research student was facilitated by Dr Wyn Rees who tempted me to stay at Leicester with European Social Fund money for an Information Technology course in 1993-1994. Without that financial support I would not be writing this. During the Ph.D my principal debt is to both my supervisors in the Politics Department, Professor John Young and Dr Philip Lynch. They managed to guide me through the research minefield,
while also having the ‘pleasure’ of examining chapter drafts. This task was also assisted by Dr Wyn Rees, while Dr Jan Melissen helped by translating a letter in Dutch written by Ambassador Pieter Nieman. Useful comments were also provided by some interviewees, while members of the University Association for Contemporary European Studies helped to clarify my thoughts on the negotiations, in particular Dr Anthony Forster. Within the Department at Leicester I owe a particular thanks to the role of the secretaries, often acting as a personal answering machine. Mrs Ann Ketnor, Mrs Jane Savage, and the Departmental Administrator, Ms Renie Lewis, were especially helpful. In addition, Professor Jörg Monar allowed me to use the European documentation room, and the computer within it, during the last nine months of my research. While sparking one headline of ‘Blair gets feet under table’ in the national press, I hope that my usage did not stop others doing likewise, although I rather suspect it did.

To those who assisted with the research special thanks are due to the librarians at Leicester, especially Mr Rashid Siddiqui and Ms Sue Smith, as well as the Faculty of Social Sciences computer officers, Mr Mark Maynard and Ms Sandy Pearson. Elsewhere, Ms Avis Furness from the European Parliament’s London office managed to supply me with a complete set of Agence Europe, while both the House of Commons and Foreign and Commonwealth Office libraries helped with literature searches. Mr Luca Usuelli, Mr A. Restivo and Dr L. Göbel of the Council Library provided valuable assistance with documentation searches during two research trips to Brussels in September 1996 and April 1997. During those visits, Mrs Karla Rielau of the European Commission’s Spokesman’s Service kindly provided newspaper clippings on the negotiations, while this task was also performed by the press cuttings service of the Royal Institute of International Affairs. Finally, I am particularly grateful to the staff of the Politics Department at the Katholieke University of Leuven in Belgium who provided a much appreciated base during my September visit.

Within the Department my fellow research students provided a break from the monotony of research. Of them, Simon Kear was good enough to assist the translation of a Scottish ‘Heavy’ to an English ‘Bitter’, while Jane Selby provided many jovial comments. Tim Stanton served up a daily platter of hilarious jokes,
but alas not repeatable here, while he was also good enough to read certain parts of
my thesis, a task which Chris Goldsmith also endured. Light relief was assisted by
the various people whom I shared accommodation with during my time at
Leicester, especially Bart, Colin, Chris, Heidi and Ike. Distracted by their own
research they managed to show no interest in mine. Outside academia I was
gladly distracted by my brother Graham and his wife Roslyn who managed to
impair their own perspective on my research. At an early stage of the Ph.D they
were joined by a daughter, Victoria, who was kind enough never to mention
‘Ph.D’ in my presence. For her, the ‘Singing Kettle’ was all that mattered. While
not yet knowing the value of that contribution, in time she hopefully will. Last, but
by no means least, my parents provided both financial assistance and much love
and support during my years at University. This research is as much their’s as it is
mine as they have had to live with all the ups and downs, and now at least have
something to show for it. It is therefore dedicated to them.
List of abbreviations

The following abbreviations serve as a reference for the reader. In the text, all are given in full in the first instance. Thereafter, common abbreviations, including EC and IGC are only referred to in their shortened form, while those which do not appear on a regular basis are provided in full. Otherwise, the term EC or Community is used in the course of the text in consideration that the EU emanated from the December 1991 Treaty on European Union (TEU). The TEU has subsequently been referred to as the Maastricht Treaty, a term used during the thesis, unless where specific text is quoted.

Benelux Benelux Economic Union (Belgium, Netherlands and Luxembourg)
BIEC British Invisibles Exports Council
BoE Bank of England
CAP Common Agricultural Policy
CBI Confederation of British Industry
CFSP Common Foreign and Security Policy
CoCo Co-ordination Commission for European Integration and Association Problems (Netherlands)
CoR The Committee of the Regions
COREPER Committee of Permanent Representatives. Coreper I consists of Deputy Permanent Representatives, while Coreper II consists of Permanent Representatives.
COREU Telex Network amongst EPC 'correspondents Européens'
(Central Policy Review Staff)
CSCE Conference on Security and Co-operation in Europe
DG Directorate General: name for departments within the Commission
DI Direct Investment
EC European Community
ECB European Central Bank
ECD(E) UK Foreign Office European Community Department (External)
ECD(I) UK Foreign Office European Community Department (Internal)
ECJ European Court of Justice
EcoFin Economic and Financial Affairs Committee
ECSC European Coal and Steel Community
ECU European Currency Unit
EDC European Defence Community
EEA European Economic Area
EEC European Economic Community
EFTA European Free Trade Association
EIB European Investment Bank
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMCF</td>
<td>European Monetary Co-operation Fund</td>
</tr>
<tr>
<td>EMI</td>
<td>European Monetary Institute</td>
</tr>
<tr>
<td>EMS</td>
<td>European Monetary System</td>
</tr>
<tr>
<td>EMU</td>
<td>Economic and Monetary Union</td>
</tr>
<tr>
<td>EP</td>
<td>European Parliament</td>
</tr>
<tr>
<td>EPC</td>
<td>European Political Co-operation</td>
</tr>
<tr>
<td>EPU</td>
<td>European Political Union</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>ERG</td>
<td>European Reform Group</td>
</tr>
<tr>
<td>ERM</td>
<td>Exchange Rate Mechanism</td>
</tr>
<tr>
<td>ESCB</td>
<td>European System of Central Banks</td>
</tr>
<tr>
<td>ESDI</td>
<td>European Security and Defence Identity</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund</td>
</tr>
<tr>
<td>ETUC</td>
<td>European Trade Union Confederation</td>
</tr>
<tr>
<td>EQ(E)</td>
<td>UK Official Committee dealing with routine EC business</td>
</tr>
<tr>
<td>EQ(S)</td>
<td>UK Official Committee which serviced OPD(E)</td>
</tr>
<tr>
<td>EUA</td>
<td>European unit of account, the forerunner of the ECU</td>
</tr>
<tr>
<td>FCO</td>
<td>Foreign and Commonwealth Office</td>
</tr>
<tr>
<td>FT</td>
<td>Financial Times</td>
</tr>
<tr>
<td>FTA</td>
<td>Free Trade Area</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross National Product</td>
</tr>
<tr>
<td>HeCu</td>
<td>Hard Ecu</td>
</tr>
<tr>
<td>IGC</td>
<td>Intergovernmental Conference</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IoD</td>
<td>Institute of Directors</td>
</tr>
<tr>
<td>JHA</td>
<td>Justice and Home Affairs</td>
</tr>
<tr>
<td>MEP</td>
<td>Member of the European Parliament</td>
</tr>
<tr>
<td>MoD</td>
<td>Ministry of Defence</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organisation</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OPD(E)</td>
<td>UK Ministerial Sub-Committee on European Questions</td>
</tr>
<tr>
<td>OSCE</td>
<td>Organisation for Security Co-operation in Europe</td>
</tr>
<tr>
<td>PermRep</td>
<td>Permanent Representation</td>
</tr>
<tr>
<td>QMV</td>
<td>Qualified Majority Voting</td>
</tr>
<tr>
<td>REZ</td>
<td>Ministerial Council for Foreign Affairs (Raad voor Europese Zaken), Netherlands</td>
</tr>
<tr>
<td>SEA</td>
<td>Single European Act</td>
</tr>
<tr>
<td>TEU</td>
<td>Treaty on European Union</td>
</tr>
<tr>
<td>TREV1</td>
<td>Terrorisme, Radicalisme, Extrémisme, Violence Internationale</td>
</tr>
<tr>
<td>UKRep</td>
<td>UK Permanent Representation to the EC</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNICE</td>
<td>Union des Industries de la Communauté européenne (EC equivalent of CBI)</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>WEU</td>
<td>Western European Union</td>
</tr>
</tbody>
</table>
Glossary

The following serve as a reference for the reader. Highlighted text refers to both internal references within the glossary and location of material within thesis.

- **Article K.4 Committee (Justice and home affairs)**
  Introduced in the TEU, it acts as a co-ordinating committee consisting of senior officials doing preparatory work for Council deliberations on JHA. **See chapter 5.**

- **Assent procedure**
  The EP’s assent, by means of an absolute majority of its members, is necessary before certain important decisions can be adopted. Provides it with an ability to accept or reject a proposal, but not to amend it. It is applicable to decisions on the accession of new Member States, association agreements with third countries and the conclusion of international agreements. Also required for citizenship, the specific tasks of the European Central Bank, amendments to the Statute of the ESCB and of the ECB, the Structural and Cohesion Funds and the uniform procedure for elections to the EP.

- **Co-decision procedure (Article 189b)**
  Introduced by the TEU, it gives the EP the power to adopt instruments jointly, as a last resort, with the Council. Strengthens Parliament’s legislative powers by giving it the right to reject proposals in the following areas: the free movement of workers, the establishment of the internal market, technological research and development, the environment, consumer protection, education, culture and health. But to prevent rejection a **Conciliation Committee** (made up of Members of Parliament, the Council and the Commission) convenes to seek a compromise before the EP’s third reading. Thereafter, if agreement is still not reached the EP can then reject the proposal. **See chapter 5 and diagram 5.5.**

**Procedure is as follows:**
1. Commission proposal;
2. EP opinion;
3. Council common position by **QMV**. Does not apply for culture and R&D because as multi-annual framework programmes they require **unanimity**;
4. If the EP adopts the common position within 3 months, or gives no opinion within 3 months then the Council adopts the act. But, if the EP states by **QMV** an intention to reject the common position and informs the Council, then the 3 month period is extended by a further 2 months. If by an absolute majority of its members the EP proposes an amendment to a common position within 3 months then it is forwarded to the Commission and Council;
5. An opinion is then provided on the EP’s amendments by the Commission and Council;

6. If the Council adopts the EP’s amendments within 3 months by a QMV, or by a **unanimity** vote where the Commission’s opinion is unfavourable, then the act is adopted. But, if the Council does not adopt the act then the **Conciliation Committee** is convened. Composed of a equal number of Council and Parliament representatives, agreement of the Committee by a QMV of Council members and a majority vote of EP members is necessary.

7. If the **Conciliation Committee** approves the joint text within 6 weeks then the EP and Council must adopt it within 6 weeks or the proposal fails. If the Committee does not agree then the proposal is considered not to have been adopted, unless the Council confirms its original common position within 6 weeks, or the EP does not veto by an absolute majority of its members within 6 weeks of confirmation by the Council.

8. On a technical point, the 3 month and 6 week periods can be respectively extended by 2 months or 2 weeks by means of a common agreement between the Council and EP. Furthermore, the Commission can alter its proposal as long as the Council has not adopted the act (Article 189a (2)).

**Applies to the following areas:**

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>Free movement of workers</td>
</tr>
<tr>
<td>54(2)</td>
<td>Free movement of establishment: implementation general programme</td>
</tr>
<tr>
<td>56(2) 2nd sentence</td>
<td>Free movement of establishment: special treatment of foreign nationals</td>
</tr>
<tr>
<td>57(1)</td>
<td>Self-employed persons</td>
</tr>
<tr>
<td>100a</td>
<td>Internal market</td>
</tr>
<tr>
<td>100b</td>
<td>Internal market: inventory</td>
</tr>
<tr>
<td>126</td>
<td>Education</td>
</tr>
<tr>
<td>128</td>
<td>Culture (<strong>unanimity</strong>)</td>
</tr>
<tr>
<td>129</td>
<td>Public health</td>
</tr>
<tr>
<td>129a</td>
<td>Consumer protection</td>
</tr>
<tr>
<td>129d</td>
<td>Guidelines: trans European networks</td>
</tr>
<tr>
<td>130I(1)</td>
<td>Research: multi-annual framework programme (<strong>unanimity</strong>)</td>
</tr>
<tr>
<td>130s(3) 1st para</td>
<td>Environment: general action programmes</td>
</tr>
</tbody>
</table>

- **Common foreign and security policy (CFSP)**
  Established by Title V of the TEU, it replaced European Political Co-operation (EPC) and provides for the eventual framing of a common defence policy which might in time lead to a common defence. Article J.1 secured the objectives of the second pillar of the Union. **See chapter 7, and diagram 5.2 in chapter 5.**

- **Conciliation Committee**
  A Conciliation Committee can be established under the **co-decision** procedure, as provided in Article 189b(4) of the TEU. It consists of members of the Council or
their representatives and an equal number of representatives of the EP. It is referred to in the event of disagreement between the two institutions on the outcome of a **co-decision** procedure. The rationale is to ensure that a text acceptable to both sides is agreed. The draft of such a text must then be ratified within six weeks by **qualified majority** in the Council and by an absolute majority of the members of the EP. But if one of the two institutions does not approve the proposal then it is not adopted.

**• Consultation procedure**

The opinion of the EP must be obtained before the Council adopts a Commission legislative proposal. While such an opinion is intended to influence the decision of the Council, the latter is not bound by it. As a procedure it is particularly applicable to the common agricultural policy.

**Procedure is as follows:**
1. Commission proposal;
2. Opinion of the EP;
3. The proposal is adopted by the Council by **QMV** or **unanimity**.

**Applies to the following areas:**

<table>
<thead>
<tr>
<th>Article/Paragraph</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>2(3)</td>
<td>Social Policy agreement for 11(14) Member States</td>
</tr>
<tr>
<td>8</td>
<td>Citizenship</td>
</tr>
<tr>
<td>43(2,3)</td>
<td>Agriculture</td>
</tr>
<tr>
<td>130b</td>
<td>Cohesion</td>
</tr>
<tr>
<td>J(7) 1st sentence</td>
<td>CFSP consultation</td>
</tr>
<tr>
<td>K(6) 2nd paragraph</td>
<td>JHA consultation</td>
</tr>
<tr>
<td>104c(14)</td>
<td>Excessive deficit protocol revision</td>
</tr>
<tr>
<td>109f(1)</td>
<td>Appointment of EMI President</td>
</tr>
<tr>
<td>109j(2)</td>
<td>Start of 3rd stage of EMU</td>
</tr>
</tbody>
</table>

**• Convergence criteria**

TEU established five convergence criteria which each Member State must make before they can take part in stage three of EMU. See chapter 9.

1. the ratio of government deficit to GDP must not exceed 3%;
2. the ratio of government debt to GDP must not exceed 60%;
3. a sustainable degree of price stability and an average inflation rate has to be observed over a period of one year prior to examination. It should not exceed by more than one and a half percentage points that of the three best performing Member States in terms of price stability;
4. long-term nominal interest rates should not exceed by more than two percentage points that of the three best performing Member States in terms of price stability;
5. Member States’ should have respected the normal fluctuation margins provided for by the exchange-rate mechanism on the European Monetary system for at least the last two years before examination.
• **Co-operation procedure (Article 189c)**

Introduced in the SEA, it provided the EP with a greater say in the legislative process, with Commission proposals being subjected to a ‘double reading’. If the Council does not take into account the initial EP opinion in its common position, then the EP is able to reject it at the second reading. Thereafter, it is only possible for the Council to overturn the EP’s position by means of a unanimous decision. But, as it is not always possible to obtain **unanimity**, the Council seeks **conciliation** with the EP to ensure proposals are not rejected. Applicable to areas including research, the environment, co-operation and development, trans-European networks, economic and social cohesion, health and safety of workers (Article 118a), and the Social Policy Agreement (between 14 Member States). **See chapter 5 and diagram 5.6.**

**Procedure is as follows:**

1. Commission proposal
2. Opinion of EP
3. Common position of Council by QMV
4. Communication of common position to EP
5. The EP can either approve the common position by a **qualified majority** within 3 months, or express no opinion within 3 months. The effect is for the Council to adopt the act. But, if the EP proposes amendments to the common position by an absolute majority within 3 months, or rejects the common position by an absolute majority of its members then the EP forwards the result to the Council and Commission.
6. Thereafter, the Commission had 1 month to reconsider its proposal and submit a re-examined proposal and its view on the EP’s amendments which the Commission did not accept.
7. Finally, the Council either adopts within 3 months the Commission’s re-examined proposal by **QMV** or by **unanimity** if the EP rejected the common position; if the Council wanted to adopt the EP’s amendments not accepted by the Commission, or of the Council wanted to amend the re-examined proposal. However, if the Council does not adopt the proposal within 3 months then the proposal is considered dead.
8. On a technical point, the three month period can be extended by one months by common accord between the Commission and Council.

**Applies to the following areas:**

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2(2)</td>
<td>Social Policy agreement for 11(14) Member States</td>
</tr>
<tr>
<td>125</td>
<td>Social Policy</td>
</tr>
<tr>
<td>130e</td>
<td>Social Fund</td>
</tr>
<tr>
<td>103(5)</td>
<td>Economic and Social Cohesion: implementing decisions</td>
</tr>
<tr>
<td>105a(2)</td>
<td>Rules for multilateral surveillance procedure</td>
</tr>
<tr>
<td></td>
<td>Measures of harmonisation with regard to the circulation of coins</td>
</tr>
</tbody>
</table>
• Justice and home affairs
The TEU provided for this new area of closer co-operation with the general aim of both providing greater security for citizens and more freedom of movement. See chapter 5 and diagram 5.2.

It is concerned with the following matters:
1. asylum policy;
2. rules governing the crossing of the external borders of the Member States;
3. immigration policy;
4. combating drugs;
5. combating international fraud;
6. judicial co-operation in civil and criminal matters;
7. customs co-operation;
8. police co-operation.

• North Atlantic Treaty Organisation (NATO)
Founded in 1949 and has 16 members. Declaration number 30 annexed to the TEU clarified future relations between NATO and the WEU. See chapter 7 and appendix 15.

• Pillars of the EU
First pillar includes the Treaty of Rome revised by the SEA, democratisation of the institutions, citizenship, EMU. The second pillar includes the common foreign policy, common positions and joint action, and common defence policy based on the WEU, as covered by Title V of the TEU. The third pillar includes co-operation in the fields of JHA, as covered by Title VI of the TEU. This refers to asylum policy, rules on crossing the Member States’ external borders, immigration policy, combating drug addiction, combating international fraud, customs and police and judicial co-operation. See diagram 5.2 in chapter 5, and chapters 5 and 7.

• Qualified majority
Refers to the number of votes required in Council for a decision to be adopted when issues are being debated on the basis of Article 148(2).

• Subsidiarity
Introduced in the TEU to ensure decisions are taken as closely as possible to the citizen, and whether action at the Community level is justified in light of the possibilities available at national, regional or local level. The Union should not take action (except in the areas which fall within its exclusive competence) unless it is more effective than action taken at national, regional or local level. See chapter 5.
• Unanimity
Requires all Member States meeting in the Council to be in agreement before a proposal can be adopted. In the wake of the SEA it was applicable to a more limited area. Voting by QMV is now the rule within the first pillar. However, pillars two and three operate exclusively according to the intergovernmental method and unanimity requirement.

• Western European Union (WEU)
Established in 1948, it includes EU Member States (except Austria, Denmark, Finland, Ireland and Sweden, which have observer status). Its role was increased to an ‘integral part of the development of the Union’ by the TEU, while it was provided with the job of elaborating and implementing decisions and actions which had defence implications. See diagram 5.2 in chapter 5, chapter 7 and appendix 15.
Dramatis personae

ANDREOTTI, Giulio, Prime Minister of Italy.

ARTHUR, Michael, Head of EC Department (Internal), FCO, 1988-1993.

BAKER, Kenneth, Secretary of State for Home Affairs, 1990-92.

BÉRÉGOVOY, Pierre, French Minister of State for Economy, Finance and Budget.

BOISSIEU, Pierre de, French personal representative on EPU negotiations.

BORCHARDT, Gustaff, Netherlands member of Friends of the Presidency Group.

BOSTOCK, David, Under Secretary and Head of EC Group, HM Treasury.

BROEK, Hans van den, Netherlands Minister for Foreign Affairs. Community Council President-in-Office under the Dutch Presidency.


CHRISTOFFERSEN, Poul, Director of Private Office of Council General Secretariat.

CLOOS, Jim, Luxembourg Deputy Permanent Representative to the EC.

COWPER-COLES, Sherard, First Secretary, Security Policy Department, FCO.

CROCKETT, Andrew, Executive Director (International Divisions and Audit Division) Bank of England, 1989-1993, and BoE representative on EC Monetary Committee.

DANKERT, Piet, Netherlands State Secretary for Foreign Affairs.


DUMAS, Roland, French Minister of Foreign Affairs.

1 Position refers to job during IGC.
Dramatis personae

ERSBØLL, Niels, Secretary-General of European Council General Secretariat.

FONBLANQUE, John Robert de, Counsellor UK Representation to the EC.

GAREL-JONES, Tristan, Minister of State, FCO, 1990-1993.

GENSCHER, Hans-Dietrich, German Minister for Foreign Affairs.

GONZALEZ MARQUEZ, Felipe, Prime Minister of Spain.


GUIGOU, Elizabeth, French Minister for Europe.

HADLEY, David, Deputy Secretary and Head of the UK European Secretariat, Cabinet Office, 1989-93.


HOGG, Sarah, Head of John Major’s Policy Unit, 1990-1995.


HURD, Douglas, Secretary of State for Foreign and Commonwealth Affairs.

JAY, Michael, Assistant Under-Secretary of State for EC Affairs, FCO, 1990-93.

JUNCKER, Jean-Claude, Luxembourg Finance Minister. President-in-Office under the Luxembourg Presidency.


KOHL, Helmut, German Federal Chancellor since 1982.

KÖHLER, Horst, German State Secretary for Federal Ministry of Finance and Personal Representative for EMU negotiations.

KOK, Wim, Deputy Prime Minister and Minister of Finance of the Netherlands. President-in-Office under the Netherlands Presidency.


Dramatis personae


LUBBERS, Ruud, Prime Minister of the Netherlands.

MAAS, Cees, Chair of EMU special representatives during Netherlands Presidency of the EC, and Dutch Treasurer-General.


MERSCH, Yves, Chair of EMU special representatives during Luxembourg Presidency of the EC, and Luxembourg Treasury Director.

MICHELIS, Gianni de, Italian Minister for Foreign Affairs.


NIEMAN, Pieter, Chair of EPU special representatives during Netherlands Presidency of the EC. Netherlands Permanent Representative to the EC.

PIRIS, Jean-Claude, Director-General, Legal Service, General Secretariat of the Council.


POOS, Jacques F., Luxembourg Minister of Foreign Affairs. Community Council President-in-Office under the Luxembourg Presidency.

POWELL, Sir Charles, Private Secretary for Foreign Affairs to Margaret Thatcher and John Major, 1984-May 1991.

SANTER, Jacques, Prime Minister of Luxembourg.

THATCHER, Margaret, Prime Minister of the UK, 1979-90.

TRICHET, Jean-Claude, French Director of the Treasury and personal representative for EMU negotiations.

TRUMPF, Jürgen, German Ambassador and Permanent Representative to the EC. Personal representative on EPU negotiations.

WAIGEL, Theodor, German Finance Minister.

WEYLAND, Joseph, Chair of Special Representatives during Luxembourg Presidency of the EC. Permanent Representative to the EC, 1984-1991.

WICKS, Sir Nigel, Second Permanent Secretary (Finance), HM Treasury, since 1989, and personal representative on EMU negotiations

WILLIAMSON, David, Secretary General, Commission of the European Communities since 1987. Commission personal representative on EPU negotiations.
Format

Throughout the thesis endnotes are used for references, being placed at the end of each chapter. While some references are notes of explanation, the vast majority are author citations. The system employed refers to surname, date of publication, title, and page number. Italics are used for sole or joint authored contributions, with journal or book articles appearing in normal text. However, the name of journal, or book in which an article appears is not given in the endnotes. A full reference appears in a bibliography at the end of the thesis. When more than one contribution per year is made by an author then a distinction is made, for example, by using 1990a and 1990b. Additional references are made to interview sources, a full list of which appears in appendix 13. It should be stressed that the vast majority of interviewees preferred not to be directly quoted. Instead, quotes refer to the capacity in which an individual worked during the 1990-91 IGC, such as the FCO or Commission. But where information was either too sensitive, or could be sourced to a particular reference in the interview appendix, then quotes note that the source was a 'private interview'.
Introduction

- IGC dynamics
- Structure
- Notes

The UK position at the beginning of the IGC was very restricted on all points. If you compare the Maastricht negotiations and the Single European Act, the big difference was that in the SEA there were a number of positive aspects which the UK wanted, such as the internal market. However, there was very little that it wanted in the Maastricht negotiations, while its main stance was negative.

(Interview: former Council Secretariat official)

'Game, Set and Match' for the United Kingdom (UK). This was the phrase used by Prime Minister, John Major, at the Maastricht European Council to describe the deal negotiated with his fellow Heads of State and Government. Agreement produced a new Community text entitled the Treaty on European Union (TEU), mapping the future progress of the European Community (EC), which was to be renamed the European Union (EU). The text emanated from the arduous negotiating process which had taken place under the aegis of the 1990-91 Intergovernmental Conferences (IGC) on Economic and Monetary Union (EMU) and European Political Union (EPU). These negotiations, which Peterson refers to as 'history-making decisions', were conducted as independent entities, with little overlap between EPU and EMU until the endgame at Maastricht. During 1991 they were conducted alongside the normal working practices of the Community, which included discussions on future enlargement, aid for Eastern Europe, German unity and the General Agreement on Tariffs and Trade (GATT) talks. This was in addition to more routine business, which included discussions on the Common Agricultural Policy. Such a burden of work put an enormous strain on negotiators (see appendices 3, 5 and 6). This was particularly apparent with EPU, where representatives tended to be responsible for a wider remit of Community activities (see chapters 2 and 3).

The negotiations differed from the previous 1985 conference which had resulted in the Single European Act (SEA). The former comprised two separate and distinct talks on EMU and EPU, while the latter was a singular negotiation.
Introduction

During 1985, discussion fell within one Presidency, namely Luxembourg, negotiation essentially taking place between October and November, with agreement reached on 2-3 December. In contrast, the 1990-91 IGC lasted 12 months and spanned three Presidencies: Italy, Luxembourg and the Netherlands (although in essence only the latter two). Furthermore, whereas the 1985 IGC was based on a Commission text, during 1990-91 the Commission proposal did not form the basis for EPU discussions, although it did on EMU. EPU debates were based on Member States’ texts, advanced via alliances and individual positions, while also being represented through Presidency documents. It is consequently difficult to make comparisons with the SEA negotiations. The broader subject matter of the 1990-91 IGC, combined with the longer negotiating process, meant there were different degrees of involvement by the Member States and institutional actors (Commission and European Parliament (EP)) during each conference. The negotiating dynamics of the two conferences were also completely different: EPU being more frantic. Whereas EMU was launched at Strasbourg in December 1989, EPU was not given the green light until Dublin in June 1990. EMU had been subject to prior discussion and, therefore, EPU did not benefit from the greater time period available for problem solving.

The objective of this thesis is to examine the EMU and EPU negotiations by focusing on three specific case studies: EMU, CFSP and social policy. A further chapter explores topics such as institutional reform. As the research only examines particular issues it does not represent a complete survey of the UK and the Maastricht Treaty. The hypothesis is that domestic political opinion was the determining factor in shaping government policy, particularly the desire by the Prime Minister to maintain Conservative Party unity, which took precedence over European affairs. Government strategy therefore was based on short-term considerations. Each case study analyses whether the government was successful in pursuing its objectives. The assumption is that where the government, in the person of the Prime Minister, was successful in managing both the constraints imposed upon it at a domestic level, and the negotiating dynamics of the IGC, there was a greater likelihood of being victorious in achieving its desired aims. When an imbalance entered into this interface, negotiating objectives were altered.
Introduction

Imbalances were primarily the result of domestic factors, including Cabinet splits and the views of backbench MPs. Therefore, inasmuch as the thesis reviews UK policy development during the IGC, it also analyses the means by which John Major managed the Conservative Party.

• IGC dynamics

The culmination of the negotiations was agreement on a TEU at the Maastricht European Council in the early hours of Wednesday 11 December 1991. This was the end product of a process which had begun with the December 1989 Strasbourg European Council's decision to convene an IGC before the end of 1990 to prepare an amendment to the EC Treaty, with a view to the final stages of EMU. Later, the June 1990 Dublin European Council extended that process to EPU. Both decisions had been taken via Article 236 of the Treaty, which noted that 'The Government of any Member State or the Commission may submit to the Council proposals for the amendment of this Treaty'. It stressed that 'common accord' was necessary for determining 'the amendments to be made to this Treaty'. Thus, because common accord was essential for agreement, a Member State could object to a specific submission, thereby creating the need for some form of compromise. This was demonstrated by the UK's objection to the Social Chapter, reflected in the creation of a Social Protocol (see chapter 6). Such scenarios of complete isolation were rare as Member States often accepted unpalatable changes to guarantee support for their own proposals.

Trade offs depended on the ability of a Member State to cultivate alliances. They tended to be issue specific, such as the UK and the Netherlands sharing similar views on defence policy, while being at opposite ends of the spectrum on institutional matters (the Netherlands desiring a greater role for the EP and less reliance on the European Council). A policy of seeking alliances on individual topics demonstrated the traditional unwillingness of the UK to view Community affairs on a general basis. As Wallace notes, 'British Ministers have tended to approach European issues case by-case, addressing each on its merits, rather than through the lens of general integration policy'.

This lack of commitment to the process of European integration was marked by the government's preference to seek alliances as a means of countering moves towards integration. For the UK, an alliance with two or three lesser countries could create a powerful and influential pact which would be difficult for others to break. London attempted to ensure Denmark, Ireland and Portugal were particularly outspoken on the role of national parliaments and reticent about an increase in the status of the EP. This alliance, in conjunction with France, eventually produced a compromise. It demonstrated the reactive rather than proactive nature of government policy, while the rationale for pursuing objectives tended to be negative rather than positive. Furthermore, the government's inability to translate policy objectives into clearly defined instructions for UK negotiators further hampered its cause during the IGC (see chapter 2).

In terms of alliance building, whether a compromise could be sold to Member States depended on which countries supported it. In the course of 1990-91 Germany was particularly influential. By contrast, France was not as significant a participant, notably with regard to the June Luxembourg Council and rejection of the September 1991 Netherlands text. However, that is not to say that its position was not crucial on many points. Rather, it was central to the EMU discussions, and exercised considerable influence on certain EPU topics, especially CFSP. Agreement on the latter was dependent on Paris's approval due to its centrality to the discussions as a result of its military capacity. Nevertheless, it was the case that France was less concerned with the broader context of the negotiations. Seemingly, this led Mitterrand rarely to speak on points of detail during Community debates, although conversely when his (or other officials and Ministers) opinions were given they often proved to be crucial to the attainment of a consensus. In this context, a Foreign and Commonwealth Office (FCO) Minister present at Maastricht, stressed that 'Mitterrand spent three-quarters of his time reading the literary pages of Le Figaro and writing postcards!' This was emphasised by the majority of bargaining being conducted by the French Minister for Europe, Elizabeth Guigou. Such a point was further reiterated by the Dutch personal representative, Pieter Nieman.
Introduction

The shape, nature and speed with which alliances developed depended on the Presidency, its agenda setting role providing an ability to accelerate or decelerate the negotiation pace. Views were reflected in Presidency texts, with success or failure an important influence on discussion. The lack of support for the first Dutch political union draft at the General Affairs Council on 30 September 1991 resulted in countries, such as the UK, supporting the previous Luxembourg text, even though they had not been completely satisfied with it at the June meeting (see chapter 5). With only ten weeks left until Maastricht, the lack of time available to negotiate became a crucial factor in creating compromise solutions. It was no longer possible for Member States to advocate extreme positions.

London’s particular role was central to the success of the negotiations. Whereas France and Germany advocated a maximalist position, the UK’s was basically the opposite. However, the government suffered from not receiving the broad-based support it obtained from Denmark during the SEA negotiation. The net result was for the UK to be more isolated at the start of the 1990-91 IGC than it was at the beginning of the 1985 negotiation. In addition, whereas UK objectives were outlined in a text prior to the SEA negotiations, no such proposal was advanced before the commencement of the Maastricht negotiations, although broad policy objectives were noted (see chapter 2 and 4). Nevertheless, London attempted to adopt a more constructive position, which signalled a return to a positive UK role last witnessed when Thatcher supported the single European market programme. As Wallace notes, in the course of the UK’s relationship with the Community, these two episodes of positive engagement “...have been overshadowed by periods of tension and acrimony on both the big ‘history-making’ decisions and the day-to-day subjects of European policy.” Thus, the 1990-91 IGC is an important case study not just in terms of Community reform, but also because of an initial warming in the UK’s relationship with its fellow Member States.

One of the reasons for this was that pressure for unity within the Conservative Party (primarily with regard to winning the forthcoming general election), was greater than countervailing forces for disunity, such as the voices of Eurosceptic MPs. In addition, whereas Eurosceptics became a cohesive group from 1992
Introduction

onwards (partly through the lubrication of financial inducements), this was not the case during 1991. There was a marked difference between the state of the Conservative Party in 1991 and 1996-97, because in the later period the annihilistic nature of the Party was not subsumed by the need for unity with regard to the impending general election. However, an influential factor which helped fuel the Eurosceptic cause was a perception of having been duped by Major during the 1990-91 IGC, when he had apparently reassured them that he would defend London’s interests.21 While the government obtained a Social Protocol at Maastricht, immunity was not provided within the field of social affairs, as demonstrated by the November 1996 European Court of Justice ruling that the 48-hour working week was applicable to the UK.

• Structure

The thesis is divided into 4 sections and 10 chapters dealing with issues of particular importance during the period. Each highlights where the UK stood in relation to other Member States, and focuses on the extent to which the government attempted to influence the negotiations. A critique is provided of the government’s success in the twelve member game of chess which constituted the 1990-91 IGC negotiations by adopting a contemporary historical methodological approach to the specific case studies (see chapter 1).

Section 1, entitled Policy Co-ordination, includes chapters 1, 2 and 3. It provides a descriptive account of the nuts and bolts of the thesis, outlining the particular approach used, and detailing the patterns of policy co-ordination at both the UK and Community level. Chapter 1 outlines the particular issues which London faced at the beginning of the negotiations. It also details the theoretical approach of the thesis, noting the benefits and problems of other European integration theories, while describing sources used. Chapter 2 reviews key UK actors involved in the talks. It is primarily a descriptive chapter, highlighting the relative involvement of key personnel and focusing on the degree to which policy was subjected to Cabinet or Committee level influence. Chapter 3 examines the role of personnel at the EC level by focusing on the Luxembourg and Netherlands Presidencies, detailing the role of important individuals within each administration.
Introduction

It outlines the structures employed for co-ordinating IGC work and the extent to which each country attempted to impart an explicit policy agenda. A division is drawn between EPU and EMU, and within each area the relative involvement of the Commission is highlighted, while the role played by the Council Secretariat in the production of the various texts is also detailed.

Section 2, which is entitled Political Union, includes chapters 4, 5, 6, and 7. Chapter 4 examines the pre-negotiations on EPU by illustrating the internal and external pressures behind the talks. It outlines Member States' and institutional actors' positions, detailing UK hesitancy for policy development in this area. Chapter 5 provides a broad review of the main EPU developments. It details the debates within each Presidency over the structural design of the Treaty, and pays particular attention to institutional reform, co-operation in interior affairs and the debate over whether the future EU should have a federal goal. Topics are dealt with in one chapter because they are deemed not to be as crucial or important to the British as EMU, common foreign and security policy (CFSP) and social policy. Chapter 6 analyses the social policy negotiations, highlighting the rationale behind UK antipathy towards this procedure. The chapter emphasises the influence of the Secretary of State for Employment, Michael Howard, and stresses that Major's unwillingness to include the Social Chapter at Maastricht was because of his influence. Consequently, it is based on theories of domestic politics. Chapter 7 examines the UK's stance towards the development of a European CFSP. It emphasises that the government was not isolated in this policy area (as in social policy), because its position of favouring a more minimalist European capability was supported by Denmark, Ireland, the Netherlands and Portugal.

Section 3 covers Monetary Union, detailing both the reasons for the impetus towards EMU in the late 1980s and the UK's engagement in the negotiations. Chapter 8 examines the main driving forces behind EMU, details the UK's unenthusiastic reaction and emphasises that the government perceived the Delors Committee as a means of suppressing Member States' desire for Monetary Union. When a constructive proposal was advanced, namely the Hard Ecu, Thatcher was unwilling to present it as a path to EMU which resulted in it not being palatable to other Member States. Emphasis is placed on the divisions within government over
Introduction

the degree of UK commitment to the Community during this time period. Chapter 9 focuses on UK engagement in the EMU negotiations, demonstrating that London’s objectives altered from advancing the Hard Ecu, to obtaining an opt-out from the third stage of EMU. It illustrates the government’s preparedness to take a back-seat during the negotiations, although emphasising it was influential on certain aspects, such as the convergence criteria. The chapter also notes the Commission’s involvement in policy-making, but demonstrates that, despite this, the central focus of power lay with Member States. This is particularly pertinent to the development of the UK opt-out on EMU which was brokered by Heads of States and Government.

Finally, Section 4 includes the conclusion and appendices. Chapter 10, the conclusion, draws together all areas analysed, as well as providing some information with regard to those not covered. It analyses the differing positions of Member States on the main issues throughout 1991, and asks whether there were any changes in their positions by the time they reached Maastricht. Lengthy appendices provide a reference section, detailing key personnel. Information is also supplied on interviews conducted during the research, and methods used, of which the vast majority preferred anonymity when citing references. Similar coverage is given to the September 1996 questionnaire distributed to Conservative MPs. Otherwise, a schedule of proceedings and chronology of main events are included, which provide a useful means of following the negotiations in a sequenced manner, but as they were compiled from sources such as Agence Europe, and were not taken from official documentation, they cannot be guaranteed to be 100% correct.

The chapters do not cover the whole range of issues which formed the IGC agenda. The thesis is a case study of UK engagement on particular aspects of the Maastricht Treaty negotiations, with those chosen being CFSP, EMU, social policy, and broad aspects of EPU. Research, time resources, and word limits ruled out a wider analysis. By following through the more important aspects of the negotiations it is possible to stress how effectively the government engaged, as well a demonstrating how their role compared with negotiating theory and whether it is indeed possible, or wise, to create such theories.
Introduction

Issues with which the IGC dealt, and are not covered here, include: the Committee of the Regions; citizenship of the Union and the rights of citizens; extension of the category of decisions to which assent of the EP is required; the right of petition, and committees of enquiry; the provision for a Community Ombudsman; the revision of the three new competence chapters which were introduced by the SEA (i.e., economic and social cohesion, environment, and research and development; the deletion of Article 116); new provisions on the negotiation and conclusion of international agreements (Article 228); power for the European Court to impose fines on persistently offending Member States; the enlargement of the potential scope of the Court of First Instance; the addition of eight new competence chapters (education, training, culture, public health, consumer protection, trans-European networks, industry and development cooperation); miscellaneous amendments to the financial articles, including those of the Audit Court, and the promotion of the Audit Court to the status of an institution; and the drafting of the five protocols and 22 declarations that relate to subjects other than CFSP, Social Policy and EMU. In addition to these subjects, the negotiations dealt with proposals put forward by other Member States and the Commission which were not incorporated into the Treaty, though requiring a UK line on all points.

• Notes

1. That phrase has resulted in some dispute, with various government officials and Ministers (past and present) stating that the Prime Minister did and did not use it. A senior member of the Cabinet Office clearly recollected the Prime Minister using it in his press conference immediately after Maastricht, a position reiterated by Philippe de Schoutheete. Also Hogg and Hill (1995) Too Close To Call, p.157, fn.7.
Introduction

11. European Council (1989b) 'Conclusions of the Presidency, Strasbourg European Council', point 1.1.11.
14. Wallace (1997) 'At Odds with Europe', p.686. In a 26/6/1991 Parliamentary debate on the EC, Hurd stated: 'In the intergovernmental conferences we are not seeking to form an axis with any other Member State. We carry on conversations and dialogue with each of our partners and form different alliances on different topics. On defence, we have worked closely, for example, with the Dutch, Portuguese and, more recently, the Italians'. Hurd (1991b) House of Commons Official Report, vol.193, c.1019.
15. Interview: FCO official.
17. Interview: David Williamson.
18. Interviews: former FCO Minister and Pieter Nieman.
22. For an insight into the Eurosceptic cause see Gorman (1993) The Bastards, and Spicer (1992) A Treaty Too Far. Also Simon Heffer, The Spectator, 13/6/1992, pp.8-10. Heffer notes: 'Many Tory MPs feel the Maastricht deal was a con trick, and that their leaders, wittingly or unwittingly, did the coning' p.8. Major was adapt at methods of party management, his Parliamentary career having progressed through the Whips office.
Section 1: Policy Co-ordination
Chapter 1:

New Beginnings

- Theoretical traditions
  A two-level game
  Playing the game
- Methodology
  Strategy
  The problems and benefits of contemporary oral research
- Conclusion
- Notes

I was turned out because I said to Europe No, No, No. That No, No, No, has turned to Yes, Yes, Yes. (Margaret Thatcher)

In the bitter aftermath of her resignation on Thursday 22 November, we sceptics had assumed that John Major shared Margaret’s reservations on Europe. Indeed, when running for the leadership, he had assured the ‘92’ group, another band of Thatcher sympathisers, he was the biggest Eurodoubter of them all. Looking back, we should have realised. (Teresa Gorman MP)

Europe was becoming a very divisive issue in the Party. From the moment I went into Downing Street there was a split in the ground, and that the Conservative Party had a foot on either side of that split and it was growing wider on European policy. (John Major)

In the small Dutch town of Maastricht in December 1991, Community Heads of State and Government agreed to a Treaty on European Union which marked the culmination of the 1990-91 IGCs on EMU and EPU. It was perceived as both a success for the government and a personal victory for John Major. At 48 years of age he had been the youngest and most inexperienced government leader, having only accepted the office of Prime Minister twelve months previously, on 28 November 1990. Major’s appointment was the result of victory over Douglas Hurd and Michael Heseltine in the Conservative Party leadership election. Success came by virtue of appealing to the widest selection of Conservative MPs who considered him to be the ablest candidate to unite the Party after Thatcher’s downfall (see appendix 12). Despite being a member of the Blue Chip group of left-wing
Conservative MPs, which included the Party Chairman, Chris Patten, and Tristan Garel-Jones, Major's endorsement by Thatcher ensured that the right-wing of the Party added their support. Such a decision was influenced by a consideration that he was the candidate most likely to defeat Heseltine. His election team comprised right-wing members of the Party, being led by Norman Lamont, and supported by Michael Howard, Peter Lilley and Norman Tebbit. The only exception was John Gummer. Consequently, the perception amongst Conservative MPs, particularly Eurosceptics, was that Major, as Thatcher's choice, would represent a continuation of her scepticism towards the Community. But, according to the Eurosceptic MP, Teresa Gorman, "...he was never one of us. ...We were completely self-deluded".

Gorman's earlier assumption that Major was one of them (the Eurosceptics) was not shared by other Member States, who expected a more constructive attitude from the UK, not least because he was considered to have been a driving force in the opening of a chink in Thatcher's armour-plated opposition to EMU through the June 1990 Hard ECU plan. Jacques Delors was similarly optimistic of a more constructive UK role. Expectation was backed-up by a realisation on the government's part that it was essential to gain allies if it was to be successful during the negotiations, a point the No. 10 Policy Unit was aware of. This emphasis on constructive bargaining signified an awareness by Major that the previous administration's policy had been dominated by domestic preferences, and had not sufficiently taken into account policy developments on the European stage. The challenge for Major was therefore to balance more adequately the domestic concerns of his Party, and wider business and public interest, and policy developments advocated by other Member States.

In the period between November 1990 and December 1991 Major achieved two objectives which seemed unobtainable during the last two years of Thatcher's premiership. First, he greatly increased the opportunity of the Conservative Party winning the next general election, something which looked unlikely under Thatcher, and was a reason for her downfall. This was emphasised in a questionnaire sent to Conservative MPs while researching this thesis, 40% considering fear of losing the general election to be the most influential factor in Thatcher's downfall (see appendix 14, Section A, question 1). Second, throughout
1991 he created an improved relationship for the UK with Germany. London considered Bonn a crucial ally who would be able to influence the views of other Member States, thereby helping to broker more palatable compromises. This represented a realisation of Germany’s centrality to the IGC negotiations, and an awareness that if it was not prepared to offer some assistance to the UK, then the latter would face a greater difficulty in obtaining suitable compromise solutions. This tactic also reflected a desire to slow down and disrupt the Franco-German axis on which the Community hinged, of which France had recently been a particularly strong influence through its advocation of EMU. In conducting this strategy France was not considered to be a possible ally because Mitterrand and Major ‘...were never close...’ However, any attempt to establish greater rapport between London and Bonn was based in an awareness by the UK that major differences still existed between the two nations, particularly over questions such as the European Parliament. Thus, friendship was not expected to extend to an alliance, with both countries enjoying the benefits of a common programme of policy objectives.

A warmer Anglo-German relationship was apparent at a bilateral meeting between Kohl-Major in Bonn on 11 February, and thereafter cemented with Major’s Heart of Europe speech in Bonn on 11 March 1991. It was Major’s first speech outside the UK since being elected Prime Minister, while also being the first speech by a Conservative Party leader at the headquarters of the German Christian Democrats (CDU) and the first speech by a British Prime Minister in Germany since reunification. Regarded as a ‘...foreign policy milestone...’ for the UK, it evidenced a warmth in Anglo-German relations not present since the Heath-Brandt years, and certainly absent under Thatcher. According to one Foreign Office Minister, ‘the UK’s relationship with Germany was crucial to the outcome at Maastricht’. Germany’s assistance was notably evident at both Heads of State and Government and Foreign Minister level, in particular the June Luxembourg European Council and the crucial General Affairs Council of 30 September. The Kohl-Major friendship, demonstrated by first name terms, was based on shared ideas such a workable compromise to EMU and common desire for subsidiarity.
Section 1: Policy co-ordination

(although on the latter the motivating factors for each country were different, see chapter 5).\textsuperscript{18}

An improved relationship with Kohl was also the product of a wider reorientation of the Conservative Party towards Europe. The government, in particular Major and Patten,\textsuperscript{19} favoured the 30 Conservative members of the European Parliament (MEPs) aligning with Christian Democrats in the European People's Party (EPP).\textsuperscript{20} As Major noted:

As like-minded parties we can achieve great things together in Europe and for Europe. Our MEPs co-operate ever more closely in the European Parliament: I would like to see that relationship develop further. It must surely make sense for our MEPs to work together in the same team.\textsuperscript{21}

As evidence of a pragmatic approach to European affairs, it emphasised Major's desire for Conservative Party strategies to obtain greater influence at the European level. At a domestic level, Patten considered an English equivalent of the social market economy model would be '...a very substantial winner which will, among other things, ensure that John Major is Prime Minister for rather a long time'.\textsuperscript{22} This reflected his view that emphasis on individualism no longer represented the views of the country and that '...we have to establish a rhythm for our radicalism which matches the prevailing mood....I don't think government's just about standing pat...'.\textsuperscript{23} Thus, the deeper domestic motivation was a perception that it would help the Conservative Party win the impending general election, a policy borne out of Patten's Cabinet portfolio. He considered other senior members of the Party also shared an identification with Christian Democracy:

If you were to put round the table Volker Rühe and one or two of his colleagues in the German CDU, and Ken Clarke, John Gummer, Tony Newton and others, and me, apart from the fact that they'd probably speak English better, you'd often be hard-pressed to know which was which. Different perceptions about Europe, but partly because we start from different sets of political and personal experience. But I find myself very much at home talking to German Christian Democrats.\textsuperscript{24} (Emphasis added)

Hence, friendship with Kohl, as a leading Christian Democrat, was an important consideration in this equation. This topic was discussed at a bilateral meeting between Kohl and Major at Chequers on 9 June 1991, having previously been raised at the Bonn meeting. Major hoped that a reorientation of the
Conservative Party towards Europe would enable him to exert greater influence in the Community than Thatcher had done in the latter years of her premiership. The government would consequently form part of the Christian Democrat group, therefore reducing UK isolation. Major would be able to participate in the regular meetings of Christian Democrat leaders which acted as a clearing ground for ideas among Community Heads of State and Government, particularly before European Council meetings.

This signalled not just a change of governing style, but a symbolic change in the Conservative Party’s outlook on Europe (although this proved to be short-lived), and in the process established clear ground between the Thatcher and Major government’s. A significant component of this change was Major’s own experience being conditioned by the post-war consensus, including a retreat from Empire and focus towards Europe, with a reduced emphasis on ideology. This contrasted with Thatcher, who was the product of an older generation when the UK’s position and influence in the World somewhat distanced itself from Europe. As Major noted:

For my generation, Europe was a cause of political inspiration. We were barely adult when, in 1963, Britain’s conservative Government made our first application to join the Community....The Conservatives recognised that it was in Europe that Britain’s destiny lay...

An immediate variation was apparent at the December 1990 Rome European Council, Major adopting a pragmatic approach not based on ideology, with emphasis attached to areas where agreement could be reached, and not those which were controversial. Patten was the significant influence in this strategy which emanated both from his elevation to a senior Cabinet position, as well as his room for manoeuvre increasing by Major’s initial preoccupation with the Gulf War. Despite this approach differing from Thatcher’s, the degree of negotiating flexibility available to Major was heavily constrained by domestic issues, most notably divisions within the Conservative Party, and opposition from key Cabinet Ministers such as Michael Howard (see chapter 2).
Section 1: Policy co-ordination

- Theoretical traditions

Existing theoretical studies on European integration range from focusing on the centrality of supranational actors to the importance of Member States. The significance of the former, such as the Commission, to the European integration process was originally advanced by Ernst Haas. He and other neo-functionalists believed the establishment of supranational institutions would result in organisations, such as the Commission, pursuing integrative policies, a process stimulated by spillover rationale. For Haas, spillover referred to the concept of sector integration in essentially economic areas, while the actual process of integration involved a degree of self-propulsion. Once the process commenced (through the establishment of supranational institutions), there was a likelihood that spillover would take place. Consequently, neo-functionalists believed the necessary leadership for advancing European integration would come from actors above the state, particularly the Commission and interest groups, with this concept of ‘spillover’ emphasising the linkages between domestic and international developments.

A potential weakness was reliance on the leadership abilities of political elites at the supranational level, while not stressing the factors which influenced EC policy-making at the domestic level. By focusing on the Community, sufficient attention was not attached to the political environment within Member States, as any real advance in integration was linked to Member States adopting similar views to the Commission. Moreover, the theory did not take into account the extent to which proceedings were influenced by the external economic and political environment. A lack of dependent variables was accordingly a major failure for neo-functionalism, resulting in the questioning of the self-propulsion of integration by supranational institutions. Scepticism was confounded in the 1970s and early 1980s via a worsening institutional crisis through a lack of autonomy from Member States. This situation, and the lack of a theoretical model for it, resulted in greater focus being given to Member States as the prime factors of European integration. In particular, Stanley Hoffman argued that neo-functionalism underestimated the ability of the major actors to stop or slow down the building of a new political system, while it did not take into account the influence external countries had on
Member States (notably the USA and USSR). Instead, he advanced a concept of intergovernmentalism which stressed that analysis should focus on Member States’ national interests and the bargaining between them.

This focus on Member States is of particular relevance to IGC negotiations, as national negotiating preferences are influenced by domestic affairs. In the first instance, Member States have historically experienced different forms of economic development and political traditions. Present-day factors equally shape different national preferences, including a government’s parliamentary majority and political orientation, as well as wider implications such as a forthcoming election, the current economic well-being of a Member State and the personality and opinion of government Ministers. The latter point is particularly pertinent to studies which analyse core executive decision-making, with national preferences often being determined by the views of differing individual Ministers and officials depending on the issue under construction. Thus, just as national policy styles and negotiating preferences differ amongst Member States, there often exist different negotiating styles within nations depending upon the particular topic under discussion. This concept of national bargaining positions being influenced by the relative power positions and policy style of individual Ministers and officials is further examined in chapter 2.

A perception of Member States being central actors to the EC policy-making process was demonstrated by Simon Bulmer. He argued that a focus on Member States’ domestic politics could provide an important interpretation of EC policymaking, as the policies a government pursued at the Community level were influenced by the domestic environment. Yet, the approach did not rule out the importance of the international environment, as governments essentially occupy a gatekeeper role, with differing pressures influencing the overall negotiating position. As a result, the article challenged the predictive nature of integration theories relating to government preferences, while he later refined this approach:

Our basic approach is to take a ‘domestic politics’ approach: to assume that governmental policy is not simply the result of important exogenous European and international developments. Instead, it is assumed that Britain’s particular economic and political relationship with the world system is mediated by its national political system. Hence, Britain’s role in the EC cannot be understood fully by a mere account of the activities of
Section 1: Policy co-ordination

central governments. The forces underlying governmental policy must also be examined.35

Bulmer explains that these forces include finance, business, and the labour market; the structure of the political system; and the country’s position in the international economy.36 This was advocated as an ‘institutional interpretation’, whereby UK policy was conditioned by factors such as the doctrine of the sovereignty of Parliament and an economic policy centred on the Anglo-American relationship. Consequently, inherent institutional factors within the UK have assisted in shaping policy towards the EU.

Such emphasis on domestic politics is particularly pertinent to the UK, where both the wider public and national policy-makers have traditionally not been as committed to the European cause as its continental neighbours. This has been evidenced through late entry to the Community, renegotiation of the terms of entry, the 1975 referendum and the budget dispute. Yet while such events have been portrayed as expressing a negative attitude towards the Community, London was central to the establishment of the European Regional Development Fund and the creation of the single market, while it has traditionally had one of the best records of implementing EC legislation. Crucially, these positions have matched domestic priorities, thereby allowing successive government’s to champion their domestic agenda at the supranational level. However, that is not to say that theoretical studies have not accounted for more than one of the differing pressures within the system, from domestic politics to supranational leadership. Revision of the Community via the Single European Act (SEA) focused attention on motivational factors, including the role of Member States, external pressures such as economic performance, and the policy leadership of the Commission. The last point was further emphasised by the significant influence that Delors later had on EMU (see chapter 8).

These varying factors resulted in authors either focusing on the centrality of bargaining between Member States (neo-realism) or the role of the Commission, and other non-state actors (neo-functionalism) in providing policy leadership.37 The latter perception that the European integration process was primarily shaped by non-state actors was used by Sandholtz and Zysman in their analysis of the
motivating elements behind the 1992 programme.\textsuperscript{38} It advocated that 1992 was the result of a culmination of factors: a changing economic relationship with the United States and Japan; a desire for increased integration on the part of business; ideas for matching the benefits of a European market to national objectives; and the Commission’s policy leadership role. Actors involved in the elite bargaining process included representatives from the business sector, segments of the executive branch of national governments, and the Commission, with the latter perceived to be the key factor through the leadership of Delors.\textsuperscript{39}

In contrast to this approach, Andrew Moravcsik considered that the SEA and Single market programme was the product of intrinsic bargains between Heads of State and Government of the three largest Member States: France, Germany and to a lesser extent the UK.\textsuperscript{40} Moravcsik’s ‘intergovernmental institutionalism’ was based on three factors: first, intergovernmentalism, with its premise that national governments are the key actors in propelling European integration; second, lowest common denominator bargaining, reflecting Member States relative power positions, including some compensatory mechanisms such as side payments for smaller Member States; and finally, the protection of national sovereignty by government leaders. This account, which utilised the concept of both domestic politics and a second stage of interstate negotiation, benefited from the very nature of IGC negotiations which ensured Member States were the actors who adopted decisions that produced change. Later, Moravcsik revised this analysis to that of liberal intergovernmentalism, whereby Member States preferences were formulated on the basis of governments as rational actors, national preference formation and interstate negotiation.\textsuperscript{41} While this refinement has influenced academic debate,\textsuperscript{42} it is an account which this thesis does not fully support.

That is not to say that certain aspects of Moravcsik’s approach are not applicable to this thesis, as he applies the concept of domestic politics as a central influence in the formation of national preferences, while he utilises the metaphor of a two-level game whereby outcomes were the subject of interstate negotiation. The problem with this method is that it claims to offer some predictability. To take the first of the three points, that of governments acting as rational actors (both in the construction of their choices and in the search of negotiating aims), the 1990-
Section 1: Policy co-ordination

91 IGC negotiations do not support such a claim for all of the strategic decisions taken by London. This is because the assumption that national preferences were dependent upon the views of interest groups, whereby groups articulate pressure and governments aggregate them, did not hold true, as UK negotiating objectives were subject to few requirements from interest groups, and where pressure was apparent it was not of a uniform or cohesive nature, with the CBI and IoD having a different set of social policy objectives. Rather, policy-making was dependent on internal differences within government and the Parliamentary Party, with there being little sense of an overall strategy. Cabinet was reactive rather than forward looking. When decisions were taken, symbolism and the influence of particular individuals were often crucial, creating a scenario where domestic political factors exercised key influence over UK negotiating tactics.

The view of this thesis is that it is not possible to match IGC negotiations to an exact model, or indeed to offer predictive accounts of how Member States will act. While France, Germany, and to a lesser extent the UK, exercise a significant influence in shaping the Community’s activity, with the latter tending to be negative rather than positive, their own power and authority ebbs and flows depending on national issues. A nation’s influence within the Community is directly correlated to domestic political considerations. Hence, post-reunification Germany’s attention became increasingly focused on domestic issues such as unemployment. As a nation, it consequently is not perceived to exercise the omnipotent influence within the Community that it did prior to reunification. Accordingly, the thesis does not follow the approach of Moravcsik, or Sandholtz and Zysman who focus on Community-wide developments. Rather, IGCs are significantly different from other EC decision-making procedures, such as single market policy. They deal with ostensibly history-making decisions, while negotiations are primarily conducted by national Ministers and officials, with policy being directed towards European Council meetings for resolution by Heads of State and Government. Member States champion national interests, while the policy adjustment is primarily dictated by domestic concerns. Consequently, a Member State’s aim is to steer the eventual package deal in the direction of the national interest. Thus, the approach taken is to focus on the factors which shaped
UK policy during the Maastricht talks, of which domestic politics proved to be a crucial factor. As Bulmer notes ‘British politics matters’.45

This assertion was initially outlined in the abstract of this thesis. Of its components, Bulmer suggests that domestic factors incorporate pressures from within and outwith the Palaces of Westminster. A list of the elements from within could include general points such as the Parliamentary majority of a government; the extent to which backbench MPs and junior Ministers were consulted on policy; the authority of the Prime Minister within Cabinet (and within the Commons); and both the length of time that a political party has been in government and the timing of the next general election. The latter two points are also relevant to policy influences exerted from outwith Westminster, of which we can add those listed by Bulmer, namely finance, business, the labour market, political system and a country’s position in the international economy.

Taking these points in turn, it is evident that not all were central to the UK cause. In the first instance, the Major government had a majority of nearly 100 in the House of Commons at the commencement of the IGC. This meant the government was able to construct a policy without having to strike deals with opposing political parties, which contrasted with coalition governments in other Member States, including Germany and the Netherlands. Added to this, backbench MPs did not exercise a determining influence on policy, with there being a lack of a co-ordinated strategy amongst Eurosceptic MPs (see chapter 6). By contrast, junior Ministers exercised more influence, but this was still relatively insignificant on the broad swathe of the negotiations. On some topics, such as social policy, it was possible for junior Ministers to sway decisions, but such a policy was also backed by an influential Cabinet Minister in the form of Michael Howard.

His influence reflected Major’s inability to dominate Cabinet in the manner that Thatcher had. Howard was also aware of the possibility of a further party leadership contest in the wake of the impending general election (caused through defeat). He therefore cemented his position as a Eurosceptic, championing the interests of a disparate band of Parliamentary sympathisers. By doing so he placed himself in a strong situation, feeding on Major’s preference to compromise rather than challenge. Yet in contrast to this position, the historic attachment to
Section 1: Policy co-ordination

sovereignty which has conditioned the attitudes of successive UK governments, did not embrace all aspects of the negotiations. For instance, while MPs were concerned about ceding economic sovereignty to a European Central Bank, as represented in the government’s hostility towards EMU, they did not vehemently challenge the granting of co-decision powers to the European Parliament, which did signal a significant increase in its authority (although negative rather than positive).

Of external influences, it was equally clear that the government was not held hostage by various groups. No proposals were put forward on social policy. The decision was a conscious one. Ministers assumed that they would be in a better position, tactically, to defend other proposals, than to put forward changes which either would in a sense be more radical, i.e. to withdraw existing competences from the EC for which the government would have little support, or to try to amend texts to make them as good as possible. London considered the introduction of a Social Chapter would contradict the deregulatory policies the Conservative government had introduced within the domestic labour market during the 1980s, and hence the historical nature of domestic UK policy was a determining factor. At the same time it was thought that increased regulation would result in greater unemployment and a lack of competitiveness. This stance found favour with MPs and certain organisations, including the IoD, although the CBI advocated a policy of engagement. Thus, London’s decision to resist was cemented in domestic politics, of which institutional aspects proved to be important, although Howard was the determining authority.

By contrast, external influence was less prevalent on CFSP, primarily because it did not attract the same high profile lobby group attention. CFSP did not arouse particularly strong feelings within the UK electorate, nor within the Conservative Party. This was emphasised by a questionnaire sent to Conservative MPs while researching this thesis, only 5% considering the introduction of majority voting for foreign policy to be the most damaging issue the UK faced during the IGC. In comparison, the inclusion of a federal goal, Social Chapter, single currency and stronger powers for the Commission were perceived to be more damaging (see appendix 14, section A, question 6). When debate within Westminster touched on
foreign and security policy, MPs were more concerned about the changes within the UK armed forces, as evidenced by a cut in manpower through the ending of the Cold War. Absence of debate did, however, mean that UK negotiators were provided with a freer negotiating line. Accordingly, domestic politics was relevant to the outcome on CFSP, with the make-up and method of decision-taking within Cabinet being the more important.

But just as domestic politics helps to explain why the UK engaged in the Maastricht Treaty negotiations, it does not take into account how the government activated those preferences. Previous work on the UK has tended to centre on the importance of the domestic politics approach in shaping the attitudes of successive governments to the Community. In particular, the UK has been perceived as a 'semi-detached' member, while also having been characterised as 'An Awkward Partner'. In general terms, a UK minimalist stance has contradicted the integrationist position taken by other countries, including Belgium, Germany, Italy and Luxembourg. Yet, it is an over-simplification to characterise specific countries according to a maximalist or minimalist position, while at the same time it is wrong to suggest that London was awkward on all issues during the IGC, although the UK line was the most minimalist of the three major nations. Whereas France was considered to have adopted a maximalist outlook through advocating EMU and the inclusion of a Social Chapter, it aligned with the UK on the institutional design of the Treaty in favouring a pillar approach. Therefore if the UK was 'awkward' on this issue, then France also was.

A two-level game

To help explain negotiating outcomes, the thesis utilises the model of a two-level game in addition to domestic politics. A two-level game essentially refers to a situation whereby nations are susceptible to influence from both domestic and international pressures. This concept of two opposing forces being linked together often reflects the tensions apparent during international negotiations, whereby an eventual package deal may involve nations shifting policy goals from pre-negotiated stances to ensure an overall acceptable package. Events abroad therefore condition the domestic outcome. Crucially, such scenarios depend on
outcomes which are acceptable to all Member States, with national negotiators perceiving their actions to be in their own nation's interests. As Zartman notes, "...the expected value of the outcome to each side, and hence the total value of the outcome, must be positive, or there would be no incentive to engage in negotiations or to accept the outcome." Moreover, for policy movements to take place, it is necessary for participants to want agreement more than breakdown, with this creating the concept of dual responsibility. This is of particular relevance to nations who are members of key international organisations, such as the United Nations Security Council, North Atlantic Treaty Organisation, Group of Seven industrial countries, Organisation for Economic Co-operation and Development (OECD), and, for the purpose of this study, the EC.

This therefore necessitates interdependence, with James Rosenau providing one of the first accounts of this area through his analysis of linkage theory. Later, Keohane and Nye added to the literature by emphasising interdependence and transnationalism, especially with regard to international organisations such as the OECD and the EC. For instance, they recognised that the regular meetings of Central Bank Governors and Finance Ministers within the realms of the OECD and EC Monetary Committee forged 'strong personal friendships...and considerable collegiality and esprit de corps seems to have developed'. The creation of the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) in 1979 is of specific relevance to this, with the need for nations participating in the ERM to adjust national economic policies to international economic needs (through intervention in the foreign exchange markets), and similarly for the system to adjust (through realignment) when currencies no longer represent their established value. This concept of interdependence was further advanced by Katzenstein, who noted that:

The management of interdependence is a key problem which all advanced industrial states have confronted in the post-war international political economy. Differences in their domestic structures and the international context in which they are situated have dictated the adoption of different strategies of foreign economic policy. The rationale of all strategies is to establish a basic compatibility between domestic and international policy objectives.
New Beginnings

More recently, Putnam expressed the relationship between domestic and international policy as a two-level game, noting that:

At the national level, domestic groups pursue their interests by pressuring the government to adopt favourable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximise their own ability to satisfy domestic pressures, while minimising the adverse consequences of foreign developments.55

This evokes an image of both games being played simultaneously, with domestic and international forces conditioning national policies.56 The effect of such interaction, with negotiators appearing in both arenas, is to increase the costs incurred by negotiators if they ignore either arena. Putnam's own analysis sprang in particular from the 1978 Bonn summit, which he considered yielded an agreement that 'left all participants happier than when they arrived'.57 Significantly, he goes on to state that his research suggested 'the key governments at Bonn adopted policies different from those that they would have pursued in the absence of international negotiations' and 'that agreement was possible only because a powerful minority within each government actually favoured on domestic grounds the policy being demanded internationally'.58 Therefore, for Putnam, the two-level model represented a situation whereby negotiators at the Bonn meeting recognised agreement was better than no agreement and were accordingly prepared to offer some flexibility on their domestic position in order to obtain a conclusion, and second that the standing of those very negotiators was high enough for them to carry through the accepted deal at the domestic level.59

But while this agreement took place at a specific summit, the two-level model is particularly relevant to EC negotiations as whole, particularly IGCs, and notably European Council meetings, where agreements and policy developments are often the product of the intermeshing of domestic and international pressures. For instance, since the development of the Community national Ministers have been brought into closer contact with their counterparts from other Member States, a situation particularly true for Foreign Ministers. Geoffrey Howe emphasised that '...no task absorbed as much time as my meetings with fellow Foreign Ministers of the European Community. This meant that at least we got to know each other's
negotiating style, personality and national characteristic'. Over time regular interaction led to the creation of a set of informal rules at the Community level, including a perception of mutual solidarity. This has been especially true for Member States Permanent Representatives, who play a crucial role in defending the national interest during Community negotiations. Certain formal procedures have added weight to the establishment of informal rules, most notably the shared Presidency of the Community, whereby similar challenges face each Member State, including agenda setting and brokering agreements. Thus, the best interest of a nation is generally to be served by being co-operative with their fellow Member States, with working relationships, for instance, being relevant to interaction within the European Council, Council of Ministers, and between Permanent Representatives and Central Bank Governors, the latter of whom tend to be the furthest removed from the political aspects of national policy-making.

Consequently, as the former UK Permanent Representative to the Community, Sir Michael Butler, acknowledged:

all Foreign Ministers know that, on almost every issue, they have got to agree in the end. They are condemned to achieve a successful outcome to a Community negotiation, even if they have sometimes made it difficult to present success in the Community other than a failure at home.

But while such negotiating forums can be conceived as places where national preferences are played against international pressure, it is also the case, as Putnam and Bayne note, that economic interdependence between nations and differing domestic agendas can result in interest groups within nations pushing for the same negotiating outcome. Such a scenario is representative of the pressure by trade unions within the EC for equal social standards, with UK trade unions welcoming international demands for London’s acceptance of the Social Chapter. In a slightly different manner, between 1985 and 1990 it was evident that UK Ministers, particularly Nigel Lawson, Geoffrey Howe and John Major, in conjunction with the CBI, welcomed the pressure being put on Thatcher by other Member States for UK entry to the ERM. Thus, it is evident that transnational alliances can develop, whereby domestic interests pressure national governments to adopt similar policies.

The crucial difference between these two examples is, however, that domestic arithmetic meant that it was impossible for Thatcher to withstand the onslaught of
pressure from her Cabinet colleagues for UK entry to the ERM. By contrast, London did not sign up to the Social Chapter because there existed supported within Cabinet and the Conservative Party for that policy. Crucially, the Minister responsible, Michael Howard, had a high domestic standing which meant it was impossible for negotiators, such as the Foreign Secretary or Permanent Representative, to pressurise domestically for a policy more agreeable to other Member States. Hence, two-level game models are less effective when domestic Ministers of a high standing are unwilling to strike deals which involve compromise. However, where Ministers command a high position it is possible to sell a package domestically that may involve some concessions. In recent times, this has been characteristic of UK acceptance of the Single European Act (SEA), which included both the domestic priority of the creation of a single market, and the lesser objectives of granting increased powers to the European Parliament and extending qualified majority voting (QMV). For example, although unpalatable, London accepted an extension of QMV because it was viewed as essential for the objective of creating a single market, as certain measures could otherwise have been blocked by other Member States, for instance Greece. This represented the classic package deal, whereby negotiators returned to their domestic capitals happier than when they arrived, all considering that their national interest had been preserved. As Redmond notes, ‘...each (participant) strives to present an interpretation of the event which shows them in the best light to their electorate.’ 

This explains why John Major proclaimed the Maastricht negotiations as ‘Game, Set and Match’ for the UK. But crucially this went beyond the bounds of each nation adding their particular ‘gloss’ to the summit communiqué in an effort to convince national electorates. To this end, the Belgian Permanent Representative, Philippe de Schoutheete, considered it an unwise gesture, since it presented an image of ‘total’ victory over other nations, when EC negotiations involve compromises for all participants. Major’s words therefore promoted a sense of diktat and not negotiation, with one side perceived to have not made concessions, even though the reality was that mutual movement had occurred. Such an outcome helps to explain why UK negotiators, notably Major himself, refuted claims that the statement had been made in the aftermath of the meeting,
Section 1: Policy co-ordination

thereby attempting not to generate any bad feeling amongst other Member States.\textsuperscript{70} This was because, as Zartman notes:

In negotiations, both parties win (are better off than at no agreement) or they would not come to agreement; they are not competing for an unshareable victory, as in a vote. Each party wants the other to be satisfied too, not because they care about each other per se, but so that the other will make and keep the agreement that gives the first party its share.\textsuperscript{71}

The product of this interaction is that differing pressures are placed on negotiators. In the first instance, policy preferences tend to represent domestic interests. In the case of the UK, during the IGC this equated to a preference of not being committed to a single currency, a common defence policy, nor to have a Social Chapter included within the treaty. More positive preferences included providing the European Parliament with the ability to scrutinise the Commission. At the Community level, negotiators attempted to translate these preferences into reality, although the eventual outcome was influenced by an individual negotiator’s standing amongst colleagues. This was in turn dependent on the perceived influence that the negotiator had domestically and the favourability of the policy at the Community level. The two-level game model is accordingly based on a domestic politics approach, but crucially goes beyond that by stressing the conditions which players can find themselves in. It does not, however, offer a ‘black box’ predictability factor, whereby a set of conditions will produce a likely outcome. Rather, it provides a flexible tool to analyse the interaction of Member States in international negotiations, particularly within the Community, and its benefit to this thesis is that it highlights why certain outcomes arose for the UK government, particularly on areas such as CFSP and co-decision, while helping to explain why the UK stood firm on social policy. Accordingly, the thesis is compartmentalised, with the two-level game model and domestic politics approach being used to explain negotiating outcomes on individual case studies, with the conclusion drawing together both concepts by demonstrating the concept of the package deal apparent in negotiations.
Playing the game

At the EC level, UK negotiators, both official and Ministerial, often attempted to ensure that their counterparts reacted as favourably as possible to government proposals. This was particularly apparent within EPU, where shared interests were influenced by the majority of personal representatives being Permanent Representatives to the EC (see appendix 3). The latter group all lived within Brussels, meeting regularly at both official and social functions. They often experienced similar problems, such as a lack of negotiating instructions from national capitals, while the rotating Presidency of the Community created a common sense of identification. The degree to which they felt allegiance to their counterparts was emphasised by the experience of Dutch Permanent Representative Pieter Nieman when he was first appointed to the Community in 1986. At that time the UK chair of the Presidency, Sir David Hannay, provided Nieman with private briefings to ensure that he was aware of all developments to counter his inexperience of Community affairs. As a result of Hannay’s assistance, Nieman was more pre-disposed to the views of the UK during his chairmanship of the 1990-91 IGC, occasionally using the privileged position of the Presidency to brief the UK Permanent Representative, Sir John Kerr, of possible difficulties with future IGC proposals.72

A common sense of identity was not so prevalent within discussions on EMU, where personal representatives were not in such regular contact with their counterparts (see appendix 5). This was influenced by being located in national capitals, while the wider ranging nature of EPU created the opportunity for more regular contact amongst participants. Despite these points, officials still considered themselves to be part of an intimate club, a factor bolstered by some personal representatives, including the UK negotiator Sir Nigel Wicks, also participating in the EC Monetary Committee, which served as a further negotiating forum (see chapters 2 and 9). It included representatives of Central Banks, who had a particularly strong bond, most notably at Governor level where representatives considered themselves to be detached from national capitals, of which the Bank of England (BoE) was the least independent. But despite it being subject to greater political control, the Governor of the BoE believed that he was participating in a
detach group, where members were prepared to assist one another. This was particularly evident during the Delors Committee (see chapter 8). A basis for this close affinity was their tenure not always being subjected to the vicissitudes of both electoral support and career progression.

Ministerial discussions on EPU and EMU were equally subject to participant allegiance, although just as at the official level, the stronger bond existed within EPU. Inside these groups the concept of being in a club, and having to solve particular problems (which they often considered domestic Ministers did not fully comprehend), ensured they were prepared to be flexible with each other in order to create a 'win-set' favourable to all, while being aware of the room for manoeuvre provided by national capitals. Contact between Foreign Ministries was a well established feature of Community life, and led to scenarios whereby they often met their counterparts on a more regular basis than domestic Ministers. Shared views nevertheless existed on EMU, where Central Bankers and Ministers respectively met within the realms of the Committee of Governors' and EcoFin, although whereas Hurd was committed to the EC, the Chancellor of the Exchequer, Lamont, was more sceptical. This personal position, combined with the UK's lack of sympathy for EMU, meant that he was not in a strong position to convince other Finance Ministers of London's proposals, which in any case did not envisage the direct leap to EMU that other Member States desired. This contrasted with the position of Hurd, who was personally committed to the Community and was regarded in both domestic and Community circles as an influential negotiator. He had the additional advantage of having been Foreign Secretary since October 1989 and Minister of State at the FCO between 1979-83. His high standing therefore provided him with a greater ability to strike deals at the Community level and then sell them to domestic politicians, who were generally prepared to trust his judgement. By contrast, Lamont was appointed Chancellor in November 1990, was less aware of Community negotiating dynamics and consequently had a lesser standing than Hurd both at home and abroad. This was partly caused by Major, as a former Chancellor himself, taking a keen interest in financial affairs, and thereby usurping some of Lamont's negotiating credibility. Lamont's lack of presence at the Community level was emphasised by a Commission official who considered
that the influence of his successor, Kenneth Clarke, within EcoFin was far greater, despite the government being more sceptical towards the Community in the years after 1993 than it was during 1991.  

Throughout the IGC some UK negotiators therefore participated in a 'two-level' game, whereby the eventual outcome was determined by both domestic and EC politics. At a domestic level it was evident that the UK negotiating line was less influenced by extra-government factors, such as interest groups and public opinion. Instead, internal factors proved to be the crucial ingredient in determining London's policy, including divisions within the Conservative Party and tension inside Cabinet. The outcome of these pressures was that government policy on individual topics was dependent on the particular pressures exerted, of which chapter 2 analyses the relative power and influence of individual Ministers and officials within the domestic core executive and at the European negotiating tier. For instance, Peter Lilley's and Michael Howard's influence within the social policy debate ensured that a restrictive negotiating line was advanced. This was despite the influence of business lobbies, such as the CBI, which advocated a softer UK approach (although the IoD predictably backed the government). By contrast, on CFSP, the combination of domestic interest being focused on other issues, and Hurd's desire for a more positive UK approach, resulted in a less confining negotiating line.

At the EC level, the translation of broad UK objectives into policy realities was hampered by an absence of clear instructions for officials who conducted the majority of the negotiations (see chapter 2). Yet, certain Ministers and officials, such as Hurd and Kerr, were particularly skilled at diplomatic bargaining, being held in high esteem by both national and European audiences. Success therefore owed much to their ability to maximise the government's preferences within the confines of both domestic and Community boundaries. In the process of exercising policy preferences, the theory of two-level games was more applicable to EMU and CFSP, than to social policy. This was the result of domestic political factors which ensured that the government was not as active a participant at the EC level, while an influential factor in dividing the IGC negotiations into composite parts was the general absence of policy trading between different topics. This applied not just to
linkage between the IGCs on EPU and EMU, but also to linkage between the differing topics within EPU, which included, among others, JHA, CFSP and the reform of the EP. Strategies employed in one aspect of the negotiation did not necessarily affect progress on others. This concept of two-level games and domestic politics is accordingly examined in the course of the thesis, with the conclusion drawing together both the empirical findings of the research as well as the more theoretical aspects. But prior to this examination, the following pages outline the methodological framework.

- **Methodology**

The route taken by this thesis has been to detail the reasoning behind the government's negotiating position on selected topics by using the resources available to the contemporary historian. The information obtained provides a micro-level empirical analysis, detailing both the influence of individual government Ministers on differing aspects of the negotiations, and describing the reasoning behind decisions to be flexible on certain topics and inflexible on others. This historical interpretative approach differs from the generalised style used by theorists, as 'It is concerned with phenomena without attempting to formulate a general theory and without making any attempt at either prescription or prediction. In this sense it is non-scientific'. Yet, ‘...it cannot avoid a level of generalisation which implicitly, at least, is theoretical’.

The non-scientific approach, associated with historical interpretation, led to a quest for theoretical explanations to provide rigorous arguments for the study of international politics. But while historical interpretation was criticised because of its lack of theoretical structure and use of subjectivity, Reynolds considered it is the ‘...more appropriate to the interpretation of international politics than the proffered alternatives’. Its value has been demonstrated by other authors who have considered it to be a legitimate means of creating interpretative accounts. Miriam Camps portrait of de Gaulle’s veto of the UK’s application to join the Community in the 1960s is still regarded as a particularly accurate description. Use of contemporary evidence, such as interviews, was equally put to good effect by Peter Ludlow through his analysis of the European Monetary System, while more
recently Lawrence Freedman and Efraim Karsh's text on the 1990-91 Gulf conflict is considered to be particularly authoritative.\textsuperscript{83}

Such is the value of the contemporary historical approach that there has been a vast expansion in the number of texts dealing with the subject. At an earlier stage Professor Carr demonstrated the contemporary nature of all history:

The historian is of his own age, and is bound to it by the conditions of human existence. The very words which he uses - words like democracy, empire, war, revolution - have current connotations from which he cannot divorce them.\textsuperscript{84}

In the 1960s John Barnes highlighted the specific value of conducting research into recent issues: 'Closeness to events and even commitment can be an advantage and supply an opportunity for insights that might otherwise be denied to subsequent historians.'\textsuperscript{85} At a later stage the various research methods used by such historians have been expanded upon by Anthony Seldon,\textsuperscript{86} and it is the strategy of this research to which the thesis now turns.

**Strategy**

Researchers tackling a contemporary historical subject such as the UK and the negotiations of the Maastricht Treaty face a barrage of problems, not least a shortage of primary documents, despite the existence of large quantities of secondary material. It is impossible to access key UK government and EC documents such as Cabinet papers and internal memoranda which might illuminate subject matter. Second, many of the key UK Ministers and officials involved in the period were unable or unwilling to comment on events, primarily because they were still employed in the service of the government at the time of writing.\textsuperscript{87} In the past it has been emphasised that:

Secrecy is built into the calcium of every British policy-maker's bones. It is the very essence of his - or her - concept of good governance. As a result, the policy-maker wants to control information - and to that end there is a cornucopia of statutes, codes and conventions.\textsuperscript{88} Section 2 of the 1911 Official Secrets Act, amended and expanded in 1920 and 1939, outlaws the unauthorised release of information by any servant of the Crown whether the information is classified or not, and it is even an offence to receive such information.\textsuperscript{89} In addition, while certain politicians or senior civil servants may
be prepared to discuss issues, their junior officials, or gate keepers, occasionally
deeem approaches by academics and the media as counter to the requirements of
government secrecy. Furthermore, presented information may not be
representative of the whole truth, constituting an attempt to ensure sensitive issues
are portrayed in a more photogenic light.

Third, certain key individuals, such as Douglas Hurd, have not yet published
their memoirs, while others are unlikely ever to publish. A the time of writing, the
Major government has not produced one significant memoir from a Minister of
Cabinet rank, although chapter 19 of Kenneth Baker’s memoirs covers the
period.91 Sarah Hogg and Jonathan Hill (the former head and member of the Prime
Minister’s Policy Unit) provide some useful information on the Major government
from an insiders point of view, but the book does not provide enough critical
evaluation.92

Fourth, whereas the Thatcher government spawned a vast amount of secondary
literature, a similar quality and quantity of material has not been devoted to the
Major years. Books have tended to be personal tributes rather than critical
evaluations,93 although both Kavanagh and Seldon’s The Major Effect and
Ludlam’s and Smith’s Contemporary British Conservatism provide greater
analysis.94 In addition, the Major government’s role during the IGC negotiations is
addressed in both the second edition of Stephen George’s An Awkward Partner,
and Robert Wester’s account in Laursen and Vanhoonacker’s edited volume.95
Useful contributions to the overall debate have also been made by John Young and
William Wallace.96 Nevertheless, inasmuch as these accounts provide important
analysis, they relied on secondary sources.97

Finally, even publicly-available documents which historians might see as
important were not necessarily treated as such by officials, and full records were
not always kept. The library of the Council Secretariat does not have all the
documents advanced during the IGC, while in comparison it has all (or nearly all)
documents for the 1996-97 IGC. This is partly the result of greater awareness of
librarians for the need to keep a copy of all printed matter, but also due to the
concept of transparency now present within the EU. At a further level, the press-
cuttings service of the Council Secretariat lost all their articles on the negotiations
when they moved the document section during a period of refurbishment! In addition, the UK Home Office did not have a copy of their early 1991 proposal on Justice and Home Affairs because it was not deemed important.

Despite such problems there still exists a sufficient supply of sources to enable the contemporary researcher to tackle such a subject. Most notably there was intense media coverage. Broadsheet newspapers provide coverage of contemporary events in great detail, often exposing events which the public would otherwise not be made aware of, such as the *Washington Post*’s revelation of the Watergate scandal in the early 1970s. The value of the press to the contemporary historian is further evident by the many quality books produced by journalists, which have provided an accurate account of events prior to the release of public documents. This was particularly the case with Max Hastings and Simon Jenkins account of the Falklands crisis.98

But since the political journalist’s exposé is primarily dependent on information obtained from sources such as MPs and civil servants,99 a certain degree of care is required when interpreting such coverage. Articles may be deliberately biased to represent a particular position, as emphasised by the description of the UK having being ‘ambushed’ at the October 1990 Rome European Council. This story, while not completely true, emanated from a briefing by Thatcher’s press secretary, Bernard Ingham, and was not consistent with the views of the wider UK delegation.100 A further problem with newspaper analysis is political bias. A pro-Conservative line emanates from the *Daily Telegraph*, while the tone of *The Guardian* has tended to be pro-Labour, or anti-Conservative. In addition, coverage often tends to be short-sighted, lacking the quality of hindsight, while within a newspaper the manner in which a story is treated does not always signify its true importance. Peter Hennessy informs us that the announcement by the Attlee Government of its decision to manufacture an atomic bomb was not reported in *The Financial Times*, while coverage in other quality papers was reduced to the report on the parliamentary answer which had produced the statement.101 Hence, such information, and indeed all documents, is dependent on the author’s perception of events, and therefore has to be treated with caution. This very point was emphasised by Professor Carr when he noted:
No document can tell us more than what the author of the document thought - what he thought had happened, what he thought ought to happen or would happen, or only what he himself thought he thought.102

Nevertheless, newspaper sources do provide an excellent resource for a researcher and can shed a great deal of light on topics, particularly when intermeshed with other sources such as speeches, official documentation and interviews. This research involved a systematic survey of Agence Europe,103 The Daily Telegraph, The Economist, The Guardian, The Financial Times, The Independent, and The Times between November 1990 and December 1991. Further information was taken from The European, The International Herald Tribune, The Spectator and New Statesman and Society.104

At the domestic level other sources included government documents such as official speeches (mainly obtained from the Verbatim Service of the FCO); command papers; Hansard; the relevant reports and minutes of the House of Commons and House of Lords select committees. These sources are not equivalent in terms of quality, with, for example, official speeches being both renowned for their political bias and generality. This is equally true of material in Hansard, with Ministers often recounting facts from a prepared brief, while any specific information is usually attributed to a written answer, or a letter sent to the concerned MP. In contrast, select committee reports do not include such deliberate bias. Yet, a report’s overall tone depends on the witnesses interviewed, as well as the time that they were interviewed. For example, all the oral evidence submitted to the House of Lords Select Committee on the European Communities analysis of the Luxembourg Presidency’s work, took place prior to the publication of the June draft.105

At the Community level the thesis made use of EC developments published in the Survey of Current Affairs; the Bulletin of the EC; the reports published by the relevant Directorate-General’s of the Commission, such as European Economy and Employment in Europe; and the various contributions to the IGCs made by Member States and institutional actors. The last group of documents were generally published as Europe Documents attached to Agence Europe, although some papers were published within Agence Europe, while a broad selection were reproduced in a volume edited by Finn Laursen and Sophie Vanhoonacker.106

37
Contributions not published in these sources were either obtained from the relevant Member State’s Permanent Representation to the EC or the library of the Council Secretariat. Documents in the latter were filed either under the political union series (CONF-UP) or monetary union series (CONF-UEM).

In addition to documentary evidence, two members of the Luxembourg Presidency, the Permanent Representative, Joseph Weyland, and the Deputy Permanent Representative, Jim Cloos, published an account of the Maastricht negotiations in conjunction with Gaston Reinesch and Daniel Vignes. This book provided many useful details, but did not tell the full story, nor was it meant to. For instance, no reference was made to the inner negotiating group of Belgium, France, Germany and Luxembourg, which existed during the Luxembourg Presidency. This was equally true of a further account by Weyland. Moreover, Cloos and Weyland were not privilege to all the negotiating difficulties of the Dutch Presidency, such as The Hague’s Permanent Representative, Pieter Nieman, not being fully included in the initial drafting of the Netherlands proposals, having at one stage to lobby his government for a copy of its proposals (see chapter 5). At a more general level, their primary concern was the EPU negotiations, mirrored in reduced coverage on EMU. This differentiation was emphasised by the lack of detail attached to Norman Lamont’s walk out from the Finance Ministers meeting at Maastricht, which was in itself a crucial aspect of the negotiations (see chapter 9). Thus, despite the Cloos-Weyland text providing a detailed analysis of the IGC negotiations, it nevertheless has certain shortfalls. This is through the scope of the book and knowledge of its contributors, who deliberately at times limited the information it contained. Weyland’s position as a member of the Luxembourg civil service, and Cloo’s change of location to Chef de Cabinet of Commission President Jacques Santer, meant it was only possible for them to publish information available for public consumption, and therefore could not provide a ‘warts and all’ account. In conjunction with these texts, additional narratives of the negotiations were provided by the Belgian Permanent Representative, Philippe de Schoutheete, and Richard Corbett from the European Parliament. The general problem with the above insider accounts was their focus on general aspects of the negotiations, and not a specific UK critique.
Section 1: Policy co-ordination

Two detailed doctoral studies on the Maastricht negotiations have been produced, the first by Carlos J. Closa Montero\textsuperscript{112} and the second by Anthony Forster.\textsuperscript{113} Both works are limited to EPU, whereas this thesis also analyses EMU. Of the two, Forster’s is closer to this research, because he tackled the negotiations from a country specific point of view (UK), while making use of extensive interview material, something Montero did not. Forster’s account included certain differences. At a basic level, the structure of his chapters differed significantly.\textsuperscript{114} A difference in chapter structure was further represented by a divergence of interview sources, with only 16 individuals having been interviewed by both authors.\textsuperscript{115} Equally, whereas this thesis incorporates both specific interview quotes and general information sourced to interviewees, Forster follows the latter path. This is not a deficiency, just a difference in approach. At a more substantive level, Forster’s thesis embarks on a major critique of Moravcsik’s Liberal Intergovernmentalism. While this author supports Forster’s perception that it is not possible to adopt predictive theories for EC policy-making, the purpose of this thesis is not to explicitly examine Moravcsik’s approach. Rather, it is to demonstrate the importance of domestic politics in the formulation of UK policy preferences during the IGC, by adopting a contemporary historical approach (the virtue of which is not explicitly stressed by Forster).

The use of oral history in both studies demonstrates the value of interview research, a point recently illustrated by Helen Thompson in her doctoral examination of UK core executive policy towards the ERM.\textsuperscript{116} As in this thesis, she emphasised the decisional behaviour of key policy actors, including the Prime Minister, Chancellor and Foreign Secretary, while her sources included 26 interviews with those involved in the policy-making process.\textsuperscript{117} The centrality of so-called living sources was demonstrated at a domestic level by the failure of the FCO’s internal account of the IGCs to use interviews. The account, written by Dr Edward Hallett of the FCO’s Research and Analysis Department, focused primarily on EPU and was based solely on papers produced during the course of the negotiations. This was because of the difference between operational analysis within the FCO and academic research, the former not requiring the same degree of rigour. By relying on the various documents produced during the negotiations, the
summary did not demonstrate deals obtained at a personal level. To that extent it was apparently not regarded as a true account of the negotiations by FCO officials involved in the IGC bargaining.118 Interviews are therefore an essential means of obtaining contemporary history evidence, although as Seldon comments they ‘...are almost always an inferior source of information to documents written at the time’.119 Yet, the advance of technology has reduced the recording of evidence such as the confidential letter. When asked to comment on how day-to-day UK policy was co-ordinated during the IGC, the response of all officials was ‘by using the telephone’.120 Accordingly, a lot of events were not recorded, a factor influenced by the speed with which negotiating strategies developed. Consequently, interviews help to fill gaps in documentary history by detailing the non-recorded view, revealing underlying motives behind documents, and providing a useful means of obtaining information until papers are released. They allow books and articles to be written about events far earlier than would otherwise be possible. The value of the interview process, encompassing visits to the interviewee’s base, was noted by François de Callières, who, when regarding an Ambassador’s ‘knowledge’ of countries stated:

...in order to attain the knowledge of these things, it is not sufficient to search for them in books. They are acquired much better by conversing with men employed in those kinds of affairs, and by travelling into foreign countries. For how much so ever one may have studied beforehand the manners of other countries, their interests, and the passions of those who govern them, yet all things appear with a different air, when we come to view them near at hand; and we cannot form just ideas of them, but by knowing them ourselves.121

Use of interview evidence resulted in 52 interviews being conducted during the research of the thesis. These were with those involved in the decision-making process at both a UK and EC level, while an additional 11 people were contacted via correspondence. (A full list is provided in appendix 13 with details of interview methods). Due to the lack of detailed memoirs it was impossible to check the information against published insider accounts. However, the majority of the interviews confirmed opinions of those already spoken to and, therefore, provide a detailed and accurate account of the decision-making process at the UK and Community level during the 1990-91 period. Where possible, they have been
sourced by name, but it should be stressed that the vast majority of interviewees did not wished to be acknowledged by name.

**The problems and benefits of contemporary oral research**

Contemporary historical research of this nature can pose several problems. The first is that of research strategy. While written recollections save time, effort and money, and enable the researcher to target those most fruitful to interview, completed transcripts often miss the crucial point of an interview, namely the manner in which an issue is discussed. Second, written correspondence does not allow supplementary questions, which tend to be the most fruitful form of achieving information. Oral history is therefore a more beneficial method, with personal interviews being of greater advantage than telephone interviews. The latter does not allow the interpretation of an interviewee's unspoken body language, although it is a problem equally attributable to written correspondence. Irrespective of such difficulties, telephone interviews have certain advantages. They allow the researcher to quickly obtain information to clarify points of substance, and thereby assist the research process. This is particularly pertinent to peripheral actors. Also, telephone interviews save both cost and time. Finally, they enable information to be obtained from inaccessible sources, such as individuals who may live in other countries.

At a more general level, certain problems are associated with oral history, which can also be directed at written recollections. First, an interviewee's views tend to be clouded by the lapse of time since the event in question, while personal feelings generally result in some form of distortion when recalling events. Second, interviewee's do not always express their thoughts to the best of their abilities. Third, responses can be biased in the direction of the questions interviewee's are asked to answer. Fourth, the researcher is totally dependent on those willing, or able, to discuss the events in question. This particular issue has numerous problems associated with it, such as the sample size of those desirable to interview being dependent on the time period in question. The general rule is that the more recent the period the greater the number of survivors. In addition, those willing to correspond may have been in junior positions rather than centrally involved, while
New Beginnings

those prepared to assist the research are often recommendations of previous interviews. Hence, they are more likely to have similar views. But with due care it is possible to overcome such problems. For example, this research was recent enough to ensure the majority of those central to the research were still alive, while assistance included numerous senior officials and Ministers from different UK government departments along with a selection of other EC actors.

The final problem that researchers can face is the deliberate attempt of interviewees to present a different picture of the period in question. For instance, a UK Treasury Minister remarked ‘you won’t have got the full picture of the negotiations’, when I informed him I had interviewed Foreign Office personnel! There is a tendency for an interviewee to either overemphasise their role in a particular aspect of history, or to amend mistakes made in the past with a fresh account. Thus, it is important for the researcher to gauge whether the information being presented by the interviewee is correct. This can either be done through the interviewer’s personal knowledge of a subject matter, or by determining whether a particular individual is trustworthy or not. The latter is not as scientific as the former, while it is important for the interviewer not to be lulled into a false sense of trust. Hence, the presentation of fresh information by an interviewee should be treated with due care by the researcher, and preferably confirmed against other accounts.

Despite such problems, oral history can provide an excellent guide to the personalities of key officials. Through interviews it is possible to glean information about relationships between different actors and the perception of the importance of particular issues. Long-serving civil servants are generally able to provide comparisons with comparable events. Furthermore, by conducting an interview a researcher can often gain access to information an interviewee may have felt unable to present publicly due to its sensitivity. During the course of this research it was possible to access private papers of an interviewee, while also gain access to classified documents not intended for public consumption. In addition, interviewees may be prepared to comment on chapter drafts so as to ensure that the researcher has presented the correct interpretation of events. Such a process can also result in the interviewee providing additional information. While an interview may be
limited to 30 minutes, it is possible for extra material to be obtained through correspondence. Due care should be taken by any researcher embarking down this road, as the interviewee may attempt to incorporate certain points to change the tone. Equally, depending on the approach taken, it is possible for an interviewee to react negatively rather than positively, and thereby refusing to assist with the research process. In the course of this thesis such additional comments were provided on chapters 2, 7 and 8, although in each case due care was, of course, taken. Those who provided comments are highlighted by usage of correspondence on certain dates (see appendix 13).

• Conclusion

The purpose of this chapter has been to identify both the focus of the thesis and the methodological basis, of which domestic politics was the compelling factor in shaping the government’s position during the negotiations. It was also made clear that the following chapters will examine the IGC through a micro-level examination of the negotiations based on empirical research. Within such an overview, the basic findings of the research is that theoretical assertions of predictive negotiating outcomes do not provide a useable framework. Such a point is particularly pertinent to the UK. The assertion of this thesis is that domestic politics was the dominant theme in shaping London’s position (but not the only one). Moreover, the thesis asserts that the contemporary historical approach is a much underestimated method of analysing both a Member State’s role within the Community, and the means by which its negotiating preferences are established. Having outlined these issues, chapters 2 and 3 examine the systems of policy co-ordination at both the UK and EC level. The benefit of such coverage is that it provides the reader with a greater familiarity regarding the problems which existed within Whitehall during the negotiations, particularly concerning the resolution of policy objectives. Equally, it will demonstrate the differences which existed between the EMU and EPU IGCs, while also adding an EC level dimension to the process.
Notes

5. The Blue Chip group was founded in 1979 by five new Conservative MPs who found themselves sharing an office together: Tristan Garel-Jones, Chris Patten, John Patten, William Waldergrave, and Richard Needham. Major subsequently became a member, though was not as prominent as others, despite being popular.
11. Ibid., p.76.
14. Major (1991a) *The Evolution of Europe*. Thatcher was surprised with this change of direction, commenting on Major's Heart of Europe speech that 'This seemed to me a plain impossibility...'. Thatcher (1995) *The Path to Power*, p.475.
17. Interview: former FCO Minister. Also *The Economist*, 16/2/1991, p.34.
19. Patten was assisted by Sarah Hogg. They were the primary drafters of Major's Bonn speech. A point raised by some commentators was the Catholic background shared by Patten and Hogg reflected a tendency to support Christian Democratic aims. *The Spectator*, 13/4/1991, p.6, and *FT*, 19/3/1991, p.14.
23. Ibid., p.21.
24. Ibid., p.23.
26. His lack of ideology was emphasised by his decision to scrap the Community Charge. Wallace (1994) 'Foreign Policy', pp.283-4.
29. Haas (1968) *The Uniting of Europe*.
30. Ibid., pp.238-317.
32. For instance, the UK budget with the EC was motivated by a realisation that the government was paying contributions which did not reflect a decline in economic fortunes. See Carrington (1989) *Reflect on Things Past*, pp.285-6, 315-6, and 318-9.
33. See, for example, Dunleavy and Rhodes (1990) 'Core Executive Studies in Britain'.
36. Ibid., p.25.
39. Ibid., p.108.
45. ‘Britain and European Integration’, op cit., p.2.
46. Interview: former Department for Employment official.
47. ‘Britain and European Integration’, op cit.
52. Ibid, p.118.
57. ‘Diplomacy and domestic politics’, op cit., p.428. On the Bonn summit also see *Hanging Together: Co-operation and Conflict in the Seven-Power Summits*, op cit., pp.73-94.
59. On this concept of credibility also see Zartman and Berman (1982) *The Practical Negotiator*, p.20.
61. For instance, a former member of the Luxembourg Permanent Representation to the Community considered that the UK Permanent Representative during the IGC, Sir John Kerr, ‘... was an extremely sharp operator who did a splendid job in difficult circumstances. He had a beautiful way of saying no, and always sounded constructive’. Interview: former Luxembourg PermRep official.
67. That phrase has resulted in some dispute, with various government officials and Ministers (past and present) stating that the Prime Minister did and did not use it. A senior member of the Cabinet Office clearly recollected the Prime Minister using it in his press conference immediately after Maastricht, a position reiterated by Philippe de Schoutheete. Also Hogg and Hill (1995) *Too Close To Call*, p.157, fn.7.
68. Interview: Philippe de Schoutheete.
70. See footnote 67 above.
71. 'The Analysis of Negotiation', op cit., p.10.
72. Interview: Pieter Nieman.
73. Interview: former BoE official.
74. Interview: Norman Lamont. Lamont’s scepticism was to emerge in a more public form after his replacement as Chancellor of the Exchequer in 1993. For instance, he supported the Eurosceptic John Redwood in the 1995 Conservative Party leadership campaign and also published a book that year which asserted his Eurosceptical position. See Lamont (1995) Sovereign Britain.
75. Hurd was a FCO diplomat between 1952-66.
76. Interview: Commission official.
77. 'Diplomacy and domestic politics', op cit., and Elusive Union, op cit.
78. Reynolds (1973) Theory and Explanation in International Politics, p.22.
79. Ibid., p.22.
80. Ibid., p.354.
89. Ibid., p.20.
90. See the proposed interview with William Whitelaw documented in Ibid., pp.56-57.
92. Too Close To Call, op cit., chs. 5 and 9.
99. Sources Close to the Prime Minister. op cit., chs. 3 and 6.
100. Correspondence: FCO official.
102. What is History, op cit., p.10.
103. The value of Agence Europe as a reliable source of information was noted by the former UK Permanent Representative, Sir Michael Butler. See Butler (1986) Europe, p.75.
104. I am indebted to Anthony Forster for pointing out the value of The Spectator as a source of material on the Conservative Party.
105. House of Lords (1990-91) Select Committee on the European Communities, Political Union, HLP 80, para 6, p.6.
109. Interview: P. Nieman.
110. For instance, while 21 pages cover the general progress of the EPU negotiations, only 8 pages are devoted to EMU. See Le Traité de Maastricht, op cit., pp.73-101.
112. Montero did not provide a blow-by-blow account of the negotiations progress and relied heavily on documentary evidence. His lack of use of oral history was a series drawback in his study.


114. Chapter structure of Anthony Forster’s Ph.D. as follows: Chapter 1 - John Major and the Conservative Inheritance; Chapter 2 - Britain and the IGC-PU; Chapter 3 - Social Policy; Chapter 4 - Foreign and Security Policy; Chapter 5 - European Parliament; Chapter 6 - Empirical Findings; Chapter 7 - Theoretical Findings. Compare with contents page of this thesis.

115. Anthony Forster interviewed 48 individuals.


117. Ibid., pp.38-41.

118. Interviews: various FCO officials.


120. Interviews: various FCO, MoD and European Secretariat officials.

Chapter 2:

Policy co-ordination at the UK level

PRINCIPAL ACTORS
- Policy co-ordination at the highest level: Cabinet
  First Among Equals
  Committee Men
- Policy co-ordination at the highest level: officials
  Foreign and Commonwealth Office
  UK Permanent Representation to the EC
  No 10 Office

SECTORAL POLICIES
- Policy co-ordination on CFSP
- Policy co-ordination on Political Union
- Policy co-ordination on Monetary Union
- Conclusion
- Diagram 2.1: UK policy co-ordination during 1990-91 IGC
- Notes

Thatcher did dominate the Cabinet. She was increasingly not in the mode for
discussion. My experience of her was that she was either in a listening mode or
a non-listening mode. If she was not in a listening mode then you might as well
not waste your breath. I think that the non-listening mode gradually came
more and more to the fore, and you really didn’t have collective cabinet
discussions very much. Clearly, when John Major came, he set himself out to
be very different in that respect. He was more conciliatory, and made sure that
everyone in the Cabinet had their say. (Interview: former Cabinet
Office official)

This chapter charts the formation of UK policy by focusing on the central actors
involved in the EPU and EMU negotiations. It is concerned with policy co-
ordination at a domestic level, highlighting the structures which existed for policy-
making during the negotiations, the degree of Ministerial and official involvement
and the standing of individual negotiators both at home and amongst their
Community colleagues. Domestic analysis draws upon the large body of work
covering this subject, notably Peter Hennessy’s studies of Cabinet and Whitehall.
More recently, Dunleavy and Rhodes have used the term the ‘core executive’, to
denote ‘...all those organisations and structures which primarily serve to pull
together and integrate central government policies, or act as final arbiters within
the executive of conflicts between different elements of the government machine’.
Section 1: Policy co-ordination

This broader categorisation illustrates the influences external to the Cabinet structure upon policy-making during an IGC negotiation.

By focusing on the core executive, attention is given initially to the key structures for co-ordinating policy during the IGC at Ministerial and official level (see diagram 2.1). This inner core were generally able to exert influence on all aspects of the discussions, although some individuals had a stronger voice on dossiers pertinent to their own position. Furthermore, it is important to emphasise that while certain individuals had specific tasks, with defined paths of co-ordination between themselves and others, the negotiations were extremely fluid, policy often being negotiated at a high speed in relation to other Member States' proposals. It is therefore difficult to provide precise accounts of policy co-ordination, although it is possible to outline general trends and assess the relative importance of individual actors.

The chapter is divided into two sections, the first of which details the principal actors involved in the negotiations, primarily on EPU. Within it the Cabinet Office European Secretariat and the Foreign and Commonwealth Office (FCO) receive particular attention. The former had the greater co-ordination role in the IGC, and EC policy generally, as it was where the government's policy and tactics were settled. In this context, the FCO was but one of many government departments that influenced meetings, though its remit was wider on specific issues such as CFSP (see chapter 7). Other significant departments included the Department of Trade and Industry, the Department for Employment, the Home Office and the Treasury. Their influence tended to focus on specific points which fell within their remit, such as social policy, interior affairs and EMU. While they influenced other aspects of the talks, through participation in Cabinet committees, they did not share the FCO and Cabinet Office's interest and concern as to how different parts of the negotiations gelled together. Consequently, the latter two had a greater interest in, and influence on, a wider body of subjects.

The second part of the chapter examines policy co-ordination on specific topics, namely CFSP; political union, including social affairs, justice and home affairs (JHA) and institutional issues; and EMU. Coverage is of necessity selective, focusing on the more important aspects which mirror also the themes addressed in
the thesis. The chosen topics contrast in the nature of policy co-ordination, and the influence of particular individuals. They therefore demonstrate differing circumstances in which policy was developed. Other matters certainly were of importance in the talks, such as citizenship of the Union and the rights of citizens; the Committee of the Regions; and power for the European Court to impose fines on persistently offending Member States. However, they were rarely as significant to the UK cause.

PRINCIPAL ACTORS

- **Policy co-ordination at the highest level: Cabinet**

Throughout 1990-91 the IGC did not receive particular attention at full Cabinet meetings unless specific problems needed to be discussed. The Chancellor of the Exchequer, Norman Lamont, does not remember being asked any serious questions on EMU during Cabinet discussions, and those which arose tended to be very short.\(^5\) An EMU opt-out was Cabinet policy and, therefore, debates were of a technical nature which Lamont considered colleagues would not have understood.\(^6\) In comparison, Michael Howard from the Department for Employment convinced the Cabinet of the dangers which could effect British industry if the UK agreed to have a Social Chapter inside the Treaty\(^7\) (see chapter 6).

This shows that only issues of the greatest significance, and those backed by influential Cabinet members, were addressed at the domestic negotiating table. Time restraints imposed on Cabinet meetings meant it was (and is) virtually impossible for detailed discussion to take place; meetings comprising some 22 members are generally too large to be an effective forum for reaching agreement. Consequently, the vast majority of strategic decisions during the IGC, were taken at Committee level by those with a knowledge of and interest in a particular subject, though during these discussions decisions were generally not taken by *ad hoc* groups, as had been the norm during Margaret Thatcher’s period as Prime Minister.\(^8\)
James Callaghan, when Prime Minister, emphasised the reasoning behind Cabinet Committees when he stressed that they ‘...grew up as the load on the Cabinet itself became too great. It allows matters of lesser importance to be decided without troubling the whole Cabinet: and major issues to be clarified in order to save the time of the Cabinet’. This trend towards decision-taking at Committee level was further highlighted by Richard Rose:

Government policy (as distinct from a policy of an individual minister and ministry) is today more likely to be the outcome of a Cabinet committee than of a full Cabinet meeting. There is neither the time nor the political incentive to have most issues requiring interministerial co-ordination discussed and resolved in full Cabinet’.....‘Most differences between ministers can be resolved beneath the level of full Cabinet discussion by a variety of formal and informal methods of processing political differences to arrive at a politically acceptable bargain.’

Reliance on Cabinet Committees for decision taking was not because the amount of time available for Cabinet meetings was fixed: indeed, this could have been increased. But Cabinet, in the latter part of Thatcher’s administration, and certainly in the early part of John Major’s, did not operate with the intention of dealing with specific, individual points. Whereas Cabinet Committee meetings produce an agenda of the points to be discussed so Ministers can consider them and, if appropriate, be briefed by their officials, with a paper produced (almost without exception) on each issue then circulated under the name of the relevant Minister or the Cabinet Office, such practices at Cabinet level had effectively ceased under Thatcher and Major. The agenda for virtually every Cabinet meeting was simply Parliamentary Affairs, Home Affairs, Foreign Affairs and EC Affairs (in that order), with no indication of any specific topic likely to be tackled within these headings.

The Foreign Secretary, Douglas Hurd, always introduced Foreign and EC Affairs. The tendency was for him to mention important points, after which the Prime Minister or other Ministers would raise specific issues. Such activities tended to be backward looking - mentioning developments since Cabinet last met - rather than forward looking. Thus, Cabinet meetings were basically a general round-up of issues raised, with no sense that their purpose was to decide on points. Major did not want to bounce Cabinet colleagues into a decision they had previously not
Policy co-ordination at the UK level

considered. Since IGC issues were rarely straightforward, when Cabinet discussions touched on them the Prime Minister often referred discussion to the appropriate Cabinet Committee, normally the Ministerial Sub-Committee on European Questions (OPD(E)) (see appendix 2). Otherwise, he would ask the Foreign Secretary to write to other Ministers and officials in advance with a proposed government line.14

First Among Equals

The development of policy at Committee and working group level by successive governments resulted in Cabinet being referred to as a ‘residual executive’.15 This was particularly used to describe policy-making during Thatcher’s tenure as Prime Minister because she ‘...wasn’t in the habit of consulting her Cabinet much’.16 She tended to dominate discussion by expressing her views at the start of meetings, while additionally bypassing formal structures through the use of advisers such as Sir Alan Walters. Hennessy notes more business was conducted via direct ministerial correspondence and ‘...in ad hoc groups which fall outside Sir Robert Armstrong’s Cabinet Committee Book.17 According to Bruce-Gardyne, Thatcher developed a:

...distaste for the system of Cabinet Committees which, in recent years, had proliferated as the scope and interests of government had grown beyond the capacity of Cabinet itself to handle them. The Prime Minister was said to feel that the parallel system of committees of officials which shadowed the Cabinet Committees of Ministers had grown to pre-empt too many choices and rig too many decisions.18

But while Bruce-Gardyne admits ‘...there was little evidence to substantiate this bias in the Prime Minister’s approach’,19 her style reflected ‘...an unusually forthright, assertive manner’ while she sought ‘...to command partly by appearing to be in command’.20

Use of an inner group within Cabinet was based on a belief that ‘...the only way to stop policy leaks was to limit the number of people that she discussed important subjects with’.21 Policy-making reflected a top-down model,22 and bespoke the perceived need for ‘conviction government’ because ‘as Prime Minister I could not waste time having any internal arguments’.23 Thatcher was clearly aware of the
benefits of her style of government, as numerous Cabinet Ministers would support her once they became aware of her views. A former member of her Cabinet noted that:

Cabinet colleagues found her style very convenient in many ways because if they could reach agreement with the Prime Minister in advance, then there was obviously a very strong chance that the issue would whistle right through cabinet and they would not have the bother of persuading other Cabinet colleagues. So it was obviously a convenience for other Cabinet colleagues, not just the Prime Minister.\(^{24}\)

But while a strong Prime Minister can dominate Cabinet meetings, such a state of affairs can be beneficial to other Cabinet colleagues as firm decision-making provides Ministers with clear policy direction. Furthermore, civil servants tend to prefer strong Prime Ministers because they let officials know where they stand. Difficulties arise when there exists a strong Prime Minister and a strong Minister who are at loggerheads, as with the debate over Exchange Rate Mechanism (ERM) entry during 1989 between Thatcher and Nigel Lawson.

During 1991 Major sought to establish a set of policies which represented the views of Cabinet as a whole and not just the Prime Minister and close advisers. After his first Cabinet on 29 November 1990, one Minister apparently remarked ‘Suddenly we were having our first real discussion for years’.\(^{25}\) This change of governing style was of course influenced by his realisation that Thatcher’s dogmatic stance had contributed to her downfall as Prime Minister, while also isolating the UK within the EC. Major understood the importance of personal chemistry when negotiating with other Heads of Government. At European Council meetings ‘when he said that he could not accept something he did not bang the table, but he said it firmly...’\(^{26}\) This emphasised the change of style, and a change also in the position of the Prime Minister within government. Thatcher had been in power for a long time and was at the end ruling in a partly presidential style. Major was younger, more inexperienced, dependent on the support of his immediate colleagues for his recent elevation, and therefore felt himself to be *primes inter pares*, rather than someone who towered over the rest.\(^{27}\)

This reflected the reality that the Cabinet Major formed in November 1990 essentially comprised the same individuals who had served under Thatcher. One
reason why Major could not dramatically alter the composition was that it had suffered numerous reshuffles during the last year of Thatcher’s premiership, namely in January, May, July, and November 1990. Most notably, those reorganisations brought into the Cabinet two prominent Eurosceptics, Michael Howard (January 1990) and Peter Lilley (July 1990). As appendix 1 demonstrates, only limited changes were made by Major, the most significant being the elevation of Chris Patten to Party Chairman, which brought him into the top tier of Cabinet posts. Thus, Major’s position within Cabinet was not one of strength, a factor borne out of Thatcher’s inheritance and his own desire to impart a different style of decision-making.

Yet, while meetings were more collegiate, with greater and more open discussion amongst Ministers, ‘there was not necessarily better decision-taking as a result’. Major’s emphasis on consultation meant problems were debated for longer. But whereas long discussion creates a feeling of participation in the policy-making process, it does not always resolve disputes. Moreover, it provides individual Ministers with disproportionate power so they can hijack policies. In contrast, the tendency under Thatcher towards clarity and distinctness assisted the decision-taking process. A questionnaire sent to Conservative MPs while researching this thesis reflects this: 70% of respondents considered there was greater consensus in Major’s Cabinet than Thatcher’s, but 61% believed decision-making to be less effective (see appendix 14, section A, question 2).

Some Cabinet Ministers and government department’s were able to exercise greater influence under Major than they had been under Thatcher. A former adviser to Major considered:

....there is no doubt that with John Major’s arrival the Cabinet Office recovered some of the ground it lost in the preceding years, in its secretariat role. More business was channelled through Cabinet Committee rather than through informal ad hoc meetings and groups, which had been dominated by Number 10.

It was also evident that Hurd had a greater say in Cabinet. While he only received 38 votes in the second ballot of the Conservative leadership contest, they comprised many key figures who were, or subsequently became, Cabinet Ministers (see appendices 1 and 12). Supporters included Kenneth Clarke, Malcolm Rifkind,
William Waldergrave, Chris Patten, and Lord Whitelaw; and Patten and Waldergrave came from the left-wing, pro-European Blue Chip club (see chapter 1). Hurd therefore represented the aspirations of a particularly influential sector of the Conservative Party which Major could not disregard.

These developments provided Hurd with greater authority to explore possible alliances with other Member States during the IGC, as demonstrated by the October 1991 Anglo-Italian declaration relating to CFSP (see chapter 7). As Putnam notes, ‘...a chief negotiator whose political standing at home is high can more easily win ratification of his foreign initiatives’.

The credibility of a negotiator is also important in the very establishment of initiatives, as other nations are less likely to enter into bargains with someone who is unlikely to deliver success on the domestic front. In this context, Hurd, more than other Cabinet Ministers, participated in a ‘two-level’ game, where policy was both influenced by relationships with his counterparts at the EC level and domestic opinion (see chapter 1). In addition, the FCO recovered some of the ground lost to Number 10 during the 1980s, while at a Ministerial level the two significant individuals, Hurd and the Minister of State, Tristan Garel-Jones, were both committed Europhiles. This contrasted with the more Eurosceptic teams at the Treasury (Norman Lamont and Francis Maude) and Employment (Michael Howard and Eric Forth). Kenneth Baker at the Home Office and Peter Lilley at the Department of Trade and Industry, also were sceptical.

However, the ability of Ministers to influence policy was not only dependent on their domestic and international positions, nor was it equivalent to the importance of their departmental portfolios. Kenneth Baker, as Home Secretary, occupied one of the three most important Cabinet positions, the others being Treasury and the FCO. Yet his degree of influence within Cabinet was in decline: he did not represent any significant faction of the Conservative Party and was also in the twilight of his career. In his memoirs he recalled that he ‘urged’ both Major and Hurd, on two separate occasions, to secure a renegotiation of Article 8A of the Single European Act (SEA) to ensure the UK retained control over its immigration and frontier controls. But both Major and Hurd ‘...felt unable to raise the whole interpretation of Article 8A and the Declaration’, leaving Baker ‘...very
disappointed that this fundamental European challenge to our sovereignty was never raised at the Maastricht meeting’.\textsuperscript{35} This highlights that the Hurd-Major axis (foreign policy executive) was strong enough to adopt certain positions on the international stage which contradicted the interests of domestic Ministers, despite the general trend for Major not to be able to dominate Cabinet. In this instance, Baker was effectively sidelined, his views - and personal position - not considered significant enough to merit policy change.

In comparison, the Secretary of State for Employment, Michael Howard, was able to exert greater influence than his position merited, partly because his departmental portfolio included social affairs, a crucial subject during the IGC for UK parliamentarians (see chapter 6). This concern was reiterated in a questionnaire of Conservative MPs, when researching this thesis, who considered an opt-out from the Social Chapter as one of the most important items to be obtained at Maastricht (see appendix 14, question 7). In addition, his position within the government was strengthened because he was the most senior loyal face of the Conservative Party Eurosceptic right, a group concerned with the intrusion of European policy on UK affairs, particularly the social dimension. This grouping was especially noticeable at a junior Ministerial level, and included Michael Portillo (Environment), Francis Maude (Treasury), Archie Hamilton (MoD), John Redwood (Trade and Industry), and Michael Forsyth (Scottish Office). Accordingly, Howard ‘...carried the standard for the right to great effect - particularly before Maastricht...’\textsuperscript{36} This meant that like Hurd, he had a high domestic political standing, but unlike Hurd, he was less interested in participating in discussions with his continental counterparts over social policy. The effect of this equation was for the UK to offer a restrictive position within the social policy debate, despite, as chapter 1 notes, the initial desire of Patten to offer a more constructive line on all European policy.

That is not to say that Howard was not interested in the IGC debate. He was. But his interest lay in a different set of beliefs to his continental colleagues. That interest by Howard contrasted with the great majority of his Cabinet colleagues, who considered the winning of the forthcoming general election to be their top priority.\textsuperscript{37} The Employment Secretary no doubt equally shared this belief, but he
was crucially in charge of a policy which straddled both the domestic and international scene, which enabled him to be seen as defending UK interests - a policy perceived to be central to winning the general election. The importance of victory meant that while the government’s position on certain key IGC issues was clear, Ministers were reluctant to discuss negotiating topics in detail as the discussions progressed. Meetings of OPD(E) arranged for this purpose tended to be regularly cancelled or postponed or, if they did take place, discussion was often curtailed because of other more pressing non-IGC issues. As a result, the government’s instructions to its negotiators were often unclear, so diminishing their ability to influence and shape policy debates.

Committee Men

Despite the changes in the status of particular individuals, the structure of policy consultation amongst Ministers was essentially the same under Thatcher and Major. OPD(E), chaired by the Foreign Secretary, was the principal discussion group at Ministerial level during the IGC (see appendix 2), its term of reference being ‘To consider questions relating to the United Kingdom’s membership of the European Union and to report as necessary to the Ministerial Committee on Defence and Overseas Policy’. The latter, (OPD), was its parent committee with a smaller membership comprising only six Ministers, chaired by the Prime Minister, who was not a member of OPD(E), and with a broader term of reference being ‘To keep under review the Government’s Defence and Overseas policy’. OPD, in its official composition, never discussed IGC issues, although towards the end of the negotiations an enlarged version had some discussions because Major wanted to exercise direct influence on government policy when the prioritisation of unsolved issues, which by definition tended to be more significant, were debated. His involvement was also a means of obtaining detailed knowledge of the negotiating points likely to be debated at Maastricht and the various bilateral meetings with other Community Heads of State and Government scheduled to take place prior to it. Such meetings effectively comprised OPD(E) members, but with the Prime Minister in the chair instead of the Foreign Secretary. This meant it was OPD(E) which highlighted the government’s objectives, such as the need for the
Policy co-ordination at the UK level

'federal' goal to be deleted from Article A, hostility towards the Social Chapter, and a desire for the concept of subsidiarity (Article 3b) to be stated. In the formation of these objectives no special committees were established for the duration of the negotiations, and there were no special seminars. This contrasted with the well documented seminar Thatcher held at Chequers on 24 March 1990 concerning German reunification.

The broad membership of OPD(E) means the ‘residual executive’ concept cannot be applied to general policy co-ordination mechanisms. Furthermore, OPD(E) membership was enlarged when Major became Prime Minister with the territorial Ministers of Wales, Northern Ireland and Scotland being included. Cabinet members who were not part of OPD(E) were the Lord Chancellor (Lord Mackay of Clashfern), the Lord Privy Seal and Leader of the House of Lords (Lord Waddington), the Secretary of State for Education and Science (Kenneth Clarke), the Secretary of State for Energy (John Wakeham), the Secretary of State for Social Security (Tony Newton), the Secretary of State for Health (William Waldegrave), the Chief Secretary to the Treasury (David Mellor), and the Prime Minister (John Major). Because their portfolios were domestically-oriented their presence at OPD(E) meetings was not necessary. However, they could attend if requested, with influential Cabinet members such as Kenneth Clarke and William Waldegrave often present, while Major was kept informed of all issues under discussion.

In co-ordinating government policy at both Ministerial and officials levels, the main tasks remained those outlined in the 1977 Central Policy Review Staff (CPRS) Study of UK Overseas Representation:

1) to manage the day-to-day conduct of British Policy in the Community;
2) to ensure that the requirements of Parliament are met over European secondary legislation, forecasts of business and so on;
3) to reconcile departmental views when differences occur;
4) to ensure that national policy, especially in the economic and industrial fields, does not break Community rules;
5) to co-ordinate UK tactics, e.g. to try to make sure that the pursuit of an objective in one part of the Brussels machine will not jeopardise the UK’s chances of achieving a more important objective in another part;
6) to ensure strategic consistency, i.e. to make sure that the UK’s immediate objectives at any one time are not only compatible with each other but also with its longer term objectives in the Community;
Section 1: Policy co-ordination

7) to ensure that the course the UK pursues in the Community does not put at risk good relations with other friendly countries, in or out of the Community.45

In carrying out these tasks the greater amount of policy co-ordination was conducted at official level, with the European Secretariat taking the lead.

- Policy co-ordination at the highest level: officials

While Hurd chaired the key Ministerial committee during the IGC, the dominant official committee was chaired by the head of the Cabinet Office European Secretariat, David Hadley. The co-ordinating committee of Deputy Secretaries, known as EQ(S) - European Questions (Steering) - serviced OPD(E). Its task was to prepare the ground for OPD(E) by clarifying European issues which touched on the majority of, if not all, government departments.46 Because it covered a vast number of issues, its composition varied according to the agenda.47 In establishing a common Whitehall line the chairmanship of EQ(S) by the head of the European Secretariat was an essential means of providing a position of neutrality in the debate.

That the issue of European policy was more effectively co-ordinated by the European Secretariat was noted by the 1977 CPRS Study of UK Overseas Representation. It adduced two reasons for preferring it to the FCO in this position; firstly that ‘...much of EEC business is about domestic issues of which the FCO has no direct experiences...’, and secondly that ‘...other departments would not want the FCO to have this function because they consider it is understandably inclined on occasion to advance the diplomatic and political interests of the UK as it sees them, at the expense of other UK interests’. The Report equally noted ‘...a home department in the chair might be prone to let those UK interests with which it is chiefly concerned unjustifiably outweigh legitimate political or diplomatic interests’. Therefore, the conclusion was a ‘...non-departmental co-ordinator thus seems best...’48 This was emphasised by Brian Bender, the present head of the European Secretariat, when he noted the ‘...FCO has - and wishes to argue - a
particular departmental point of view on EC issues. It could not do this and at the same time hold the ring in Whitehall'.

Thus, the head of the European Secretariat is particularly influential within Whitehall, a position enhanced by the tendency for Grade 2 (Deputy Secretary) officials to occupy the post for over four years, significantly longer than equivalent officials length of service. In addition, the European Secretariat recruit some of the ablest officials within Whitehall, many obtaining promotion to the most senior jobs. Sir Michael Franklin, who held the post between 1977 and 1981, became Permanent Secretary at the Department of Trade (1982-3) and Permanent Secretary at the Ministry of Agriculture, Fisheries and Food (1983-7). Moreover, David Williamson, was appointed Secretary General of the European Commission after being head of the European Secretariat in 1983-7.

But, the very size of the European Secretariat, comprising 18 people including typists, meant it could not get involved in all aspects of the negotiations. In comparison, the equivalent organisation in Paris, the Secretariat Général du Comité Interministériel pour les Questions de Coopération Economique Européenne (SGCI), has a staff of over 100 people and accordingly has a greater remit. Therefore, where issues were the prerogative of a particular department, and would thus not throw up inter-departmental differences which needed to be resolved, the European Secretariat tended not to get involved, except peripherally. It was not involved in the monetary policy debate which was dealt with by the Treasury; or CFSP, which was mainly dealt with by the FCO; and was also not much involved in JHA, since this mostly fell within the Home Office’s responsibilities.

In terms of the IGC (and EC policy in general), the European Secretariat’s role was to make sure everyone had their say on questions which touched on several government departments, and a consensus was established on the way forward and the tactics to be adopted. Bender states its co-ordination role is essentially threefold:

1) to ensure that, whenever the UK needs a policy on an EC issue, it has one;
2) to ensure that that policy is consistent with the Government’s broader policy objectives and is realistic; and
3) to ensure that it is properly followed up in practice.
These tasks differed from the FCO’s, a point illustrated by David Williamson (at the time head of the European Secretariat):

It is the duty of the Foreign Office, in my opinion, to present to the Foreign Secretary in the first instance and to the government its views of what result should come out of a particular discussion which is (a) favourable to the UK, (b) negotiable, (c) coherent with specific objectives. These are to ensure that Britain’s position in the world is presented and maintained in the best possible way. But in the Cabinet Office we are not Foreign Service personnel, we’re not diplomats in that sense. Our job is simply to say, taking account of the views of the Foreign Office about the negotiability of this particular product, taking about the views of another department about the effect on British industry directly, taking account of the costs on the Government’s budget and all these things, what is in our view the best result to recommend to Ministers.52

During the IGC the European Secretariat’s main tasks were primarily carried out by Hadley and Lyn Parker, a Grade 5 officer in the European Secretariat, with the deputy head, Brian Bender, providing support. In terms of policy co-ordination, Parker organised a unit of four Grade 7 officers who analysed specific policy. More broadly, he kept Hadley well informed, which allowed the latter to stage-manage broking in Whitehall. Parker’s job was to ensure papers were produced on particular topics, to see meetings were arranged and to supervise the transmission of instructions (though they were sent by the FCO during the IGC). As the IGC reached its later stages his role also included stage-managing the Ministerial and official discussions.53

Hadley’s specific role was to chair the more important meetings on the co-ordination of EC policy in general, and particularly on the IGC, and to brief the Prime Minister before every European Council.54 Meetings could be of a formal nature at which any interested government department might be represented, or less formal discussions arranged by invitation. For example, it had long been the Secretariat’s practice to hold a meeting every Friday morning, attended by the UK Permanent Representative to the Community (during the IGC, Sir John Kerr), to look in particular at the short-term agenda, especially where recent developments might require some change to British objectives or tactics.55 During 1991, those meetings always included a stocktake of the position reached in the IGC and a look ahead to IGC business for the following week. While such points were written up
as instructions for Kerr, that task was merely one of record keeping as he had been in attendance.

One of the other main tasks Hadley undertook was to support Kerr in the talks as a member of the UK delegation at the EPU personal representatives meetings (see appendix 3). This involved two roles, the first of which was policy adviser. The second was to ensure progress in the IGC could be presented to other government departments as being a consensus viewpoint, and not just the opinion of the FCO. This was important because of the perception within Whitehall of a pro-European FCO, who with UK accession to the Community had begun to influence the affairs of other government departments. Hennessy considered FCO diplomats had '...found a new place in the sun...'. Indeed, there developed in Whitehall a view that the FCO’s allegiance had been transferred from London to Brussels, with it not being prepared to robustly defend UK interests. By the mid-1980s Thatcher commented that ‘...the Foreign Office was almost imperceptibly moving to compromise with these new European friends’. A manifestation of this perception was Kerr’s anxiety that Hadley should be involved in all aspects of the negotiations because he foresaw that, when difficulties arose, other government departments would more readily believe him, in conjunction with Hadley, on what was negotiable and how the government should proceed, than they would if he acted alone. Accordingly, this meant that it was more difficult for domestic Ministers and officials to reject deals negotiated by both Hadley and Kerr at the European level, which was additionally influenced by their high standing within Whitehall.

The European Secretariat also influenced policy through its chairmanship of EQ(O), the official committee which dealt with routine Community business. While previous commentators noted the chairmanship of EQ(O) was a task entrusted to the FCO, with the relevant official normally being the Assistant Under-Secretary for European Community affairs, this position had apparently been taken over by the Cabinet Office by the time of the 1990-1991 IGC. Its purpose, like other official Cabinet Committees, was to serve Members of the Cabinet, and the Prime Minister in particular, by settling those issues which could be decided at an early stage of discussion. Rose stressed such meetings ‘are meant to cover what are
Section 1: Policy co-ordination

regarded as the facts of the matter, to identify technical issues, and to dispose of problems that do not raise questions involving the political interests and judgement of their ministers'. In pursuing such objectives, the chairman of the meeting is a '...skilled negotiator, looking for compromises that can resolve the differences between politicians...' Yet, because the European Secretariat's work involved dealing with Treaty language, legal advice was essential. The relevant legal advisers had a twofold role. The first was to give considered and authoritative determinations of legal matters arising in the IGC and other EC questions. On more important issues, this involved chairing committees of legal advisers from different government departments to produce a co-ordinated view. In that respect the legal advisers mirrored the work of Hadley and Parker. The second was being responsible for litigation in the European Court of Justice in Luxembourg. During the IGC the legal advisers' role only involved the first area, which included organising interdepartmental meetings of lawyers. On issues where the legal position might bear on policy, policy makers as well as lawyers could be present. In terms of personnel, the legal adviser at the start of the IGC was Tim Pratt, supported by the assistant solicitor, Stephen Hyett. In the course of the negotiations Pratt was appointed Deputy Treasury Solicitor and replaced by John Vaux but, despite this change of portfolio, Pratt effectively carried on dealing with the talks.

The result of involving such officials in the creation of a common position was, as Wallace notes, '...to leave little leeway to individual departments or officials to depart from agreed lines of reasoning'. But if differences of opinion arose (or where questions were of such importance or political sensitivity that Ministers needed to consider them collectively), then its job was to isolate the questions and present them in the best possible light for discussion. In that respect, it is unlike the Chancellery in Bonn, which exists to inject a view from the Chancellor through a policy-making role, partly a result of the loosely co-ordinated nature of European policy within Germany. The Cabinet Office is never in a position to force its position on other departments because of its co-ordinating role. Of the Cabinet Office's Secretariats it is, however, one of the most proactive units, its head having a pivotal role through chairmanship of EQ(S). It '...is central to the co-
ordination process for it acts as a clearing-house for the dossiers that go to ministers as well as providing guidance for departments on others'. Therefore, the European Secretariat is the focal point of orchestrating government policy, a position which evolved from the reorganisation of the Cabinet Office in 1979 when it was provided with the ability to co-ordinate policy independently of the FCO. Indeed, as Peterson points out, the UK '...has a highly developed and co-ordinated machinery for instructing its negotiators with the European Secretariat of the Cabinet Office at the centre and the FCO in a subsidiary role'.

**Foreign and Commonwealth Office**

Throughout the IGC the FCO's role was of particular importance, not least because the Foreign Secretary chaired the key Ministerial meeting, OPD(E). It was essential that FCO officials fully grasped all IGC issues and prepared adequate briefs for their Ministers, at both interdepartmental and EC-level meetings. The Foreign Secretary's chairmanship of OPD(E) and presence at Foreign Affairs Councils meant the FCO's influence was greater than other government departments (adding further weight to the concept of Community affairs penetrating domestic policy). But while the Foreign Affairs Council regularly discussed the IGC at its meetings during 1991, this was confined largely to a review of known positions. The resolution of differences at Ministerial level did not commence until the conclaves at Noordwijk, on 12-13 November 1991, and Brussels, on 2-3 December 1991, which were of great importance in isolating the questions which needed to be tackled at Maastricht.

Within the FCO the key meeting was chaired by the Assistant Under-Secretary for EC affairs, Michael Jay. The 'Jay Group' comprised a weekly gathering of FCO staff, with occasional representatives from other government departments, such as the Ministry of Defence (MoD) and European Secretariat. The group's purpose was to resolve disputes within the FCO on issues relating to the broad aspects of the IGC, and therefore it was a policy co-ordinating group dealing with business management, rather than a policy-making group. In terms of Ministerial linkage the group worked through the FCO Minister of State with responsibility for EC affairs, Tristan Garel-Jones, and Hurd. Of the two, Garel-Jones remained in
Section 1: Policy co-ordination

closest touch with the negotiations and with the official co-ordinating mechanisms. As a FCO official noted, 'when we needed a Ministerial steer, we turned to him in the first instance, though the Secretary of State for Foreign Affairs took a close interest in the whole negotiation'.

Policy-making within the FCO was divided between issues which had an internal and external impact on the EC. Internal issues came under the control of ECD(I), with the deputy head of department, Nigel Sheinwald, having responsibility for EMU and social policy, while Michael Arthur handled the general factors of the IGC. Within the department an IGC unit was established under the guidance of Nick Westcott. Its primary role was to distribute Member States' proposals around Whitehall and to produce an agenda before, and a checklist of action points after, each meeting of the Jay Group. When establishing negotiating points, issues were treated area by area. Germany was considered a likely ally on putting subsidiarity into the Treaty, whereas France and Portugal were perceived as allies on the role of the EP.

Negotiating points were then subject to scrutiny by the FCO legal advisers, particularly the Deputy Legal Adviser, Martin Eaton (for the majority of the IGC). He had been the legal adviser at the UK Permanent Representation (UKRep) in Brussels in the early part of 1991 and was responsible for European affairs in conjunction with a team of four other lawyers. He was the only UK lawyer who dealt with the EPU talks at the Maastricht European Council. During the course of the IGC the FCO legal advisers tended to leave specialist areas to other government departments, duplicating the FCO's role on the broader aspects of the negotiations. EMU and frontier controls were left in the hands of the Treasury and Home Office, though the very nature of issues meant there was a fluid interaction of views between all government departments. Refinement of negotiating points by the FCO did not imply any specific linkage to the EPU negotiators (except on CFSP), and rarely did any FCO official attend the personal representatives' meetings which took place on virtually a weekly basis throughout the IGC (see appendix 16). All policy was conveyed to Brussels by the European Secretariat after a consensus had been reached in Whitehall.
UK Permanent Representation to the EC
Within UKRep the IGC was handled by the Permanent Representative, Sir John Kerr, who was the Foreign Secretary's personal representative on the EPU negotiations (see appendix 3). As a grade 1 post, it is, as Blackstone and Plowden note '...one of the two or three most important Foreign Office posts abroad' and, therefore, such individuals are of the highest calibre. Sir Donald Maitland, who was Permanent Representative between 1975 and 1979, became Permanent Under Secretary of State at the Department of Energy (1980-2). Sir David Hannay, who held the post between 1985 and 1990, was thereafter appointed UK Permanent Representative to the United Nations. Kerr was Permanent Representative between 1990 and 1995, when he became Ambassador to the USA. In 1997 he became Permanent Under Secretary of State at the FCO. Thus, the Permanent Representative’s position is firmly established among the elite Whitehall mandarins, while UKRep staff include the civil service creme de la creme. The Permanent Representative’s position also involves an ability to veto possible appointments to Brussels if they are not up to scratch.

During the IGC, Kerr had great influence as the principal official with detailed knowledge of both the Community negotiation process and the room for flexibility of the other governments. His role was not just to carry out instructions from London, but to play a full part in discussing policy and tactics. Bender notes:

Since UK accession to the Community, successive Ambassadors (Permanent Representatives) have taken the view that UKRep should be responsible not only for carrying out instructions but also for helping to formulate those instructions. Thus, UKRep plays an important role in the co-ordinating process. Members of staff there usually attend Cabinet Office meetings and the Permanent Representative has a meeting most weeks in the Cabinet Office at which there is senior level tactical consideration of current issues of concern.

Throughout the conference the intention was for an agreed conclusion to be reached after consultation with relevant government departments, and UKRep providing advice on the feasibility of chosen approaches, as well as offering alternative solutions. Thus, like the European Secretariat, it was a proactive unit, rather than a reactive one dependent on telegrams from London.
The formal contact between Kerr and Whitehall was demonstrated by his weekly Friday visits to London to discuss issues which would arise in the coming week, his occasional visits to brief the Prime Minister or Foreign Secretary, and his attendance at OPD(E) meetings, commitments in Brussels permitting. This was an important exercise as it ensured he knew exactly what London was thinking, while informing London of other Member States negotiating strategies, and the likely success of UK proposals. Thus, Kerr was very much at the centre of the interplay of domestic and Community interests, with him being the person most able to steer UK negotiating objectives in the desired direction at the supranational level (although this was dependent on clear instructions), and at the same time bear influence on the very shaping of those policies at the domestic level. As Wallace notes, despite the UK position at European meetings being subject to rigorous preparation within Whitehall, ‘...it is a real strength of the British system that negotiators are permitted tactical flexibility to a remarkable extent’. Sir Michael Butler, who was Permanent Representative to the EC between 1979 and 1985, considered:

...almost the most important consequence of all these journeys to London was that I knew exactly what ministers and officials in London were thinking. Every day in Brussels new issues arose or old ones changed. The Permanent Representative needs to be prepared to respond when matters come up in COREPER or meetings with the Commission or other governments and to take the initiative in trying to move things in the right direction.

Kerr’s position enabled him to engage in the ‘two-level’ policy process by having an important influence on discussions at both the EC and domestic level. However, his ability to influence the negotiations tended to be more negative rather than positive as he was often devoid of clear policy instructions from Whitehall. While the government had relatively clear (mostly negative) views on some key issues in the IGC, there were many others on which it effectively had no set position and very few positive objectives. This meant it was very difficult for Kerr to shape policy on these issues during discussions, a factor amplified by the difficulty UK officials had in extracting decisions from Ministers on some important points which undermined the requirement for a clear set of instructions, the necessity for which was stressed by Butler:
Policy co-ordination at the UK level

...you have to know what you want from the beginning of the negotiations and be extremely determined in getting it. In the Community that means the humblest member of the British Permanent Representation in Brussels must know what Ministers want to get out of the discussions in the working group. The Ambassador needs to know what he wants out of COREPER (Committee of Permanent Representatives), the Minister needs to know what he wants out of the Council, and so on. It is vitally important that the Government has a well co-ordinated and clear view.66

But, Ministers were not forthcoming on the extent to which the UK could concede ground in certain debates, such as extra power to the EP. They often found the legalistic detail of the conferences tedious, while the IGC tended not to be their top priority.67 This meant Kerr could take few specific initiatives in the negotiations, which greatly reduced his ability to explore possible deals with other Member States. He sometimes had to react to proposals from others by stating ‘if the UK had a position our view would be.....’68

In advancing the UK line, Kerr was primarily supported by John de Fonblanque, Counsellor for political and institutional affairs. His role extended to membership of the Friends of the Presidency69 and Antici Groups70 (see appendix 4), and to being the UK official note-taker during the IGC, as well as at European Council meetings.71 Within UKRep legal issues were dealt with by the legal counsellor, Martin Eaton at the beginning of the negotiations, and thereafter by Ian Hendry. One major task which they, and legal advisers in London, had to tackle was how to get legal language in the Treaty which would keep the intergovernmental areas (CFSP and JHA) genuinely separate, instead of leaving this ambiguous as some wanted.72

No 10 Office

The other significant UK players during the IGC were the Prime Minister’s advisers. Foreign affairs received specific input from Sir Charles Powell, who remained John Major’s Private Secretary for Foreign Affairs until May 1991, having occupied that post under Thatcher since 1984. While Powell accompanied the Prime Minister to all his early meetings up until April 1991, his degree of influence on European affairs had diminished.73 He had been Thatcher’s primary confidant, and his role in the Major government was to provide continuity on the
Gulf war through his links with the White House. He was succeeded by Stephen Wall, who had previously been Private Secretary to the Foreign Secretary between 1988 and 1990 and, therefore, had served Major. His role was to advise Major throughout the negotiations, while at Maastricht his main task was to liaise with London. Thus, he was not a key player during the endgame. However, throughout 1991 he assisted Major at various bilateral meetings with other Heads of State and Government, in particular Helmut Kohl, Ruud Lubbers and François Mitterrand. In that respect he had regular meetings with his French and German counterparts (which Jay also attended). On the German side he had good relations with Kohl’s foreign affairs adviser Peter Hartman, and his European adviser, Jürgen Bitterlich, and with Mitterrand’s Thierry Bert.

Major also received advice from his Number 10 Policy Unit. Its role, essentially to provide advice on domestic issues, sometimes touched on foreign affairs, and European affairs in particular, with one member of the unit (John Mills) specialising in the analysis of Community business. It specifically served the Prime Minister, for example by drafting speeches, whereas the Cabinet Office provided support throughout Whitehall. This direct link to the Prime Minister meant its composition reflected the latter’s preferences, so it was no surprise that Major embarked on a clear out of the Unit when he became Prime Minister, with the ex-Economist and Daily Telegraph journalist, Sarah Hogg, wife of FCO Minister Douglas Hogg, appointed its head. She was part of the UK delegation at Maastricht, with the primary role of keeping Ministers informed of developments. Throughout 1991 the policy unit was represented at a lot of IGC meetings by John Mills. On the broader swathe of European policy the Unit’s influence, in particular Hogg and the pro-European Conservative Party Chairman, Chris Patten, was often visible. This was demonstrated by the March 1991 Bonn speech, portraying the UK at the ‘heart of Europe’, which they drafted and signalled an awareness of the need for a charm offensive with other Member States, as mentioned in chapter 1.
Policy co-ordination at the UK level

SECTORAL POLICIES

- Policy co-ordination on CFSP

External issues such as CFSP were dealt with at a Ministerial level by the Foreign Secretary, Douglas Hurd. As mentioned above, the UK was more actively involved in the CFSP debate, and the formation of the government’s objectives was not as dependent on domestic political constraints, a point stressed in chapter 7. Consequently, both UK Ministers and officials engaged in a ‘two-level’ game, with official input coming primarily from the FCO, and additional advice from the MoD. Within the former the key departments were ECD(E) and Security Policy Department, headed by Emyr Jones Parry and Stephen Gomersall respectively. The latter tended to leave day-to-day problems to his deputy - Peter Ricketts until August 1991, and thereafter Sherard Cowper-Coles. Policy drafting was primarily done through Sir John Goulden, Assistant Under-Secretary for Defence in the FCO responsible for supervising Security Policy Department, who worked on, for example, the October 1991 Anglo-Italian declaration on security and defence policy (see chapter 7). In the formation of that policy, Goulden spoke frequently to Silvio Fagiolo, a member of the Italian Prime Minister’s office. Such contact demonstrated the ‘two-level’ nature of the CFSP debate, with high standing officials often presenting conclusions to their national capitals. Goulden equally had close contact with his French counterpart in the Quai d’Orsay, Phillipe Guelley, and in Germany was in touch with Klaus Pieter Klaiber, while the issue of defence meant there was some contact with Herman Schaaper in the Netherlands due to its traditional alliance with the UK on this subject. However, there was little contact with counterparts in other Member States.103

In contrast to the specific European focus of ECD(I) and ECD(E), Security Policy Department dealt with all broad aspects of UK defence policy, and was engaged in the IGC at two levels. First, by being involved in the IGC in Brussels in what became known as Title V of the Maastricht Treaty (the CFSP provisions), although the security section was a rather minor part of the discussions as a whole. Secondly, and more important, it was engaged in a negotiation in the Western
Section 1: Policy co-ordination

European Union (WEU) to formulate a European position on defence issues. This work eventually became the longer of the WEU declarations annexed to the Maastricht Treaty (no.30). The main negotiators on the WEU were Michael Ryder (later replaced by Dennis Keefe) and Goulden. The broader CFSP debate in Brussels was handled by Catherine Roe, head of the Political Co-operation unit, while Security Policy Department also received assistance between September and December 1991 from Diane Corner, whose main task was to help write briefs for IGC-related discussion.

The MoD was also involved in the debate, primarily at an official level. The Secretary of State, Tom King, had only a minor role, while neither of the Ministers of State, Alan Clark and Archie Hamilton, had any dealings with the IGC. The MoD had no direct involvement in the CFSP debate on the Brussels side but was heavily involved in the WEU negotiations. Security Policy Department was the prime interface between the FCO and the MoD. There was no direct regular contact between the MoD and either the Cabinet Office or Number 10 on the North Atlantic Treaty Organisation (NATO), WEU and IGC issues. Within the MoD there existed a division between the military and the civilian elements. On the military side the issues were dealt with by Air Commodore Peter Millar (now Air Vice-Marshal), who was Director/NATO working in the Commitments staff. He worked alongside, and provided military input to the NATO/UK Policy Secretariat ((Sec(NATO/UK)(P)), which was part of the Policy Staff, on NATO, WEU and IGC issues, on which the NATO/UK Policy Secretariat had the lead. Within the Policy Secretariat the key official was Crispin Hain-Cole (Peter Millar’s opposite number) who was primarily concerned with NATO issues, and was supported by Paul Flaherty and David Chuter, the latter working more closely with Michael Ryder from the FCO Security Policy Department.

However, during 1991 the MoD reorganised the Central Staff, which meant Millar’s NATO Directorate was re-titled D/NEDD (NATO and European Defence Directorate). It then moved out of the Commitments Staff and into the Policy Staff alongside the NATO/UK Policy Secretariat which was retitled D/NEPS (NATO and European Policy Secretariat). Despite the change both bodies retained the same responsibilities, reporting to the Policy Department Assistant Under
Policy co-ordination at the UK level

Secretary, Ian Dawson. The overall responsibility for these issues rested with the Policy Department Under Secretary, who at the start was Richard Mottram (now Permanent Under Secretary in the MoD), later replaced by David Omand. The CFSP debate was also influenced by the UK Permanent Representative to NATO, Sir Michael Alexander, who had previously initiated a programme of monthly meetings in London with officials from the MoD and the FCO. This was an attempt to co-ordinate policy on security and defence matters, with Mottram being a particularly influential member. However, on the Brussels side of the IGC Alexander had very few contacts with Kerr on CFSP issues. CFSP was primarily organised in London, with UKRep providing assistance only when needed.

In effect, the personnel most closely involved in the CFSP area were Ryder and Chuter. Throughout the negotiations they would react to the Member States' proposals as they emerged, and adopt positions in response. They would then convey that position to Ministers and senior civil servants as an agreed stance, and only rarely sought higher-level clearance as they were well aware of the room available for manoeuvre. One of the reasons for policy being limited to a small group was that of language and style: the MoD had been used to working in a NATO environment heavily based on English as a language and modelled on a UK-USA basis, whereas the WEU was European, with discussion taking place in English and French, with no simultaneous interpretation (see chapter 7). The language barrier and unfamiliar working practice helped reduce the number of people who could have an input to the negotiations.

Thus, the formation of UK policy on CFSP took place in different fora throughout 1991, while at the same time individuals had a great deal of close contact with their counterparts in other Member States. This, in conjunction with the pro-European outlook of the FCO, the government's intrinsic importance to CFSP, and the fact that backbench MPs were more concerned with other policy subjects, meant that policy was formulated within a 'two-level' process (see chapter 7). In contrast, as the next section demonstrates, the government's engagement on other aspects of the EPU negotiations did not always follow this pattern.
• Policy co-ordination on Political Union

Of the other major policy areas during the IGC, the Department for Employment took the lead on social policy with the Secretary of State, Howard, in a particularly strong position. This did not mean the government opposed all directives. In fact it signed many. But it did oppose those regulating employment conditions in particular. Nevertheless, as noted in chapter 1, during the talks there appeared a slight possibility of the government accepting social policy regulation as a means of differentiating the Major and Thatcher administrations, and aligning the Conservative MEPs with European Christian Democrats. This did not happen, primarily because of Howard’s influence, backed up by a Eurosceptical Ministerial team, including Eric Forth, while also drawing support from Peter Lilley at Trade and Industry (see chapter 6). Accordingly, UK participation in the social policy debate was influenced by domestic political developments and did not resemble the CFSP negotiations, where policy was determined at both the domestic and EC level. One of the reasons for this was Howard’s position as a Eurosceptic, while Hurd was a Europhile.

At official level, the core policy co-ordination group included: Deputy-Secretary Graham Reid; Under-Secretary Leigh Lewis; Assistant-Secretary Bob Niven; and Chris Capella, a Grade 6 officer. Capella was the Department’s representative on the interdepartmental group of officials considering the IGC. The primary linkage was between the Department for Employment and the European Secretariat, with the former essentially saying what was acceptable and the latter having to deduce what action was feasible in the course of the conference. The FCO was also involved, giving tactical advice about how the government could best play its hand. In addition, Kerr was greatly absorbed in this policy area, which became a crucial topic towards the end of the negotiations. There were frequent discussions between the European Secretariat and Kerr about possible fall back positions for the government as the discussions headed towards Maastricht (see chapter 6).

Just as Howard was deeply involved with social policy, JHA was an issue in which the Home Secretary, Baker, was concerned, even if his degree of influence was far less. Within the Home Office, Michael Gillespie was the key official
involved with the IGC. He had previously been a Desk Officer in the European Secretariat at the beginning of the negotiations, and returned to the Office in February 1991 to establish and head a European Community Co-ordination Unit. We can infer that its late construction was very much an afterthought, as it should obviously have been established prior to the IGC, with Baker’s scepticism towards the Community being a possible reason for the delay. Indeed, the eventual stirring of activity was not the result of Home Office concern, but rather Sir John Kerr’s view that the UK would be outflanked by other Member States in this policy area, if it did not advance a proposal (see chapter 5).

In due course, the title of the unit was changed to European Communities Unit, or ECU, which in itself suggested a more pro European outlook than was probably the case. It was responsible to Anthony Langdon, the Deputy Secretary in charge of the Immigration and Nationality Division. But, it was not part of that Division, as it was intended to be a central resource for the Office as a whole. Its purpose was to parallel the work of the Cabinet Office as an impartial policy co-ordinator, a stance influenced by Gillespie’s own experience in the European Secretariat between 1989 and February 1991.

The unit was kept deliberately small as Gillespie did not want it to dominate all EC policy within the Office. He wanted it to be an advisory body to ensure a consistent policy line within both the Office and government in general. The unit comprised Savas Hadjipavlou (a Grade 7 officer), who dealt with policy development, while Mary Esplin was responsible for paper-gathering to ensure the correct documents were properly distributed. In addition, Gillespie or Langdon attended all relevant Cabinet Office meetings during the IGC, while the unit’s legal advice principally came from Clive Osborne. Linkage to the FCO was primarily through Piers Baker, a member of ECD(I).

Whereas the FCO was not the lead department on social policy or JHA, it was, in conjunction with the European Secretariat, the predominant UK player on the institutional aspects of the negotiations. Within the FCO these issues came under particular scrutiny by the legal advisers, while departmentally the issues fell under ECD(I). However, problems were frequently dealt with at a higher level, in particular by Jay, Kerr, de Fonblanque and Hadley. In addition, Parker, from the
Section 1: Policy co-ordination

European Secretariat, was involved in the classical institutional issues of majority voting and the powers of the EP.112

- Policy co-ordination on Monetary Union

In comparison to the massive interdepartmental machinery which co-ordinated policy on EPU, the EMU discussions were handled by a more select group. There were contacts at various levels involving the Treasury, the FCO and the Cabinet Office, with Number 10 involved via the Policy Unit. Within the three Departments there existed a clear difference of views. While the Cabinet Office was (and is) essentially neutral, the Treasury was not as enthusiastic towards Europe as the FCO. Whereas the FCO was essentially in favour of EMU largely due to the fear of being left out, no Treasury Minister was in favour of EMU.113 The Chancellor of the Exchequer, Norman Lamont, the Financial Secretary, Francis Maude; and the Economic Secretary, John Maples, were all against EMU, while Maples was the only one initially enthusiastic about the ERM.115 Lamont's scepticism towards EMU consequently reduced his ability to influence negotiations at the EC level, where other Member States negotiators advanced EMU as a negotiating objective. In addition, negotiators at the EC level were aware of Lamont's reduced influence within Cabinet, where his status did not mirror his departmental portfolio. This compared with Hurd, who was both more committed to the EC, and crucially had a high domestic political standing. The effect of these developments was to reduce the two-level game element of the negotiations amongst Finance Ministers (see chapter 9).

The key Treasury official was the government's personal representative on the EMU negotiations, Sir Nigel Wicks, who was the Second Permanent Secretary (see appendix 5). The 'Wicks Group', comprised Hadley, Kerr, Jay, Hogg, and Treasury officials such as David Bostock, the Under-Secretary responsible for EC policy, and Nicholas Macpherson, the EMU desk officer acting as the group's secretary, while the Bank of England (BoE) was represented by the Executive Director, Andrew Crockett, and occasionally by John Arrowsmith. The group played an important role in co-ordinating and formulating government policy in the
run-up to the IGC, but once the talks commenced met less often, because there was insufficient time for such an elaborate policy structure.116

Its role involved policy-making because decisions were taken in the Treasury, and not the Cabinet Office. Within the Treasury the key group dealing with the monetary statutes and the role of the BoE was led by Paul Gray, the Under-Secretary in the Monetary Division, with Nicholas Macpherson acting as secretary. The ‘Gray Group’ was important in formulating the UK Hard European Currency Unit (ECU) plan between September and December 1990. It did not, however, have a regular timetable or fixed membership: those represented might include other interested parts of the Treasury and, as appropriate, the Cabinet Office, FCO, and UKRep.117

Policy was effectively divided in the Treasury between the Monetary and EC Divisions. Gray was supported by the Assistant-Secretary, Paul Macintyre, and had additional help from Joe Grice, the Assistant-Secretary responsible for economic issues. Bostock, as Under-Secretary in the EC Division, was supported by the Assistant-Secretary, Richard Pratt, with additional help provided by Wilf White and Macpherson, who were Grade 7 officers. Pratt tended to examine political issues, while Macpherson distributed IGC papers throughout the Treasury and acted as a link between Monetary and EC Divisions.118 During the IGC the UK members of the EMU Working Group were Bostock and Macintyre, although Gray occasionally attended. The Treasury’s legal adviser, Mark Blythe, played a crucial role in providing legal input to both Hard Ecu text and the EMU opt-out. Other relevant officials included the Treasury’s Permanent Secretary, Sir Peter Middleton, until he left in May 1991, and his successor, Sir Terry Burns.

Additional input from the FCO came through Jay, whose presence in the Wicks Group was to ensure a proper understanding between FCO and Treasury officials responsible, respectively, for EPU and EMU. Jay chaired a sub-group of the Wicks Group, consisting of officials from the Treasury, FCO, BoE and Cabinet Office, whose role was to keep an eye on the implications of proposed institutional changes in the IGC. Within the FCO, Sheinwald, as deputy head of ECD(I), had a particular responsibility for EMU, and liaised with Pratt.
Section 1: Policy co-ordination

The rationale for this system of policy co-ordination was to provide the government's negotiators, Wicks and Kerr, with a clear set of instructions. The BoE, however, did not play a role in conducting the negotiations, not even having an observer present. The BoE's role extended to working with other Central Banks on the European Central Bank Statute, and being involved with the work in the EC Monetary Committee, the latter of which resulted in detailed discussions with the Treasury, and to a lesser extent FCO, on the non-Central Bank content of the Treaty. The BoE representative on the EC Monetary Committee was Crockett, supported by Wicks. Crockett's attendance was duplicated by John Arrowsmith in the Alternate EC Monetary Committee which negotiated the nuts and bolts of the Treaty. Other prominent BoE officials included Mike Evershed, Michael Foot, Governor Leigh-Pemberton and Deputy Governor, Eddie George, with the majority of the intellectual fire power coming through the latter.119

BoE non-presence at EMU personal representative meetings was the result of mutual agreement arrived at between Wicks in consultation with the Chancellor, and Crockett in conjunction with the Governor. This was because of a sense that the BoE had its own part to play on the Central Banking front and there was a question over what role it could, or would, play at the negotiating table given that Central Bankers did not have any legal locus there. This differed from the Bundesbank who made a point of attending EMU meetings. Within the BoE there existed two strands of opinion. First, that if it took part in EMU meetings, albeit as an observer, then it could possibly be considered to have acquiesced to agreements by association. In comparison, some officials considered it would be useful to have an observer present (not necessarily a senior official), as a lot of Central Banks did, to ensure full communication on events. This, however, was not accepted because the preferred solution was to have a clean break. While BoE officials believed no problems arose from its non-attendance, there was a consideration that it would not have been able to influence the UK line even if present. This was a result of the political decision to separate the UK line from the majority position in favour of EMU. Indeed, where BoE opinion differed from the Treasury, it was not able to convince the latter of its views during discussions in London (see chapter 9). Thus, it was extremely unlikely it would have exerted influence at the European negotiating
Policy co-ordination at the UK level

table. That is not to say that the UK line on EMU was unclear or ill-defined. The government’s opposition to being part of a single currency meant it was both defined and clear from the beginning. This meant the Wicks-Kerr negotiating team were well aware of the room for manoeuvre, which contrasted with EPU where the government was not always clear what its position could, or would, be. But, as the pace of both negotiations accelerated in the later stages, Kerr’s position as the principal EPU diplomat meant he did not attend all meetings of the EMU personal representatives, even though he aimed to do just that.

• Conclusion

It is evident that the IGC negotiations on EPU and EMU were handled in different ways. The EMU talks were simpler, with very little need for inter-departmental co-ordination because of the singular nature of the subject. Furthermore, the UK’s involvement in the EMU discussions was far less contentious, with an opt-out having been discussed prior to the commencement of the IGC during Sir David Hannay’s period as Permanent Representative. Thus, the question of negotiating instructions did not hamper the personal representatives, with Wicks and Kerr being aware of the room for manoeuvre. But the government’s preference to not be committed to a single currency reduced the influence negotiators had in the IGC, both at an official and Ministerial level, the latter being the result of Lamont’s scepticism towards EMU. Accordingly, a ‘two-level’ policy process did not take place.

In contrast, within EPU there existed a greater consultation procedure, involving numerous government departments because of the broad nature of the subjects discussed during the IGC. Whereas policy on EMU was essentially decided within the Treasury, EPU decisions were channelled through the European Secretariat. But, because topics touched on a greater number of departments, and because decisions were often subject to prolonged, and personal discussion, the government was not always clear as to what its position was on the numerous points the EPU IGC debated. In addition, as the EPU negotiations were more wide-ranging, and as the government had its eye on particular issues such as social policy, it did not give proper attention to all aspects of the negotiations. This
meant Kerr was not made aware of what the government wanted, or did not want, and how it intended to tackle the negotiations by offering movement on one subject to gain a concession on another. Consequently, whereas relatively clear instructions were evident on EMU, this was not the case on EPU. However, while the government’s scepticism towards EMU ensured that negotiators had less influence at the conference table, conversely UK negotiators were influential on certain EPU topics, such as CFSP, and did take part in a ‘two-level’ game.

During the IGC, certain trends were apparent. First, government Ministers did not consider the IGC to be their top priority. This tended to be the general election and maintaining the unity of the Conservative Party. The situation reflected a certain ‘ambivalence within the Conservative leadership about closer European integration’. While broad trends in government policy towards the IGC were clear, such as an EMU ticket not involving any compulsion to join, it was not forthcoming on other issues. One of the reasons for this was because if agreement had been taken within Cabinet at an earlier stage, on subjects such as the powers of the EP, it would have been highly likely the ensuing decision would have been subject to even further debate over whether it was the correct choice, or not. Party management was therefore an important aspect of the negotiations. Vagueness was the order of the day for much of the IGC because Major constantly asked for more time, both domestically and at a European level. He did not want to bind himself to any agreements at an early stage of the discussions, which may have been difficult to disentangle from at a later stage. By waiting until the last minute, before making concessions on certain points, he considered the government’s negotiating hand would be maximised, even though it had no aces to play.

The driving force behind this strategy was Major’s position in relation to his fellow Cabinet members. Major was primes inter pares, partly because he did not want to dominate meetings as such a policy had the scent of Thatcher’s downfall, and partly because he was incapable of exerting dominance even if he so desired because of the splits among Cabinet Ministers and the parliamentary party on European issues. The leader of the government was effectively a prisoner of his fellow Cabinet Ministers. He could not lead policy or present deals achieved with other EC governments, without full consultation. Some members of the Cabinet
Policy co-ordination at the UK level

had greater power than their position merited, most notably Michael Howard, who managed to raise the tempo on social policy.

Such developments meant clear policy objectives were not always forthcoming for the government's EPU negotiators in particular. They were not tied to a government line, as Bender describes, but were instead tied to the absence of a government line on many policy issues (particularly EPU). It was difficult for Kerr to negotiate when he was unclear what was acceptable and what was not. Such a state of affairs was not a reflection of a failure of policy co-ordination: many meetings were arranged, but at Ministerial level they were often cancelled, or hijacked by other topics which were deemed to be more important. This was particularly evident on EPU discussions. On EMU, which was principally driven by the Treasury, it was easier for a negotiating line to be established and translated into a set of instructions for the negotiators. On EPU, where issues impinged on numerous departments, and where there existed differences on policy objectives, for example with Chris Patten favouring a softer UK line on social policy, and Howard desiring the reverse, the government did not manage to establish a clear set of policy objectives, not least because of domestic political opinion.

While Kerr and Hadley were broadly aware of Ministers' desires on EPU issues, how those objectives would, or could, be won was not clear. Furthermore, there existed a naivété at Ministerial level as to how the negotiations could be conducted. There was a lack of awareness as to the necessity for the UK to offer some form of flexibility by accepting policies which, although unpalatable, meant the attainment of key objectives would be more easily obtained. The result was the attainment of a deal at Maastricht which broadly satisfied the government's demands, was heavily dependent on Major's personal diplomacy. In the process of negotiation, the very fact the UK made headway on EPU equally relied on the skill of Hadley at the UK end and Kerr at the Brussels end, and on the Wicks-Kerr team on EMU, although the latter were made more aware of what was acceptable or not. This is not to say the agreements were necessarily a success for the UK, but they could be presented as 'Game, Set and Match' for the government.
Diagram 2.1: UK policy co-ordination during 1990-1991 IGC (Main Departments)
Policy co-ordination at the UK level

• Notes

5. Interview: former HM Treasury Minister.
6. Ibid.
7. Interview: former FCO Minister.
11. Private interview.
12. Private interview.
13. Ibid.
16. Private interview.
19. Ibid., p.74.
21. Interview: former Cabinet Minister.
24. Interview: former Cabinet Minister.
26. Interview: European Secretariat official.
28. It was notable that Thatcher appointed Lilley to the DTI in July 1990 as a replacement for Nicholas Ridley, thus ensuring a Eurosceptic voice was still present within Cabinet. Lilley's appointment meant that he leapfrogged Howard in Cabinet rank, despite Howard having entered the Cabinet before him. Accordingly, Howard was keen to ensure that he remained a prominent figure within Cabinet.
29. Interview: former HM Treasury Minister.
30. Private interview.
33. This point of credibility was illustrated by an interview by Zartman and Berman with Arthur Goldberg, former US Permanent Representative to the United Nations. See Zartman and Berman (1982) The Practical Negotiator, p.20.
34. Garel-Jones experience as a Conservative Whip meant he was able to press the government's negotiating position on backbench MPs. Gorman (1993) The Bastards, pp.164-5.
37. View expressed in questionnaire sent to Conservative MPs in September 1996. When questioned on the main factor for Thatcher's downfall, 40% of respondents stressed fear of losing the general election. This was duplicated at Cabinet level, where 100% of respondents named it as the most important factor, while 50% of respondents adopted this position at
Minister of State level. At Parliamentary Under-Secretary of State, 25% of respondents adopted this stance. While such figures cannot give a precise reflection of the opinions of Conservative MPs, they support the view that the IGC was not their top priority. Appendix 14 provides a full analysis of questionnaire.

38. Interview: former European Secretariat official.
40. Ibid. OPD comprised the Prime Minister (chairman), Secretary of State for Foreign and Commonwealth Affairs, Chancellor of the Exchequer, President of the Board of Trade, Secretary of State for Defence, and the Attorney General.
41. Interview: FCO official.
43. Interview: former European Secretariat official.
44. Correspondence: FCO official.
53. Interview: former European Secretariat official.
55. Private interview.
56. For example, the former Foreign Secretary, Lord Carrington, considered that ‘Margaret Thatcher evinced at times a distrust of the Foreign Office, a determined attitude that didn’t stick up for Britain and was softly conciliatory when the reverse was needed’. Carrington (1989) *Reflect on Things Past*, p.285.
60. Interview: former European Secretariat official.
63. Ibid., p.249.
64. Interview: FCO official.
71. Private interview.
72. Private interview.
75. Correspondence: FCO official.
76. Interviews: European Secretariat and FCO officials.
77. Interview: FCO official.
Policy co-ordination at the UK level

85. Private interview.
86. Butler (1989) 'Evidence to the House of Commons Foreign Affairs Committee', p.44, para 144.
87. Interview: former European Secretariat official. See figures in footnote 37 referring to questionnaire sent to Conservative MPs in September 1996. Also Appendix 14.
88. Interviews: Luxembourg and Council Secretariat officials.
89. It supported personal representatives, just as the Antici Group supported COREPER.
90. In the course of a Presidency it is a useful co-ordinating tool where a Presidency can inform Member States of how they intend to tackle particular problems and discover the room for manoeuvre on specific points. At European Council meetings it acts as a liaison between the national delegations and Heads of State or Government.
91. Interview: FCO official.
92. Ibid.
94. Ibid., p.271.
96. Interview: FCO official.
97. Willets (1987) 'The Role of the Prime Minister’s Policy Unit'.
102. Interview: former FCO official.
103. Interview: FCO official.
104. Ibid.
105. Private interview.
106. Interview: FCO official.
107. Interview: MoD official.
108. Interview: former FCO official.
109. Interview: former FCO Minister.
110. Interview: Home Office official.
111. Ibid.
112. Interview: FCO official.
113. Interview: former HM Treasury official.
115. Interviews: former HM Treasury Ministers.
117. Ibid.
118. Ibid.
119. Interviews: former BoE and HM Treasury officials.
120. Interview: former BoE official.
121. Private interview.
Chapter 3:

Policy co-ordination at the EC level

- Overview
- The Luxembourg Presidency: dancing with the Commission
  Policy co-ordination under Luxembourg: agenda shaping
- Policy co-ordination during the Netherlands Presidency
- Conclusion
- Diagram 3.1: Layout of Council meetings under Luxembourg Presidency
- Diagram 3.2: Layout of Council meetings under Netherlands Presidency
- Notes

I think that the Luxembourg efforts were decisive. 90% of the final treaty was conceived during the Luxembourg Presidency. All the groundwork was done during the Luxembourg Presidency, while after the difficulties which we had over the summer holidays with the Dutch draft, there was a resumption to more normal procedures. (Interview: former Council Secretariat official)

Whereas chapter two analysed the co-ordination of policy at the UK level, this chapter focuses on the EC dimension, especially the Luxembourg and Netherlands Presidencies. Greater focus is attached to EPU rather than EMU, which was the more consensual negotiation, as noted by Sir John Kerr: 'The monetary union negotiation was a polite and professorial negotiation, like a university senior common room; the political union negotiation was neither polite nor professorial'.¹ An explanation for this was that much had been achieved prior to the commencement of the EMU negotiations, which used the December 1990 Commission ‘Draft Treaty’ as their starting point.² This was in stark contrast to EPU. The relative serenity of EMU was also the result of the reduced need for inter-departmental consultation within Member States. Discussions were primarily the responsibility of Finance Ministries, with personal representatives negotiating the detail (see appendices 5 and 6), and where technical problems arose they were analysed by the EC Monetary Committee and Central Bank Governors (see appendix 7). Issues which could not be resolved within these groups were either elevated to Finance Ministers at monthly EcoFin meetings, or to discussions between Heads of State and Government (see appendices 8 and 10).
Section 1: Policy co-ordination

• Overview

The 1990-91 IGC comprised two distinct conferences: EMU and EPU. The intended structure was that each conference would meet at Ministerial level once a month, with personal representatives meeting three or four times a month (see appendices 3, 5, 6, 9 and 10). Whereas the majority of EPU representatives were members of the Committee of Permanent Representatives, commonly known as COREPER II, their IGC work was separate from its workings, a point which George Ross does not make clear. Denmark, France and Italy appointed personal representatives who differed from their Permanent Representatives (see appendix 3). Negotiations were respectively chaired during the Luxembourg and Netherlands Presidencies by Joseph Weyland and Pieter Nieman, with unresolved points being elevated to either meetings of Foreign Ministers or Heads of State and Government (see appendices 8 and 9).

The appointment of personal representatives who were not Permanent Representatives did not create policy co-ordination problems. In the case of Denmark, Gunnar Riberholdt combined the post of envoy to the Organisation for Economic Co-operation and Development with personal representative. He had previously been the country’s Permanent Representative to the EC, 1977-84, and was consequently familiar with its workings. For France, General de Gaulle’s grandson, Pierre de Boissieu, was the Quai d’Orsay’s director of Economic Affairs and EPU personal representative. His position in the Quai would have provided him with, if anything, greater negotiating leverage because of proximity to the decision-making centre of government. Italy’s use of the Minister for Foreign Affairs in the Permanent Representation, Rocco Cangelosi, rather than the Permanent Representative, Frederico Di Roberto, also posed no co-ordination problems. His appointment could be said to have highlighted the difficulty that the Permanent Representative had with Italy’s Presidency in the second half of 1990. Indeed, more problems existed with the German Permanent Representation due to its lack of autonomy and well-defined instructions from the coalition government in Bonn. Sir Michael Butler, a former Permanent Representative himself, considered ‘...the Germans were always badly co-ordinated’.
Furthermore, a similar problem apparently existed with the Belgian Permanent Representation.7

Personal representatives were assisted by the Friends of the Presidency Group, chaired during the Luxembourg and Netherlands Presidencies by Jim Cloos and Gustaff Borchartd respectively.8 In some circumstances its members were the same as the Antici Group,9 though in others they were not (see appendix 4). Whereas the Friends of the Presidency was a clearing house for ideas from the various actors, the Antici Group's role was to provide support for COREPER II and European Council meetings. It formed a link between national delegations and Heads of State or Government at the latter, facilitated by minute-takers in the European Council. During 1990-91 the minute-takers were Poul Christoffersen from the Council Secretariat and the Presidency Antici: Cloos from Luxembourg and van Hoorn from the Netherlands. Their purpose was to inform all Anticis of decisions taken in Council, who would in turn advise national delegations of developments. Such linkage was necessitated by attendance at European Council meetings being limited to Heads of State or Government, Foreign Ministers and the Commission President accompanied by a fellow Commissioner, usually the senior Vice-President. Thus, during 1991 there were only 26 seats at the main negotiating table, entry monitored by security passes, normally used by the Antici and the Permanent Representative10 (see diagrams 3.1 and 3.2 at end of the chapter).

- Luxembourg: dancing with the Commission

Prior to the Luxembourg Presidency the preceding Italian Presidency had been unable to resolve COREPER debates in a swift manner. The Economist reported a senior Brussels diplomat (not British) as stating, 'Italy's Presidency of the European Community was like a trip with the Marx Brothers as drivers,'11 the implication being the Presidency was not well co-ordinated.12 Italy's difficulties worried the Luxembourg personal representative, Joseph Weyland, who did not want poor co-ordination systems to hamper IGC work. Weyland expressed these anxieties to Delors in December 1990, and proposed that to avoid any problems the negotiations should duplicate the arrangements used for the 1985 IGC.13
During that negotiation, which Luxembourg had also chaired, texts were prepared in a drafting group led by Jean Dondelinger, encompassing representatives from the Council Secretariat and Commission. At that time the Secretary-General of the Commission, Emile Noel, viewed the group as a useful way of getting the Commission's views into the exercise. Predictably, Delors agreed a similar structure should be constructed for 1991.

Despite this agreement, it was evident prior to the commencement of Luxembourg's Presidency that serious tension existed between it and Delors. Before the IGC began Delors suggested that Luxembourg was not capable of running the Presidency, and that a troika of officials should be created for this task. Luxembourg perceived this as an attempt to stifle their control over the negotiations. Nevertheless, Delors announced in early 1991 that the Commission would be fully committed to the IGC, and the structures established for it. Weyland was sceptical of this public commitment and his opinion was endorsed when Commission EPU representatives, David Williamson and François Lamoureux, failed to turn up to the drafting group's first meeting in January 1991. Weyland invited them to a second meeting, but again they did not arrive. At that point the Luxembourg Antici, Jim Cloos, thought the Commission would let the Presidency work on the texts and become involved later.

Commission non-appearance led Weyland to suppose that the talks would proceed under Luxembourg's direction, with the Presidency's goal being to establish as soon as possible a reference document which highlighted consensus, under the Rome mandate. In the pursuit of this objective the Presidency was supported by the Council Secretariat, of which the main representatives were the Secretary-General, Niels Ersbøll, and the Director of his Private Office, Poul Christoffersen. The latter was assisted by the Principal Adviser of the Private Office, Max Keller-Noellet. Additional advice was provided by Jean-Claude Piris, the Director-General of the Legal Service of the Council Secretariat. Such input is crucial as the Council Secretariat is:

...the memory of the presidency, the surest source of impartial political advice if, as ought to be the case, the presidency's principal interest is in pushing Community business through to the point of decision, and an indispensable assistance in drafting proposals or compromises which are
not only politically acceptable but legally watertight. The closest parallel in national terms is probably the Cabinet Secretariat in London.\(^{21}\)

Lack of Commission involvement on EPU (contrasting with its centrality to the EMU discussions) was because it wanted to keep a free hand,\(^{22}\) Delors considering it would be able to exert greater influence by putting specific texts on the table, without them being subject to external pressure.\(^{23}\) Christoffersen noted:

we wanted to bring the Commission in at the beginning, but Delors was against being involved in this compromise seeking exercise because he wanted to ensure the Commission’s independence.\(^{24}\)

Delors was not a team player, stating ‘collegiality doesn’t bring ideas’.\(^{25}\) It was difficult for Commissioners and members of the Secretariat to influence debate, as the Cabinet effectively controlled discussion. Indeed, the situation became even more striking after Noel’s retirement as Secretary-General in September 1987, because ‘...it left no serious counterweight to Lamy’s power over the administration’.\(^{26}\) Delors’ dominance came partly because Noel’s successor, David Williamson,\(^{27}\) was not prepared to pressurise for involvement in the behind the scenes bargaining, whereas Noel had. While Williamson would have been willing to participate in the drafting group during the negotiations (if Delors advocated such a policy), he did not push the issue after the decision to remain aloof from EPU.\(^{28}\) This meant Williamson was effectively sidelined from the majority of discussions.\(^{29}\) One conceivable reason was he apparently favoured the pillar approach, which contradicted Delors preference for a communitarian structure. The latter possibly felt his position would be compromised by Williamson and accordingly a more independent approach was favoured.\(^{30}\)

The reason behind the Commission’s lack of involvement and influence on EPU can be laid squarely with Delors. Significantly, this was not raised by Ross in his study. His view, albeit tainted through his personal examination of the Delors Cabinet, was that the Commission’s inability to shape discussion was because it ‘...had not had enough lead time...’.\(^{31}\) This was untrue, as Delors had campaigned for EPU in his January 1989 speech to the EP. Instead, the Commission seemed incapable of putting forward a modest set of proposals. It suggested a text in the external relations field which represented a Commission
take-over not acceptable to anybody, even federalist minded states such as Belgium. Thus, 'the combination of the Commission having very high ambitions, and some elements of not wanting to get involved in the behind the scenes negotiations, meant it had very little influence on the Maastricht Political Union IGC'.

**Policy co-ordination under Luxembourg: agenda shaping**

At the outset of the bargaining process, the Luxembourg government did not want to dominate the IGC with a specific policy agenda. This reflected a traditional conciliatory approach to foreign affairs, its small nation status producing an awareness of interdependence with neighbouring Member States. As Lorenz notes, '...in the absence of a traditional national interest, Luxembourg’s diplomacy has a tendency to rally to the views of its partners and allies'. Consequently, the government wished to steer the negotiations on the basis of views expressed by personal representatives, which were ascertained from a set of questionnaires circulated in January and February 1991. Personal representatives could only respond with oral answers, a tactic deliberately employed to avoid lengthy written replies, which Luxembourg considered to be the only means of ensuring a rapid clarification of views. Emphasis on speed was because a great deal of groundwork still had to be covered on EPU, which contrasted with the progress made on EMU before the commencement of the negotiations. This desire to accelerate the pace of the negotiations was equally inherited from the relative short duration of the 1985 IGC, while the French personal representative, de Boissieu, considered the quick resolution of differences to be the only strategy for obtaining agreement.

In forming these objectives the Luxembourg Permanent Representation had a relatively free hand from its government. A devolved structure was emphasised in the course of the IGC, with the role of the Foreign Minister, Jacques Poos, being to inform EC Foreign Ministers of what was happening at personal representative level. The Luxembourg President, Jacques Santer, took little or no involvement in the conference, his reaction to the April non-paper being 'do I have to read it?'. This highlighted the 'two-level' process of EC negotiations, whereby Weyland and Cloos essentially presented the Luxembourg government with pre-
negotiated outcomes. Indeed, the existence of an inner core of actors comprising the personal representatives of Belgium, France, Germany and Luxembourg added further weight to the 'two-level' game thesis. The group's role was to provide a forum where it would be possible to reach agreement on issues which could be elevated for wider discussion at personal representative level. Significantly, its presence was not acknowledged in Cloos and Weyland's study of the negotiations, demonstrating they did not want to highlight that issues were being formally pre-negotiated outwith the personal representatives forum.41

Within the UK, senior FCO officials were also not aware of the group's existence. But, of greater significance was the omission of the Netherlands, a crucial Member State through its position as the succeeding Presidency. Exclusion was because the German personal representative, Jürgen Trumpf, was not prepared to allow the Netherlands Prime Minister, Ruud Lubbers, any ability to influence the group's meetings. Trumpf considered Lubbers untrustworthy, someone who would not keep details confidential, a stance which had been heavily influenced by Lubbers less than sympathetic remarks towards German reunification. A lack of trust led to instability within the Benelux group which consequently did not act as a cohesive alliance during the negotiations. This was primarily caused by Lubbers late attendance at, and early departure from meetings so as to brief Margaret Thatcher.42 This practice developed as a result of Lubbers desire to maintain a strong Anglo-Dutch relationship, despite the Netherlands federalist instincts. For both countries, an alliance was a useful means of providing a counterweight to the desires of other countries, in particular the strong Franco-German axis.43

• **Policy co-ordination during the Netherlands Presidency**

The major difference in the co-ordination of policy during the Netherlands Presidency was greater political control from the Hague. To ensure the instructions which the Permanent Representation received reflected a consensus within government, the Dutch system of interministerial policy co-ordination had traditionally been orchestrated at four different levels, as outlined by Jansen.45 Within these groupings the Foreign Office had a particularly strong position. An
Section 1: Policy co-ordination

official from it chaired a weekly meeting of representatives from the main
government departments which drew up the instructions for Permanent
Representative Nieman. Second, the State Secretary for Foreign Affairs, Piet
Dankert, chaired the key inter-ministerial Co-ordination Commission for European
Integration and Association Problems (CoCo). It incorporated representatives from
the Ministries of Finance, Economic Affairs, Agriculture, Transport, Employment
and Social Affairs, Justice, Education, Environment, Development Co-operation,
and General Affairs, the Committee’s vice-chairman being the Minister of
Economic Affairs. The weekly meeting also included the Permanent
Representative. Third, policy input was received from the Ministerial Council for
Foreign Affairs (Raad voor Europese Zaken - REZ). Chaired by the Prime
Minister, it included both the chairman and deputy chairman of CoCo, as well as
other Ministers involved in EC affairs, and senior civil servants. Finally, Cabinet
discussions provided a means of resolving positions which Ministers would take
when negotiating with their counterparts in other Member States.46

The government, however, did not initially involve Nieman in drafting
proposals, despite his position meriting inclusion. One of the reasons for this was
that Nieman favoured the pillar approach. His position was known from the
outset and contradicted the government’s viewpoint.47 Thus, Nieman and the legal
adviser, Gustaff Borchardt (who was also a member of the Friends of the
Presidency Group), did not initially play the same role as Weyland and Cloos.
Reduced dependency on officials, and greater reliance on Ministerial involvement
also reflected criticism that Luxembourg should have let politicians participate to
a greater extent in the negotiations.48 When presenting ideas the new Presidency
favoured the use of texts with brackets offering real options rather than using the
Luxembourg technique of majority tendencies.49 This meant the Netherlands
input was not aimed at a consensus viewpoint. Greater influence from the Hague
was inevitable due to the larger number of officials and Ministers able to influence
policy. In comparison, limited resources available to Luxembourg meant
negotiations were directed by a smaller number of Ministers and officials, with
Weyland being able to exert a strong influence, not least due to his expertise of
Community affairs, having been Permanent Representative since 1984.
Furthermore, whereas Santer and Poos had little desire to shape the debate in the direction of a particular goal, the same could not be said of the Dutch.

In The Hague, Piet Dankert had a dominant role in the co-ordination and shaping of government policy. He was a noted Euro-enthusiast who had entered the EP in 1977, becoming President between 1982-4, and subsequently Vice-President until 1989. His influence was based on four factors; two of which sprang from the nature of the co-ordination process, which provided the State Secretary for Foreign Affairs with significant influence. First, his position as chair of CoCo meant he was able to influence both Ministerial colleagues and officials. This ensured a political point of view entered into the decision making process at an earlier stage than equivalent processes in other Member States. Second, within REZ meetings, the role of the State Secretary for Foreign Affairs is more important than other members through familiarity with European affairs. Dankert's position was, however, accentuated by two further factors, the product of circumstance rather than structure. These included involvement of the Foreign Affairs Minister, Hans van den Broek, in the time-consuming Yugoslav crisis: providing Dankert with greater freedom to orchestrate EC policy. Also, the existence of a coalition government gave Dankert (a member of the Labour Party (PvdA), whereas van den Broek and Lubbers were in the Christian Democratic Alliance (CDA)), an ability to exercise greater influence than counterparts in other Member States.

This did not mean formal policy put forward by the Dutch was not subject to wider Ministerial approval. In fact, decisions over the nature of Presidency texts were subject to Cabinet approval. Therefore, Dankert's free hand in developing and orchestrating policy was not without scrutiny or awareness by Lubbers, van den Broek, and others. But such supervision tended to be irregular. Additionally, Dankert did not heed the advice of the Permanent Representation, who sent reports to the Hague, detailing possible strategies to be employed. Dankert essentially established his own information diplomacy to ensure his views were circulated within government.

The split between politicians and diplomats created serious problems for the Dutch. Despite the obvious necessity for diplomats to be given political direction
in international negotiations, the Netherlands did not allow Nieman to have any real influence on government policy. The government was therefore not sufficiently aware of other Member States negotiating positions, and did not heed Nieman's advice concerning the unlikelihood of their proposals being accepted. Instead, The Hague attempted to co-ordinate policy by establishing direct contacts with Member States. This was a particularly hazardous route as negotiators with the greatest knowledge of Member States’ positions, Nieman and Borchardt, were frozen out of the debate. Therefore, the government was less able to determine the likelihood of a proposal being accepted. This, combined with its determination to create a unitarian Treaty structure, resulted in a situation where policies were proposed which were unlikely to succeed. Such a process also reflected a 'two-level' game, as the domestic desire of the Dutch government to impart a federalist structure was heavily influenced by Dankert's perception that it was representative of other Member States views. Dankert's opinion was a determining factor, with him engaging in a process of diplomatic mis-information. But this demonstrated the differing pressures within the Community system. As chapter 5 illustrates, his perception was wrong, although Lubbers decision to adhere to a federalist approach was based on an understanding that it would succeed.

• Conclusion

This chapter has demonstrated that the structures employed by the Luxembourg and Netherlands Presidencies differed substantially. The former involved close linkage between the Permanent Representation and government Ministers, with Weyland and Cloos having a particularly strong role in orchestrating proposals. Their ability to influence events was a result of the smaller number of officials being able to challenge their views, while Ministerial involvement was diluted through a devolved system of policy-making. Equally, Weyland's length of tenure as a Permanent Representative provided him with a great deal of influence as Ministers trusted him. Moreover, when problems developed, the small number of Ministers and officials involved in policy co-ordination meant it was easier to resolve disputes. Luxembourg's small nation status also created a belief in interdependency with its neighbours. When faced with the task of managing the
Policy co-ordination at the EC level

Presidency it tended to favour a consensus approach rather than striving for personal advancement. Thus, its success was very much a result of the limitations imposed on it by being the smallest Member State. This also meant it had to utilise the resources of the Council Secretariat, as it would have otherwise been physically impossible to organise IGC work.

In contradistinction, the larger resources available to the Netherlands ensured it did not have to work as closely with the Council Secretariat. Such dependency on national officials and Ministers was equally evident among other Member States, including the UK. Yet, the Dutch were somewhat blind regarding their proposals possibility of success, as their strategy was essentially of a political nature, with Dankert being the driving force. He neglected Nieman’s opinions in July and August 1991, which helped create serious problems for the Dutch, with its first EPU text being rejected at the September General Affairs Council (see chapter 5). Thereafter, the Presidency involved the Permanent Representation to a greater extent, as well as the Council Secretariat, as part of an effort to establish a negotiable agreement.

Both Weyland and Dankert were, however, swayed by the opinions of their counterparts. The views of the French personal representative, de Boissieu, influenced Weyland’s decision to conduct the negotiations in a swift manner as well as adopting a pillar approach for the Treaty structure. In comparison, Dankert’s decision to adopt a federalist, unitarian, approach was the product of his own personal opinion, but also through correspondence with French, German, Belgian, Commission and EP officials. Accordingly, he managed to persuade The Hague that a unitarian text had a chance of success. Therefore, the concept of a ‘two-level’ process was applicable to both. Nevertheless, the exclusion by Dankert of the views of the Dutch Permanent Representation was a serious mistake. The lesson learned was that a Presidency has to ensure adequate means of co-ordination exist between the Permanent Representation (or personal representative) and the domestic government, particularly the Foreign Ministry. When agreement is finally obtained on the best way to advance, negotiators must have the assurance such texts represent a consensus viewpoint. When negotiating it is important to court the Council Secretariat’s views, although they do not have
to be adopted. Invariably they will bring to the Presidency's attention certain
issues it may not have otherwise considered, while providing valuable technical
and legal assistance. In essence, the Presidency's role is to map the best way
forward for all Member States. In doing so, it is necessary for the chair of the
meeting to be able to ensure discussion is focused on what is obtainable. This
package-broker role was noted by Helen Wallace:

Obvious skills of timing and diplomacy in the chair facilitate mediation.
Only if time is saved on unproductive discussion is it possible for the chair
to focus on issues amenable to discussion.54
Diagram 3.1

Layout of Council Meetings Under Luxembourg Presidency
(January-June 1991)

Council Legal Service  Presidency  Council Secretariat

Luxembourg  Italy
Netherlands  Ireland
Portugal  France
UK  Spain
Belgium  Greece
Denmark  Germany

European Council Negotiating Table

European Commission
Diagram 3.2

Layout of Council Meetings Under Netherlands Presidency
(July-December 1991)

Council Legal Service  Presidency  Council Secretariat

Netherlands  Luxembourg

Portugal  Italy

UK  Ireland

Belgium  France

Denmark  Spain

Germany  Greece

European Council Negotiating Table

European Commission
Policy co-ordination at the EC level

- Notes

2. Commission (1990d) 'European Commission’s Draft Treaty amending the Treaty establishing the European Economic Community with a view to achieving Economic and Monetary Union'.
8. Le Traité de Maastricht, op cit., p.75.
9. Antici group is detailed in chapter 2, footnote 90.
11. The Economist, 20/10/1990, p.84.
14. Noel was Secretary-General of the Commission, 1958-87.
15. Interview: former Council Secretariat official.
17. Interview: former Luxembourg PermRep official.
18. Ibid. Weyland’s doubts about the Commission’s desire to play a less than neutral role is noted by George Ross. Jacques Delors and European Integration, op cit., p.85.
20. Ersbøll was Denmark’s Permanent Representative to the EC, 1973-77.
24. Interview: former Council Secretariat official.
26. Ibid., p.102. Also Jacques Delors and European Integration, op cit., p.65.
28. Interview: former Council Secretariat official.
29. Interview: former Luxembourg PermRep official.
30. Correspondence: former Netherlands Minister.
33. Interview: former Council Secretariat official. Charles Grant notes that Delors remembered the IGCs as ‘a real nightmare’ and suggests that ‘By pursuing an overambitious strategy in the conference on political union, he lost control of its direction’. Delors, op cit., p.181.
35. Interview: former Luxembourg PermRep official.
36. Le Traité de Maastricht, op cit., p.77.
37. Interview: former Luxembourg PermRep official.
40. Interview: former Luxembourg PermRep official.
41. Le Traité de Maastricht, op cit.
42. Interview: former Luxembourg PermRep official.

99


47. Correspondence: former Netherlands Minister.


50. Interview: former Netherlands PermRep official.

51. Interview: former Netherlands PermRep official.


Section 2:
Political Union
Chapter 4:

Pre-Negotiations on Political Union

- Policy outlines
- Conclusion
- Notes

We (UK) did not form part of the majority calling for either of the conferences, certainly not on political union. If you look back at the conclusions of the relevant European Council meetings, they state that the necessary majority existed for calling the conferences, which is the code word for saying that the UK did not form part of the majority. (Interview: Cabinet Office official)

This chapter reviews the impetus behind the EPU negotiations, demonstrating that they were primarily shaped by external events such as the collapse of Communism in Eastern Europe and German re-unification. The convening of the IGC on EPU was influenced by Germany’s consideration that if it was to contemplate EMU, there had to be a comparable shift on Political Union. Once the German government stated this, France adopted a sympathetic position to EPU because of their desire for EMU. The case for the IGC on EPU was not, however, seriously considered by other Member States. The UK believed it to be unnecessary because the political nature of the Community had recently been changed by the Single European Act (SEA).

The decision to convene an IGC on EPU, under Article 236 of the Treaty, at the June 1990 Dublin European Council had been influenced by both internal and external dynamics. The former included requirements for reform in the SEA, of which Article 30.1 stipulated revision of European Political Co-operation (EPC) provisions should take place within five years, i.e. before 1992. In addition, completion of internal market objectives by 1992 were perceived to generate ‘spillover’ effects by providing a stimulus to integration through the development of other policy sectors such as social policy and EMU. The Community’s success also resulted in pressure from countries who wished to become members. Claims
for membership from European Free Trade Association (EFTA) countries were likely to succeed because of their relative compatibility with existing Member States. In comparison, the prospect of enlargement incorporating former Eastern Bloc countries was unlikely.

Widening of the Community’s membership was perceived by the more federalist-minded Member States, like Belgium and the Netherlands, as requiring a deepening of the institutional design to ensure decision-making procedures would not be weakened. For the UK, enlargement did not require deepening, which it considered would block the entry of emerging Eastern European democracies. Enlargement was therefore perceived as a means of diluting further integration. This debate over widening and/or deepening was temporarily resolved when the Commission announced accession negotiations would not commence before 1992, while the European Economic Area (EEA) initiative was launched as a means of providing an alternative for EFTA members.

Additional externalities were demonstrated by the fall of the Berlin Wall on 11 November 1989, the ensuing collapse of Communism in Eastern Europe, fragmentation of the Soviet Union and German re-unification. The latter had been subject to discussion at the December 1989 Strasbourg European Council (which announced the convening of the EMU IGC), re-unification being ‘...placed in the perspective of European integration.’ It, over-and-above all other issues, provided impetus behind the convening of a second IGC, with its possible ramifications having been subject to intense debate prior to the June 1990 Dublin meeting. Kohl wanted to develop strong European institutions as a means of tying Germany down politically, primarily through an awareness that Germany had been instrumental in causing the century’s two major wars. Indeed, as Rummel points out, the very quickening in the pace of re-unification in the Spring of 1990 resulted in most EC leaders considering ‘...that the process toward European Union should also be accelerated’.

**Policy outlines**

The linkage of these two issues, EPU and German re-unification, was the strategy utilised by the majority of Member States and institutional actors when presenting
Pre-Negotiations on Political Union

IGC proposals. This was demonstrated on 19 April 1990 by a Kohl-Mitterrand letter to the Irish Presidency. It suggested an IGC on EPU should be convened due to the 'far reaching changes in Europe' and its need to 'define and implement a common foreign and security policy'. They wanted to define a CFSP, strengthen the Union's democratic legitimacy, ensure coherence and unity of the EC's economic and political action and make Community institutions more effective.

The institutional response initially came from Jacques Delors, who proposed foreign policy co-ordination should include security policy and be elevated to a 'common strategy', while noting the general need for the forthcoming revision of the Treaty of Rome to look beyond EMU. The Commission declared that German re-unification gave '...new impetus to a stronger and more united Community...'. Moreover, the European Parliament (EP) argued in March 1990 that it was 'increasingly necessary, rapidly to transform the European Community into a European Union of a federal type'. It suggested the agenda should include the strengthening of the EC's instruments in external relations, legislative power for the EP and better Treaty provisions in the field of social and environmental policy. The later Martin II Report of 11 July 1990 noted that while the Council should have the main responsibility for foreign and security policy, the Commission should have a right of initiative, and the EC's foreign policy should be subject to analysis by the EP. It also outlined changes it wished to see in the environment, social policy, research, culture, fundamental rights and a peoples Europe.

However, the very developments in the East, which were perceived to be the main motivation behind EPU, were considered by some Member States, such as the UK, as a possible means of diluting the Community into a mere pan-European system. In a response to such a possibility occurring, the Belgian Government's memoranda of 19 March 1990 called 'for a new look at the Community's institutions'. It suggested a second IGC should be convened with the aim of 'strengthening the effectiveness and democratic character of our institutional mechanism, codifying the subsidiarity principle and increasing the impact of our external action'. This position received support from the majority of Member States, in particular the Netherlands, Spain and Italy.
Section 2: Political Union

But, the reluctance of Portugal and the UK to support a second IGC meant that the extraordinary April Dublin European Council delayed the decision to convene an IGC. Conclusions noted Foreign Ministers would examine the various issues and suggest proposals at the June meeting. London was against any political development and had not formed part of the majority calling for either of the conferences, especially EPU (the Treaty allows for an IGC to be convened by a simple majority vote). The government did not share the Franco-German view that EPU was an essential means of dealing with challenges posed by the collapse of Communism and German unity. The Community was already burdened by EMU, fiscal harmonisation, the General Agreement on Tariffs and Trade (GATT) talks, German unity, completion of the single market, aid for Eastern Europe, and the EEA. Despite the UK’s negativity, a majority of Member States supported the convening of a political union IGC, as highlighted by the Greek Government’s memorandum of 15 May 1990 which called for ‘the incorporation of Political Cooperation in the Community process’ and a reinforcement of the institutions.

Desire for the creation of a second IGC resulted in agreement by a majority of Member States at the June Dublin European Council, thereby ensuring that the 1991 Presidencies would be faced with one of the heaviest workloads ever. Thereafter, there began the process of attempting to define what the components would be. Dublin documented five main issues: democratic legitimacy; European citizenship; new common policies, such as culture, education, health and the improvement of existing policies, such as social policy and the environment; improving the effectiveness and efficiency of the EC; and the creation of a CFSP, incorporating a certain defence identity. These issues were then highlighted in Member States submissions, Italy proposing on 18 September that CFSP was ‘...the most visible objective to be realised in the Intergovernmental Conference on Political Union...’ and ‘the proposal to transfer to the Union the competences presently being exercised by WEU would in this respect only be a logical consequence of the decision to realise a qualitative improvement in the process of European integration’. This was a highly integrationist position which contradicted the UK view, as advanced by Hurd at the Asolo Foreign Ministers meeting of 6-7 October. In contrast, Belgium and Italy advocated a fast move to
Pre-Negotiations on Political Union

an EC foreign and defence policy, while Ireland and Denmark favoured a more gradualist approach. 28

Differing views were reflected in the October 1990 Rome I European Council’s conclusions which ‘...recorded consensus on the objective of a common foreign and security policy... and ‘...noted that there was a consensus to go beyond the present limits in regard to security’. 29 On both points the UK preferred not to preempt the debate in the IGC by going into details as it feared majority positions, contradicting its intentions, would hamper its ability to express other views (which at that stage had not been clarified). Rome ‘...confirmed the will progressively to transform the Community into a European Union by developing its political dimension, strengthening its capacity for external action and extending its powers to other supplementary sectors of economic integration which are essential for convergence and social cohesion’. 30 Thatcher made clear the UK would reserve its position on greater powers for the EP, further extension of Community powers and defining European citizenship. 31 London wanted details first rather than details later, a position shared by countries such as Denmark and Portugal. 32 Thatcher later emphasised her stance in a House of Commons debate:

Others wished to give specific directions to the IGC. We therefore reserved the United Kingdom’s position on, for example, extension of the Community’s powers into new areas, greater powers for the European Parliament in the Legislative sphere, defining European citizenship, and a common foreign and security policy. 33

Despite UK reservations and Portugal’s concerns, 34 both France and Germany shared the same goal of deeper political integration, as emphasised through a Kohl-Mitterrand letter to Giulio Andreotti on 6 December 1990. 35 The letter, just one week before Rome, had been hammered out at the Elysee on 5 December. 36 It affirmed there should be an extension and confirmation in the missions of the European Council; Qualified Majority Voting (QMV) should be the rule for Community matters within the Council; the EP should have the power of co-decision for acts of a truly legislative nature; there should be a real joint security policy which would in time lead to a joint defence; there should be an extension of Community competences into areas such as social policy, health, environment,
energy, research and technology; and immigration and visa policy should fall within the scope of the Union.37

While London did not accept all points, in particular those calling for greater QMV,38 the government decided to alter its basic stance towards EPU by December 1990.39 As the talks beckoned it became aware of the need to engage, a position coloured by isolation at the October 1990 Rome Council. The meeting had been a learning experience, resulting in a realisation that it would have to be more constructive.40 It was a lesson John Major was made aware of prior, during, and after, the Conservative Party leadership contest. But while the government had decided to engage in EPU discussions, the primary question it faced at a domestic level was what issues it needed to prioritise in the discussions, and how it should approach them.

The striking factor in this equation was the absence of a government White Paper establishing a negotiating position towards the IGC.41 As chapter 2 noted, during the course of 1991 the government was not forthcoming as to how its negotiators should proceed on many individual points. Accordingly, the dearth of a White Paper was representative of this general malaise, although Hurd had campaigned within Cabinet for the government to outline its position through a specific proposal (both during Thatcher and Major’s premiership). He considered it would be beneficial to create a set of proposals to which ‘...the great majority of the Party could adhere to’.42 This desire to bind the Party through a comprehensive document also existed on EMU, where the Hard Ecu text performed such a role (see chapter 8). Crucially, the diversity of the topics on EPU meant it was not possible to create a proposal which would unite the Party. Such a document would have provided MPs with an outline of the government’s proposals, allowing both Eurosceptics and Europhiles to enter into argument both inside and outside Westminster over what should, or should not, be the correct negotiating tactics. At the EC level a document could have resulted in the government committing itself to positions which it may have later found difficult in retracting from. Consequently, as part of an effort to minimise difficulties, London decided not to clarify its negotiating position through a policy document.
Pre-Negotiations on Political Union

Accordingly, the government made do with a Parliamentary debate on 6 December 1990 to air its negotiating stance.43

This allowed the government to demonstrate broad approaches towards the IGC.44 First, it advocated intergovernmental methods of co-operation to ensure Member States would remain dominant actors in propelling integration. Attached to this was a desire for the Community to act in a more effective manner. As Hurd noted, 'We want to improve compliance with rulings of the European Court'.45 Linked to this was a preference for the Community to only be responsible for policies which Member States could not adequately tackle themselves. Hence, the government favoured the introduction of a guiding principle of subsidiarity into the Treaty.46 Finally, London considered that while EP legislative powers should not be increased, those pertaining to financial accountability should be increased.47

The strategy for assigning UK preferences was threefold. First, to reach broad agreement on issues such as: a stronger role for foreign policy co-ordination (but through intergovernmental methods of co-operation),48 the introduction of the concept of subsidiarity; greater enforcement of EC legislation; and ensuring the EP had a stronger non-legislative role. Second, it hoped to reach agreement on points it objected to, such as: greater usage of QMV; the introduction of co-decision; the development of social policy; the creation of an integrated European defence force jeopardising the relationship with NATO; and the development of a single currency.49 Finally, it was essential for the government to rank these objectives. It had to stress those areas where there could be no movement, and similarly develop those where it had an objection, but equally where it was prepared to offer movement or a concession. Such decisions were taken at Cabinet and Cabinet Committee level, and in developing these policies the government’s negotiating position became clearer, but tainted by an overall negative position. It stressed from the beginning that it could offer no movement on a single currency a stance supported at Cabinet meetings and meetings of the relevant Ministers in smaller groups.50 But this decision to adjust had been taken at a relatively late stage, while London’s overall tone remained hostile to the development of further integration.

The topics which formed the basis of the discussions on EPU emanated from Member States’ proposals, particularly France and Germany. This was despite the
Commission, under Article 236 of the Treaty, having released its submission on 21 October to coincide with the Rome summit later that month. The text proposed greater EC powers in areas such as social policy and the extension of majority voting in the Council to virtually all areas of EC competence. A chapter on ‘Common External Policy’ endorsed moves towards a common foreign and defence policy, which went further than the majority of the Member States desired. It did not give enhanced powers, such as co-decision, to the EP, an objective it had specifically advocated, and subsequently emphasised in the Final Declaration of the Conference of Parliaments of the European Community (‘Assizes’), adopted on 30 November 1990. By the December 1990 Rome European Council the Member States proposals had been grouped under five major headings in the Presidency Conclusions: democratic legitimacy, common foreign and security policy, European citizenship, extension and strengthening of Community action, and effectiveness and efficiency of the Union. These very issues formed the basis for the forthcoming IGC discussions, with the UK’s unenthusiastic reaction emphasised by Major:

The Council reached agreement on a list of items which are to be considered - and that is the operative word - at the intergovernmental conference on Political Union. ...Some of them we welcome, others, frankly are less palatable.

**Conclusion**

The development of the EPU conference had been influenced by two dynamics: spillover and externalities. Spillover was emphasised by the constraints imposed on EPC reform by the SEA and the desire for further development of policies as a complement to the internal market programme. Externalities included the collapse of Communism in Eastern Europe and German re-unification, and theses were the primary motivating factor. In addition, the challenges posed by the collapse of Communism, and the Gulf and Yugoslav crises fostered a realisation of the need to reform existing European security structures (which hinged on NATO), and establish a strictly European system. Within these various debates the UK was slower to respond to the concept of negotiations. But while London could offer a
negative position on EMU, which involved a single topic, the very diversity of EPU meant it would adopt differing stances on each topic.

Certain issues were of greater importance and therefore the likelihood was that the UK would engage to a larger extent in some areas. Non-engagement in other areas, such as social policy, did not mean they were not a top priority. Greater engagement took place on CFSP and justice and home affairs (JHA) because there was an awareness London would be able to steer the debate in its direction. The very necessity of building alliances had been reinforced by UK isolation at the October 1990 Rome European Council (also see chapter 8). But while the UK was portrayed as having been ambushed and ill-prepared at the meeting, the reality was any isolation was the result of the political approach of Thatcher rather than the inadequacies of the FCO and Cabinet Office European Secretariat. They had provided the Ministerial team with comprehensive dossiers outlining possible developments, including a forecast of the eventual outcome. The challenge for Major was to ensure such advice was used fruitfully.

Notes

2. Karl-Otto Pöhl noted the 'political commitment to accelerate this process' (EMU) during an examination by the House of Lords Select Committee on the European Communities. House of Lords (1989-90b) Select Committee on the European Communities, Economic and Monetary Union and Political Union, para.374, pp.72-3.
10. Rummel (1996) 'Germany's role in the CFSP', p.44.
13. Commission (1990a) 'The Community and German re-unification'.
Section 2: Political Union

18. Belgium (1990) 'Belgium Memorandum on Institutional Relaunch'. De Schoutheete considered it to be a 'real success'. Rapport sur l'Union Politique, op cit., p.3
22. Laursen (1993) 'The EC, the United States, and the Uruguay Round'.
23. In Autumn 1990 the EC took on the role of co-ordinator of G7 aid to the former Eastern Bloc.
24. Greece (1990) 'Greek Memorandum'.
25. 'Conclusions of the Presidency, Dublin European Council, 25 and 26 June 1990', op cit., point 1.11.
26. Italy (1990a) 'Italian Proposal on Common Foreign and Security Policy'.
29. European Council (1990c) 'Conclusions of the Presidency, Rome European Council, 27 and 28 October', point 1.1 paras 4 and 6.
30. Ibid., point 1.
31. Thatcher (1990c) 'European Council (Rome)', c.870, para 6.
33. Thatcher (1990c) 'European Council (Rome)', c.870.
34. Portugal (1990) 'Memorandum from the Portuguese Delegation'.
35. France (1990b) 'Kohl-Mitterrand Letter to Andreotti'.
36. Europe, No.5386, 7/12/1990, p.3.
37. 'Kohl-Mitterrand Letter to Andreotti' op cit.
38. The Times, 12/12/1990.
40. Private information: FCO official.
41. The shelving of the White Paper is noted in The Guardian, 6/12/90, p.8.
42. House of Commons (1990-91) Foreign Affairs Committee, European Council, para 7, p.5.
44. In a speech to the CBI in Glasgow on 5/11/1990, Hurd noted that the UK would put forward IGC proposals based on five key principles: first, maintaining the present institutional balance in the Community; second, to strengthen foreign policy co-ordination among the Twelve; third, to make the Community more efficient and give better value for money; fourth, to make the Community more democratically accountable and accessible to ordinary citizens; and finally, to ensure that the further development of the Community's institutions does not prejudice against enlargement. Hurd (1990a) The European Community, p.5.
47. Hurd (1990b) 'European Community Developments', op cit., c.483.
50. Interview: FCO official.
51. Commission (1990c) 'Commission Opinion on Political Union'.
56. Correspondence: FCO official.
Chapter 5:  

Political Union Negotiations

- **Structural design**
  A Dutch Treat?
- **Institutional reform**
  Made in Holland
- **Wider issues**
  The ‘F word’
  Boil it down
- **Maastricht European Council**
- **Conclusion**
- **Table 5.1: Positions on Treaty Structure**
- **Diagram 5.2: Pillar structure**
- **Table 5.3: Member States’ Positions on the European Parliament**
- **Table 5.4: Member States’ Positions on Political Union**
- **Diagram 5.5: Co-decision procedure**
- **Diagram 5.6: Co-operation procedure**
- **Notes**

Even before the start of the Dutch Presidency we had some suspicion that the Netherlands would try to change course. But our impression after the June 1991 Luxembourg European Council was that they had decided to play on the basis of the Luxembourg Presidency draft. So what happened during the summer, and what happened with the Dankert initiative was very much something which happened behind our backs in the Council Secretariat. We were never sounded out by the Dutch over the revised draft, which had clearly been initiated by Dankert, although in the end agreed to by Lubbers and van den Broek.

*(Interview: former Council Secretariat official)*

I do not think that the issue of the federal goal was put up as a negotiating ploy, but what I do think is that quite a short way into the negotiation we knew that we were going to get it out. However, the fact that you may know that you have one particular point already won does not alter the fact that the timing of when you make that known is important, while we also considered the negotiations to be a whole package. All the boxes that we ticked before Maastricht were on the basis that nothing was agreed unless everything was agreed.

*(Interview: former FCO Minister)*

Whereas chapter 4 examined the UK’s engagement in the period immediately prior to the commencement of the EPU talks, this chapter, in conjunction with chapters 6 and 7, detail key aspects of the negotiations proper. In doing so, the latter chapters focus on the bargaining which characterised discussions on social policy and common foreign and security policy (CFSP). This chapter is concerned with
more than one issue and is, therefore, somewhat broader in scope. Its role is to analyse key issues, including: the debate over the structure of the Treaty; the question of institutional reform, in particular the addition of a new legislative procedure - co-decision; the dispute over whether the future EU should have a federal goal; and the nature of co-operation in the field of interior affairs - which became the third pillar of the EU (justice and home affairs (JHA)). In providing such an examination, the focus on structural reform builds upon the divisions in approach between the Luxembourg and Netherlands Presidencies, as chronicled in chapter 3. As a consequence of their central role in the negotiations, particularly over the Treaty structure where they had divergent approaches, the initial method is to offer a broad-based EC level account supplemented by analysis of the UK position. As the chapter advances to the question of institutional reform, the UK occupies the central role.

- **Structural design**

Throughout 1991 a division of opinion existed between Member States' over whether the Treaty should comprise one institutional structure, in which all Community activities would be incorporated, or two systems, whereby the Commission, European Parliament (EP), and European Court of Justice (ECJ) would not be able to influence affairs which Member States considered to be a national preserve, such as security and interior policy. While the latter was favoured by Denmark, France and the UK, the former was principally supported by the Commission, Belgium, and the Netherlands (see table 5.1). Opinion was balanced, with key negotiators such as Germany occupying the middle ground. Consequently, the UK was not isolated in favouring the retention of national control over certain policy sectors, while within government it was not a divisive issue as the vast majority of Ministers and MPs favoured such a policy. Nevertheless, the single institutional structure, which contradicted the UK's preferences, was subsequently endorsed by the Luxembourg chair of the personal representative meetings, Joseph Weyland, as the best way forward. He considered CFSP and JHA should be included within the existing EC Treaty, albeit with special processes.
Advocacy of a unitarian structure proved to be short-lived. Council Secretariat legal advisers considered the approach would not create strictly delineated policy structures and believed the intergovernmental system of co-operation would spillover into the normal Community method, thereby weakening rather than strengthening the overall nature of the Treaty design. Talks after February 1991 were therefore based on a Greek temple configuration (differing from the previous tree-like unitary structure), whereby pillars would represent different policies within the future EU. Separate pillars would exist for JHA and CFSP, based on intergovernmental practices, while a Community pillar would incorporate policies such as EMU (see diagram 5.2). Thereafter, discussions progressed swiftly, with the Presidency establishing a draft text by March, followed by a 95 page ‘non-paper’ on 12 April, advocating a pillar structure.4 Outlining the aims of the future EU, the draft identified three areas of competence, the first covering standard Community activities under the Treaty of Rome, amended to include EMU, and the Euratom and coal and steel Treaties. Section two covered areas of joint EC-national competence on CFSP, with unanimity being the general voting rule, although ‘the means of applying a common action would be adopted by a majority vote’. The third included the codification of existing intergovernmental cooperation on crime, drugs, political asylum and immigration policy - issues
previously dealt with in the Trevis Group and elsewhere. On these issues, decisions would fall within the Council of Ministers to reach consensus.

Despite the majority of Member States being prepared to accept this approach, the Commission and the EP were opposed, as they believed it risked cementing the future development of the Union on an intergovernmental basis. Belgium, the Netherlands, and to a lesser extent Greece, challenged the legitimacy of the pillar structure, resulting in personal representatives engaging in tense discussions on this matter throughout May and June (see table 5.1). This was particularly evident at the 13 May Brussels Foreign Ministers meeting. It, however, failed to placate the integrationist-minded negotiators, which resulted in discussion being referred to the informal Foreign Ministers meeting at Dresden in June.

The meeting was notably coloured by the Commission’s Treaty proposal of 21 May. Predictably, it advocated a unitarian structure and received considerable support from personal representatives on 28 May. Countries which advocated the pillar structure, such as the UK, Denmark, Portugal and France, were by then seemingly outnumbered by those favouring a unitarian text. Despite this swing in the Treaty structure pendulum, it was not clear as to which text was in the ascendancy, as emphasised at the Dresden meeting, which examined both Commission and Presidency texts. After its conclusion, the Belgian Foreign Minister, Eyskens, considered that ‘we have more or less lightened the helm’ with regard to the Treaty structure - a view shared by Delors. The validity of such a concrete statement was questionable as both the UK and French Foreign Ministers, Hurd and Dumas, had argued that CFSP and police issues could not be subject to Commission authority. As Hurd noted, ‘...his (Delors) approach was not accepted by ourselves or by the French and some others, and it has not been accepted by the Presidency’. Indeed, Delors’ perception that there existed a majority against the pillar structure - a view similarly expressed by Charles Grant and Robert Wester - was not shared by the Commission Secretary General, David Williamson. He considered that Delors ‘had not got an absolute majority against the pillar structure, which was unusual as we were normally on the same line’. This was as ‘there was a no go on busting the pillar structure at that time because a majority of Member States favoured it’.
Accordingly, Dresden did not produce a majority decision in favour of the unitarian structure, although its advocacy by the Commission, Belgium and the Netherlands created the need for their views to be addressed in future Treaty drafts.\textsuperscript{15} The 18 June 'consolidated draft' stressed that the Treaty constituted 'a new process leading gradually to a union with a federal goal',\textsuperscript{16} an insertion aimed at placating the maximalist Member States. But despite this movement, the majority of countries still favoured the pillar structure, as demonstrated at the June European Council. It apparently annoyed integrationist-minded Member States, despite Article C noting that 'the Union shall be served by a single institutional framework', with the Union as the primary pillar.\textsuperscript{17} In essence, the Presidency's tactic represented a consideration that a more integrationist text would have been viewed as an ambush by the UK,\textsuperscript{18} while at the same time being unlikely to establish a compromise due to the differing opinions between Member States. This also reflected the Council's preoccupation with the Yugoslav crisis, which meant that the intended agenda was essentially scrapped prior to the meeting's commencement (see chapter 7).\textsuperscript{19} The meeting affirmed the existing Luxembourg proposal and did not attempt to spring any new concepts on Member States.\textsuperscript{20} As Major himself noted: 'Discussion centred on the issues raised in a draft treaty text circulated by the Presidency, though there were no detailed negotiation of the text itself. The European Council - as we had wanted - was a stocktaking.\textsuperscript{21}

This provided London with more time to concentrate on refining its position within the negotiations, while the inclusion of the word 'federal' resulted in domestic opinion being concerned with this particular aspect of the Treaty rather than more significant concepts.\textsuperscript{22} As Pryce notes, 'This created immediate uproar in certain parts of the British press, and among Thatcher supporters'.\textsuperscript{23} At the Community level, emphasis on a pillar structure was questioned by Lubbers at the Council meeting, although he had been pressurised to do so by Delors and the Dutch State Secretary for Foreign Affairs, Piet Dankert. Lubbers stressed that the text was a basis and not the basis for future negotiations, a position adopted by Santer, despite Weyland emphasising that the text was the basis.\textsuperscript{24} But irrespective of such semantics, the majority of delegations still favoured the Luxembourg text,
and considered that when the deciding moment came it would be confirmed as the basis.  

A Dutch Treat?

Luxembourg's placement of CFSP and JHA into an intergovernmental structure guaranteeing national control clearly pleased the UK, ensuring the government did not face a hostile reaction from MPs on this topic, although the vocation federale did spark backbench anxiety. London considered the negotiations would continue on the basis of the Luxembourg document, although Ministers and officials were aware that the Dutch would wish to counter the text's intergovernmental nature (and Community workings in general) by strengthening the powers of the EP, and making the Treaty design more communitaire. The drive for a federalist Community by the Netherlands reflected wider Dutch public opinion, support emanating from a majority of political parties, trades unions and employers' organisations. As Pijpers points out, on the eve of the IGCs '...the Second Chamber called on the government - in a widely supported motion - to preserve the federalist aspects of the prospective Treaty revisions'.

Endorsement coloured the views of Dankert, who was primarily responsible for drafting the Dutch text. He was a noted Euro-enthusiast who had been particularly unhappy with the Luxembourg text, while his control over policy-making had been enhanced by van den Broek's preoccupation with the Yugoslav crisis (see chapter 3). Notwithstanding Dankert's personal hostility towards the intergovernmental method of co-operation, the agreed procedure within the Dutch government was that work would continue on the basis of Luxembourg's proposals. The Dutch Permanent Representative, Pieter Nieman, was commissioned to insert a communitarian approach into the Luxembourg text. Significantly, his revision was immediately rejected when presented to The Hague at the end of July. With hindsight, Nieman considered that he should have recognised The Hague's intention to create a far more integrationist text, but at the time he did not realise this. His own views had been coloured by the opinions of his fellow negotiators, the majority of whom favoured the Luxembourg text, while the UK had made it
explicitly clear that it would not countenance any movement towards a unitarian structure.\textsuperscript{32}

Rejection of Nieman’s proposals resulted in work being conducted in The Hague on a completely new Treaty, which was produced by the end of August, and included plans to give the Community control of defence, foreign policy and immigration matters, while providing wider powers to the EP.\textsuperscript{33} The text also noted that the Treaty ‘marks a new stage in the gradual development of a united Europe with a federal goal,’ as inserted by Luxembourg in June. Nieman, who had not been included in the drafting process and had to lobby The Hague to receive a copy, ‘immediately saw that its advocation of a unitary structure was unacceptable to everyone’.\textsuperscript{34} Thereafter, he repeatedly informed Dankert that any alteration of the approach would not succeed, and that the government should rethink its proposals.\textsuperscript{35} His views were further emphasised when France and Italy were critical of its contents. Dankert was dismissive of their opinion, and considered French reactions reflected de Boissieu’s philosophy and not that of the government - which was clearly untrue as he was not a loose cannon, as chapter 3 noted.\textsuperscript{36}

The UK was particularly vociferous in its opposition to the Dutch approach. The Foreign Office Minister at the time, Tristan Garel-Jones, was apparently so angry with the text that he was unable to sleep the night after it had been sent to the government!\textsuperscript{37} Both he, and his senior officials, were in no doubt that it was totally unacceptable to the government, considering it to be an almost treacherous act by the Dutch. Such sentiment was immediately expressed to Dankert in the bluntest of terms.\textsuperscript{38} Unity existed throughout the Conservative Party on the pillar approach and accordingly this issue did not create divisions, while domestic opinion was more concerned with the federal nature of the Treaty and the concept of a single currency opt-out (see chapter 9).\textsuperscript{39} Opposition was thereafter expressed at a meeting in The Hague between Major and Lubbers on 18 September, at which Hurd and Garel-Jones also attended. Major had evidently authorised Garel-Jones, if called, to behave badly. Therefore, when Major asked him if there was anything he would like to add, Garel-Jones said ‘...it was totally unacceptable, and that there was no way we could even sit around the table on such a basis’.\textsuperscript{40}
Such criticism seemingly took Dankert by surprise, which resulted in the Dutch government deliberately cancelling personal representatives meetings scheduled for 5 and 12 September. While stating that this was the result of the Yugoslav crisis, which mobilised permanent representatives, the Dutch were in fact stalling the negotiations so as to redraft the original 13 September text,\(^4\) resulting in a further draft on 24 September.\(^2\) It still proposed the transformation of the European Economic Community into a European Community which would be ‘...a new stage in a process leading gradually to a European Union with a federal goal’,\(^4\) while simplifying the system of evolutionary clauses and bridges of the Luxembourg draft by establishing a series of dispensations from the unitary structure for co-operation on CFSP and JHA. However, it was criticised by many Member States at the personal representatives meeting on 26 September, in particular France and the UK, while its very substance was also faulted.\(^4\) This led Nieman to arbitrarily shorten discussion because he considered the gulf of opinion amongst delegations could only be resolved at the forthcoming Foreign Ministers meeting, while privately advising van den Broek not to continue negotiating on its basis.\(^4\) Both Denmark and the UK found the Dutch approach to joint decision-making unacceptable, a position supported by France, particularly with regard to CFSP, while Germany considered the proposal for internal and legal co-operation unsatisfactory.\(^4\) Such fault-finding suggested Member States would attempt to break the gridlock engulfing EPU at the Brussels General Affairs Council of 30 September,\(^4\) with Lubbers insisting on its eve that the draft would remain on the table, having been convinced by van den Broek of its merits and chance of success.\(^4\) At the crucial *tour de table*, ten Member States rejected it, Belgium being the sole supporter.\(^4\) This surprised the Dutch because they had anticipated that Germany’s Foreign Minister, Genscher, would have spoken first and in support of the text, thereby colouring other Member States’ views. This did not happen. Instead, he left the negotiating table during mid-discussion, which spelt curtains for it.\(^5\) Rejection implied that the UK’s opposition had been vindicated, and the diplomatic negotiating style of Hurd and Major had put the government in a stronger position than when Thatcher was Prime Minister.\(^5\) Domestically, the government could advocate this development as a negotiating victory, thereby partially satisfying MPs.
Political Union Negotiations

concerns that the Treaty would represent an intergovernmental rather than federalist structure.

In essence, the text had introduced new concepts too late in the day and, therefore, Member States such as Germany who would have favoured a unitary structure, rejected it because it had no chance of succeeding (see table 5.1). Significantly, the German personal representative, Trumpf, had refused Dutch participation in the small negotiating group during the Luxembourg Presidency (see chapter 3). This stance had been coloured by Lubbers not providing a positive endorsement of German reunification, which helped to sow the seed of discord between the two nations during the IGC, with bilateral relationships being lukewarm. It was therefore not surprising that Germany did not support the Netherlands, especially when the text involved concepts which had little chance of success. It had attempted to create a single legal and decision-making structure within the Treaty of Rome, for all primary issues, including CFSP, and contradicted the Luxembourg draft which had placed CFSP and JHA outside the scope of the Rome Treaty. A majority of Member States had initially not expected the Dutch to present such an approach. The Council Secretariat had been equally surprised, partly because the negotiations had taken place behind their backs as they 'were never sounded out by the Dutch over the revised draft'. The UK considered it to have been 'a gross error of judgement,' a stance shared by the domestic press, while the government determined Dankert was the primary motivating factor.

Rejection meant the 96-page Dutch draft on EPU was reduced to a reference document equivalent to other Member States proposals, at which point the negotiations proceeded on the basis of the Luxembourg Presidency's draft, with the Commission realising it was '...the only way for the Treaty to be supported by all Member States'. Within the Dutch government responsibility for policy drafting was taken away from Dankert and van den Broek, with Lubbers placing Nieman directly in charge of the negotiations and policy drafting, except on CFSP which van den Broek retained responsibility for. Dankert and van den Broek were effectively taken out of the equation at the day-to-day level of discussion. Thereafter, Member States became increasingly focused on the need to resolve outstanding differences. Thus, while the text was viewed as a disaster for the
Dutch Foreign Ministry, with the crucial 30 September meeting known as ‘Black Monday’, it perversely had the effect of unifying Member States through compromise seeking solutions.\textsuperscript{62} Whereas the UK had criticised certain aspects of the Luxembourg text, by October the government was defending it as the best way forward.\textsuperscript{63} As Lubbers notes, the draft ‘...brought some flexibility into the British position’.\textsuperscript{64} For Major, resorting to the Luxembourg draft was portrayed as a negotiating success at the Conservative Party Conference in October. This was important in ensuring the unity of the Party with regard to the UK negotiating line,\textsuperscript{65} and meant the government’s negotiating stance was not as critically analysed had the Dutch text stayed on the table. London’s room for manoeuvre within the discussions increased as Parliament became excessively focused on the Social Chapter, EMU, and the federal goal, while MPs attention was also directed towards the CFSP debate, where the UK tabled a joint Anglo-Italian declaration on 5 October (see chapter 7).

A new draft was submitted by the Dutch on 8 November\textsuperscript{66} for presentation at the Noordwijk conclave of 12-13 November, with the intention of identifying problems to be submitted to the European Council for a final decision. As chapter 2 noted, this meeting marked a change in the nature of the negotiations, with differences being resolved at Ministerial and not official level.\textsuperscript{67} This demonstrated that a lot of hard negotiating still had to be done.\textsuperscript{68} However, the text was not received warmly by the UK, partly because it still retained the aim of working towards a ‘federal goal’ despite Major having appealed to Lubbers for it to be eliminated from the Treaty during a bilateral meeting on the fringes of the NATO Rome summit of 7-8 November.\textsuperscript{69} Dissatisfaction was also shared by Delors, albeit for different reasons; he was critical of the new competences the text introduced - a stance the UK also advocated. He considered the Treaty of Rome had suffered from having a large amount of competences, many of which were inactive. In comparison, those added in the Single European Act (SEA) were few in number, but well defined.\textsuperscript{70} He believed the new Treaty should mirror the example of the SEA and retain only five of the proposed nine new chapters: social, environment, industry, research and development (R&D), and infrastructure projects. This stance was put forward by Delors at Noordwijk, and in so doing supported the UK
Political Union Negotiations

position. Such an unholy alliance resulted in van den Broek offering a package whereby the Presidency would cut out energy, tourism, consumer rights and disaster relief, if all Member States accepted QMV on the remaining issues. This was equally unpalatable for the UK, with Hurd’s rejection ensuring that the task of reducing the list would be tackled at a later stage. It was a favourable solution for the UK as the lack of agreement meant it would not be actively scrutinised by MPs, a Parliamentary debate analysing the negotiations being scheduled for 20 November.

On the broader issues of the Treaty, Noordwijk restored the Luxembourg wording on the structure of the Union, while Common and Final provisions were identical. Resorting to the three-pillar structure was criticised by the institutional actors, with Delors describing the text as ‘inapplicable and crippling’ during a debate in the EP on 21 November. Members of the European Parliament (MEPs) showed their anger by adopting a resolution on 21 November which threatened Treaty rejection unless its content was dramatically revised, particularly the pillar structure. This was despite Presidency attempts to deepen linkages between the Community and other parts of the Union. These developments meant there existed a consensus among Member States in favour of the pillar structure (see table 5.2). Reflecting UK objectives, this was supported by other Member States, most notably France (see table 5.1). Despite harmony pertaining to the pillar structure, there continued a debate on how the Treaty could be deepened and tightened, with the Commission advocating the strengthening of the text, and Kohl demanding a set of ‘evolutionary clauses’. The separate, but linked, debate on institutional reform had not resulted in far reaching changes as the institutional actors and more federalist Member States desired. They therefore attempted to ensure that linkages were provided between the intergovernmental aspects of the Treaty, while demanding provision be made for future reform.
Diagram 5.2: Pillar structure

**EUROPEAN COUNCIL**

Heads of State and Government and Ministers of Foreign Affairs

Provides an overall guidance and co-ordination of policy

**FIRST PILLAR**

COMMON POLICIES & ACTIONS, i.e.
- CAP, Common Commercial Policy,
- Environment, Co-operation and Development, Social Policy,
- Economic and Monetary Union,
- Citizenship of the Union.

Co-operation and Co-decision with the European Parliament.
European Court of Justice has judicial control.

**SECOND PILLAR**

COMMON FOREIGN & SECURITY POLICY,
- Common Defence - (WEU)

National Parliaments.
National Courts.

**THIRD PILLAR**

JUSTICE AND HOME AFFAIRS, i.e. Asylum Policy, Immigration, Control on External Borders, European Police Office.

National Parliaments.
National Courts.

---

**Institutional reform**

Whereas previous analysis has documented the main debate regarding the Treaty structure, the following sub-section focuses on the question of the reform of the institutional balance within the Community. In particular, it is concerned with the talks on the augmentation of the EP’s powers, through which it would address the democratic deficit by increasing its role within the legislative process. The deficit referred to the EP’s then relatively limited role within the Community. It advocated an expansion of the co-operation procedure between the EP and the Council (introduced in the SEA), and the introduction of a provision whereby it could influence the appointment of Commissioners. In proposing such policies the EP was limited to expressing opinion through two main mediums: the inter-institutional meetings comprising its own representatives, as well as those from the Council and Commission, and individual resolutions. They included the 1990 Martin Reports, and a draft report presented to the Institutional Committee of the
Political Union Negotiations

EP on 1 October 1990, suggesting amendment of the co-operation procedure with a co-decision procedure providing it with the final say in certain legislative matters (see diagrams 5.5 and 5.6 at end of chapter). A conception of laws being adopted by a procedure of co-decision was thereafter highlighted in the 'Bourlanges' report. This method of reducing the democratic deficit was not, however, shared by the Commission. While institutional unity existed for the majority of policies relating to the IGC, there was a division over the future role of the EP. The Commission did not want the EP to intrude into its monopoly over the initiation of legislation and considered the democratic deficit should be solved by allowing the EP to mainly deal with primary legislation. This would include the realisation of Community acts which lay down principles, while the adoption of secondary legislation would be left in the hands of the Commission and Member States. Its proposals of 21 October 1990 did not give enhanced powers - such as co-decision - to the EP. Moreover, the Commission strategy clashed with Italy's desire to give the EP real power, a view equally advanced in the Kohl-Mitterrand letter of 6 December 1990 (see table 5.3). The latter wanted a distinction to be made between constitutional, legislative and statutory acts, while equally arguing that current EP competences should be 'reinforced in the sense of a 'co-decision of the Parliament for acts of a truly legislative nature'. Germany's advocacy of a strengthened EP was nevertheless influenced by its position on EMU. It considered the future European Central Bank should be both independent and accountable to the EP, and not national governments, the latter of which would have implied some form of political control. This represented the compromise which Bonn advanced during the negotiations, i.e. advancement towards EMU needed to be offset by strengthening Community institutions, in particular the EP; a position reinforced by the likelihood of receiving more seats in the EP through reunification. France was not as keen to provide the EP with greater power, but was prepared to support Germany as it likewise needed support with regard to its objective of EMU.
Belgium and Italy - who had weak central Parliaments - believed the EP should play a more dominant role. The Netherlands likewise favoured strengthening the EP and endorsed Franco-German proposals for co-decision and 'for a decisive role for the EP in the appointment of the Commission'. Greece stressed ‘...the European Parliament must be made into a real legislative and monitoring body’ and that ‘a basic aspect of the objective of Political Union is the need to make good the existing democratic deficit...’. In contrast, the UK was against any dilution in the powers of national parliaments, although it wanted to give Strasbourg the function of providing greater scrutiny over the Commission. The end product of these differing opinions was the inclusion of democratic legitimacy as one of five main issues which the December 1990 Rome European Council recommended the IGC should tackle. The Presidency conclusions stressed that the negotiations should ‘...consider developing co-decision procedures for acts of a legislative nature...’. Such an objective was outwith the UK’s perception of the powers which the EP should be granted, although Member States were under no obligation to develop a co-decision procedure.

Differing positions were emphasised at a Brussels Foreign Ministers’ meeting on 5 March, when a majority appeared reluctant to give the EP greater powers, with Denmark and the UK being the strongest advocates against any increase. In comparison, Belgium, Germany, Italy, and France with qualifications, lent towards the position of sharing a greater degree of domestic power with the EP.
Thereafter, co-decision was one of the primary issues negotiated at the Kirchberg Foreign Ministers meeting on 15 April, debate being based on the Presidency ‘non-paper’ of 12 April. That meeting was also influenced by the 10 April joint declaration between Germany and Italy, which demanded real legislative powers for the EP.

The Luxembourg draft did not explicitly mention a co-decision procedure for Article 189a, instead referring to the new legislative procedure as a *loi*, which was a development on the Commission’s own proposals. The text specifically provided the EP with a right of co-decision which would apply to four areas: budgetary articles, environment, R&D, and development co-operation. The idea was that broad multi-annual basic policy structures should be decided by co-decision. While the Presidency followed the Commission’s proposal to establish a distinction between primary and secondary legislation, and the introduction of a co-decision procedure for Community laws, the Commission criticised the proposed text of Article 189a. It gave the Council an ability to amend a Commission proposal by qualified majority voting (QMV) instead of unanimity, a development perceived to be a threat to the institutional balance. Predictably, Delors remarked in an EP debate that the Commission would be reduced to ‘a sort of Secretariat General’. The Luxembourg Presidency responded to these criticisms by reintroducing the Commission’s role as a filter in the legislative process when it published its June draft.

For the UK, which had been opposed to the first Luxembourg text, the publication of the second signified that it had not been an influential voice on this aspect of the negotiations. The government advocated that there was no requirement to alter the existing range of legislative acts, and was not convinced of the necessity to introduce a co-decision procedure. London indicated that if co-decision was going to be included then it would be more palatable if it covered areas which were subject to the existing co-operation procedure. It was against the introduction of the multi-annual framework for R&D, insisting on unanimity to ensure money was not wasted. A real preference was to increase the non-legislative role of the EP and counter the problem of democratic legitimacy by strengthening national parliaments, whose role would be to scrutinise Community
Section 2: Political Union

legislation. Hence, in a 26 June Parliamentary debate on the negotiations (prior to the European Council), Douglas Hurd noted that:

We want to divert the undoubted energies and ambitions of the EP into an area that has been very important in the history of the House of Commons - not so much into extra legislative powers as into greater powers to assess, monitor and invigilate what the Commission does.

Though, as Emma Nicholson stated, the government’s proposals on the powers of MEPs were ‘...little more than window dressing...’

The significance of the Parliamentary debate was not the government’s advocacy of a non-legislative role for the EP, but rather the fleeting mentions of co-decision. Other issues dominated the political arena, such as the federal vocation and single currency opt-out (see chapter 9). Hurd briefly mentioned the concept of co-decision, with its importance only picked up by Jonathan Aitken MP. Remarkably, it appeared that no MPs had been provided with a copy of the June text, a point noted by Peter Shore MP, Tony Favell MP, and Aitken. Indeed, responding to a questionnaire sent to Conservative MPs in the course of this research, two prominent Eurosceptics expressed no view as to whether there had been greater consultation of backbench MPs under Major’s premiership than Thatcher’s. This adds further weight to the thesis that the government deliberately manipulated the method in which information was conveyed to Parliament, while at the same time MPs were genuinely unaware of the negotiating dynamics. For instance, Anthony Forster noted that ‘The Foreign Secretary specifically asked that no draft Treaty be deposited in the House of Commons library (at the risk of a backlash once the signature of the Treaty became available)’. This stance was influenced by the increasing number of revolts within the Conservative Party from 1990 onwards. While they generally did not have a European bias, they bore the symptoms of a Party increasingly out of control, with rebellion not just confined to foot soldiers on the backbenches, but instead incorporating some of the former generals, such as the ex-Party Chairman Norman Tebbit. Kenneth Baker informs us that from 1990 onwards, the then chief whip, Tim Renton, had a list of roughly 70 Conservative MPs who had stopped supporting the government on certain issues.
Wary of these difficulties, the government tried to ensure it did not face criticism in the days prior to (and after) the Luxembourg European Council meeting. Major stressed on 18 June that 'A European super-state would not be acceptable to me or to the House - and in my judgement it would not be acceptable to the country'. This reflected an endeavour to wrap both himself and the government in Eurosceptic clothing. At the same time, the Conservative Parliamentary Party was concerned with other issues, such as the affirmation of the pillar structure, which it perceived to be a success for the UK, a viewpoint equally represented in the press. The government’s tactic reflected an attempt to divert domestic attention away from the scent of co-decision in the direction of other debates, such as the vocation federale, which it viewed as not as substantive an issue. Significantly, the government’s negotiating position was hardly scrutinised in the Commons debate, The Economist commenting on the speech by the shadow Foreign Secretary, Gerald Kaufman, as ‘one of the worst (he) ever made’. By voicing disapproval of the co-decision procedure at the Luxembourg European Council, the aim was to cultivate a domestic perception that the debate was by no means over. Yet, irrespective of this desire not to increase the EP’s powers in legislative manners, the government:

always knew it would not get away without the European Parliament obtaining an increase in its status and therefore it was just a matter of getting away with as little as possible. This was because we had to give something to get an overall acceptable package.

Made in Holland

As previously noted, the Netherlands elevation to the Presidency created an opportunity for it to impart a federalist agenda, and in particular increase the role of the EP as a means of creating greater democracy. An unpublished working document highlighted Dutch desires to increase MEPs powers, and went further than Luxembourg’s proposal of giving the EP the last legislative say in five areas. New amendments represented an increase in the EP’s powers in regions such as the environment, R&D, consumer protection and the internal market. MEPs were provided with the right to reject, by an absolute majority, legislation
emerging from a second reading in the Council of Ministers. They obtained an ability to ensure measures on third world aid, R&D and environmental programmes could not pass without their positive approval (co-decision). However, the UK did not want to increase the EP’s powers in such areas. This resulted in both UK and Portuguese personal representatives apparently not participating in the debate on the reform of the EP at the 17 October personal representatives meeting. While both government’s were opposed to the very principle of co-decision, the Danish delegation, which shared a similar point of view, participated to ensure its scope would be virtually nil.

The product of a desire to increase the power of the EP was greater pressure being put on the UK at a Foreign Ministers meeting on 28 October 1991. As already noted, the UK was against a general increase in the EP’s powers because ‘the government did not consider there was a case for extending the legislative powers of the European Parliament’. At the meeting, Member States made an effort to placate the UK by crossing out the term co-decision and replacing it with the formula procedure under Article 189. Emphasis on achieving a compromised solution was demonstrated by a majority of Member States supporting proposals which would give the EP an equal legislative voice to EC Ministers in a limited number of areas. France also adopted a more flexible position by allowing the EP a greater influence in EC legislation. The eventual product of these discussions was the emergence of a new Dutch text incorporating a reduction in the EP’s influence through eliminating its ability to initiate legislation, which would remain the exclusive right of the Commission. At the same time it targeted the EP’s influence at less sensitive areas such as the single market, R&D, consumer protection and the environment.

Such movement on the part of the Presidency was viewed favourably by the UK, although the government still considered the Dutch draft to be too federalist, not least because it stated ‘this Treaty marks a new stage in a process leading gradually to a union with a federal goal’. For the UK, the Treaty offered some hope as issues, including the pan-European policing of joint immigration and asylum policies, gravitated toward the process of European co-operation. Furthermore, the draft emphasised that the EP would be given power over the
Commission, rather than over national parliaments. However, not all Member States were happy with the dilution in the EP’s envisaged role. It contradicted Germany’s desire to provide the EP with real power, an issue which Kohl had made a primary negotiating objective.  

The gulf of opinion between the UK and Germany over the status of the EP was particularly evident during a four hour bilateral meeting between Major and Kohl in Bonn on 10 November, although both leaders did agree to meet again in an effort to establish a consensus on the EP’s role, as well as on the wider aspects of the negotiations. For Major such meetings demonstrated the government’s relative isolation in the negotiations, because there were very few issues (if any) on which it could develop broad alliances. In essence, the only means for it to obtain objectives were through bilateral discussions, with the 10 November encounter being held two days before the crucial Noordwijk Foreign Ministers conclave, at which the resolution of co-decision was a key topic.

London’s public refusal to grant the EP increased powers became less tenable as the end of the negotiations loomed. During the endgame the government appraised its position on all policies and prioritised issues which it considered non-negotiable, such as social policy, those where it could offer negligible movement, and those on which it could alter its stance. Such a policy was also perceived as a means of binding the Cabinet together, by allowing Ministers to express their opinions. By coincidence, The Hague’s cancellation of the 5 and 12 September personal representatives meetings provided London with greater time to fine tune its negotiating position. It allowed Major to discuss matters with the UK negotiator on EPU, Sir John Kerr. As the negotiations reached their final stage, both Major and Hurd took a greater interest and control of the policy debate (see chapter 2). This was demonstrated through Major’s chairmanship of Cabinet Committee meetings and Hurd’s role at the Noordwijk and Brussels conclaves in November and December. Major assembled the majority of his Cabinet on 28 October to discuss areas where compromises could be made. The importance of the three-hour meeting was highlighted by Hurd staying in London rather than travelling to Brussels for discussions with other EC Foreign Ministers. London’s intention was to obtain negotiating credits by giving up objections on
Section 2: Political Union

particular topics, which could then be traded to ensure more vital points were achieved. Co-decision was one such issue which the government considered it could be more flexible on, not least because, as a UKRep official noted:

despite the fact that the government had reservations over co-decision, the issue was not seen as raising major matters of principle in domestic politics as far as the UK was concerned.132

This assumption was the result of both timing and substance. First, the rejection of the Dutch draft in September was perceived by UK Parliamentarians as an affirmation of the importance of intergovernmental co-operation and accordingly the curbing of federalist desires. MPs invested the government with greater confidence to negotiate an acceptable outcome, with assurances being given from Cabinet Ministers that the negotiations would represent UK interests. The standing of both the Conservative Party and Prime Minister had increased dramatically over the summer, with strong performances from Major at the dispatch box.133 Second, with less than ten weeks to Maastricht, the negotiations became increasingly complex with the vast number of issues being debated effectively smothering less high profile topics from appearing in public. Third, the UK tabled a foreign policy proposal in early October (in conjunction with Italy), which helped to crowd out other topics. Fourth, Major did not identify with a maximalist identity of sovereignty in the same manner as Thatcher had, and therefore, it was easier for him to give up UK objections to co-decision.134 Finally, the FCO believed that the introduction of the co-decision procedure was not a major alteration in the powers of national parliaments from the existing co-operation procedure.135

Notwithstanding this view, the government still publicly maintained that the revised Dutch text, which was subject to discussion at Noordwijk, did not fully represent its desires. Opposition was based on the Treaty maintaining a 'federal vocation',136 and the remit of co-decision, visas, and QMV being too extensive. This was despite the R&D framework-programme incorporating unanimity together with co-decision, while the text equally reinforced the Council’s role on certain agendas. Unanimity was approved for particular aspects of environmental policy, notably decisions of a fiscal nature. But the text was more comprehensive
than the Luxembourg draft in its coverage of co-decision: the process being envisaged in 9 cases (3 of which were in the field of competences), including Article 100A (internal market). It proposed giving MEPs the right of veto in five policy areas, including: the environment, R&D, consumer protection, and the internal market. The effect of this was to provide MEPs with an ability to negotiate their amendments in certain areas of legislation directly with the Council of Ministers.

Greater UK flexibility was apparent by Noordwijk, with the government prepared to give the EP veto powers in certain policy areas, including the environment, while simultaneously advocating an increase in the EP's powers for the internal market. Movement on the former came because the government realised environment policy affected all Member States and therefore EP influence was not perceived to be a threat. In contrast, flexibility on internal market provisions was influenced by primary decisions having already been taken, only secondary issues needing solved. As a Foreign Office official noted, it was 'a fairly cheap concession' because the government obtained the surprise gain of unanimity on R&D. The government was also willing to allow the EP to approve the appointment of the Commission, which in turn could be portrayed to UK Parliamentarians as a means of imparting greater democratic accountability on the Commission.

The significant factor in this acceptance of certain co-decision powers was that the formal gesture was not made by Hurd, but instead by his deputy, Garel-Jones. This deliberate move was to ensure that Hurd could not be directly blamed by backbench MPs, which in any case did not materialise. Nevertheless, the diplomatic move did emphasise the two-level nature of this aspect of the negotiations, with a shift taking place from London's initial negotiating position as a result of the influence of other Member States negotiators. The foreign policy axis of Hurd/Garel-Jones and to a lesser extent Major therefore determined that a UK concession was acceptable in constructing a deal which satisfied all participants, while the deliberate timing of the concession when Hurd was not at the negotiating table was aimed at keeping the Foreign Secretaries hands clean and lessening the blow to the domestic audience.
Section 2: Political Union

The concession of an extension of the EP's powers demonstrated a realisation on the government's part that it would have to give up some objections if it wanted to be successful on more important points, such as social policy. Such movement was viewed by the French and Portuguese Foreign Ministers, Dumas and Pinheiro, as a demonstration of the UK's willingness to broker an agreement at Maastricht. Despite this public gesture, London preferred not to formally highlight its preparedness to be flexible on co-decision, which it considered a bargaining tool to be used at Maastricht. Non-acceptance was also influenced by the forthcoming 20-21 November Parliamentary debate on EC affairs, as the government did not want to be portrayed by Eurosceptics as having made concessions. The game was, therefore, to both play down the specifics of the negotiations and at the same time stressing that it would not accept an agreement at any cost. In his 11 November Guildhall speech Major concentrated on non-controversial points such as relations with Eastern Europe, resulting in very little attention given to Political Union. Nevertheless, scepticism within the Parliamentary Party increased, with many MPs (including Thatcher) demanding a referendum in a pre-Maastricht Commons debate. In a later television interview on 22 November Thatcher said 'I still have a role, and I hope that the things I have said will influence the Prime Minister at Maastricht'. Such tension was heightened when 25 Conservative election candidates vowed on 28 November to back Thatcher's anti-federalist position, while Eurosceptics published an opinion poll that demonstrated 75% support for a referendum.

Despite such hostile domestic opinion, the government's accession to certain co-decision powers created a compromise whereby the scope and degree of powers betrothed to the EP were less extensive than originally intended, although the government had initially opposed any new legislative powers for the EP. The Martin Report had called for the EP to be able to override the Commission on those occurrences when it declined to prepare a legislative proposal as requested by the EP, while also requesting a procedure of complete co-decision for all Community legislation. Movement away from these initial demands resulted in its President, Enrique Baron, noting 'strong discontent' with regard to work relating to the problems of democratic legitimacy during a meeting of the interinstitutional
conference in Brussels on 5 November.\textsuperscript{151} Yet, greater flexibility from the UK, Ireland, Portugal and Denmark meant a further issue had been solved, therefore allowing Member States to focus their attention on outstanding subjects, such as social policy.

- **Wider issues**

The other major negotiating area on EPU concerned discussions on JHA, of which the Franco-German axis was the primary driving force, evidenced by the Kohl-Mitterrand letter of April 1990 calling for the institutionalisation of co-operation between Member States.\textsuperscript{152} Of the two, Germany was the more active partner as a result of its inability to control the large number of asylum and immigration seekers flooding through its borders.\textsuperscript{153} The government did not possess the necessary two-thirds majority in the Bundestag to enable it to tighten its immigration laws. Legislation at the Community level was consequently viewed as the only means of controlling the flood of immigration. Contrasting this desire to elevate policy to the EC, the UK concluded that such problems should be tackled by greater co-operation between Member States, and \textit{ergo} not integration - a view equally shared by Denmark. While the government understood the rationale behind the Kohl-Mitterrand letter, and was aware other Member States wanted increased co-operation in JHA for practical and not theoretical reasons, it was nevertheless not sympathetic to the cause, as demonstrated in table 5.4.

### Table 5.4:

<table>
<thead>
<tr>
<th>Member States</th>
<th>Interior policy/JHA</th>
<th>Federal goal</th>
<th>New competences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td>Denmark</td>
<td>Reluctant</td>
<td>Reluctant</td>
<td>For/Limited</td>
</tr>
<tr>
<td>Germany</td>
<td>For</td>
<td>Prepared to accept</td>
<td>For/Limited</td>
</tr>
<tr>
<td>Greece</td>
<td>For</td>
<td>For</td>
<td>For, concerned about costs</td>
</tr>
<tr>
<td>Ireland</td>
<td>For</td>
<td>Not enthusiastic</td>
<td>For/Limited</td>
</tr>
<tr>
<td>Italy</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>For</td>
<td>For</td>
<td>For/Limited</td>
</tr>
<tr>
<td>Netherlands</td>
<td>For</td>
<td>For</td>
<td>For, concerned about costs</td>
</tr>
<tr>
<td>Portugal</td>
<td>For</td>
<td>Prepared to accept</td>
<td>For, concerned about costs</td>
</tr>
<tr>
<td>Spain</td>
<td>For</td>
<td>For</td>
<td>For, concerned about costs</td>
</tr>
<tr>
<td>UK</td>
<td>Against</td>
<td>Against</td>
<td>Unenthusiastic</td>
</tr>
</tbody>
</table>

In Favour Reservations Against
UK Ministers and officials, in particular the personal representative, Sir John Kerr, considered it was essential for the UK to develop a proposal on JHA as a means of shaping and influencing the debate. Otherwise there was a danger of the government being presented with a pre-determined position. By advancing a proposal the government hoped to ensure that the eventual JHA text mirrored UK interests. A desire to engage contrasted with its position on social policy, whereby it chose not to advance texts. This decision was taken as a result of the consideration that it would not be possible to create an outcome that even partially resembled UK objectives. Accordingly, by putting forward proposals the government acknowledged that there was a need for increased co-operation within this policy area, which had been initially signposted in the December 1990 Rome mandate:

it should be considered whether and how activities currently conducted in an intergovernmental framework could be brought into the ambit of the Union, such as certain key areas of home affairs and justice, namely immigration, visas, asylum and fight against drugs and organised crime.154

Within Whitehall the main actors were the European Secretariat, UKRep and the Home Office. The latter’s opinion was, however, very much disparate through specific departments, as it did not establish a European Community Unit until February 1991 (see chapter 2). Before this there had not existed a formal co-ordinating centre within the Office for European business, because interior affairs were not perceived to be as pertinent to EC matters as subjects such as agriculture and foreign policy. Home Office negotiators (and other Member States Interior Ministries) were not versed in the practice of Community business, Council meetings and IGC negotiations. Despite such problems the government advanced a proposal by February which outlined its objection to the communitarisation of JHA. It wanted to only formalise activities previously carried out on an intergovernmental basis,155 a stance which contradicted the January Franco-German idea of establishing a Council of Interior Ministers to deal with immigration and visa policy.156

Thereafter, the next (and last) contribution to the JHA debate did not appear until the June Luxembourg European Council. Predictably, the German proposal stressed that the negotiations should establish a commitment to harmonise policies
on asylum, immigration and aliens.\textsuperscript{157} For the Commission, this submission ensured it did not have to lobby for increased Community action within this area.\textsuperscript{158} The text noted that details would be established by a unanimous Council decision, with the possibility of implementing measures being decided in time by QMV. Otherwise, the text included the right of joint initiative for the Commission and Member States, while highlighting the need for the Community to deal with international drug trafficking and organised crime through the proposal for the establishment of a European Central Criminal Investigation Office (EUROPOL). These objectives were supported by the European Council at Luxembourg in June, which instructed the conference to examine them further with regard to the revision of the Treaty.\textsuperscript{159}

The Dutch Presidency, in an effort to placate the views of minimalist Member States, such as the UK,\textsuperscript{160} who considered issues should best be tackled on an intergovernmental basis, differentiated between strengthened co-operation' and 'communitarisation'. This meant co-operation would be dealt with in an annex to the Treaty, including: policy on immigration and regarding third country nationals; asylum; the fight against drugs; the fight against international fraud; legal co-operation on civil matters; customs co-operation; and police co-operation on terrorism and international criminality. By contrast, other topics would be incorporated into a Treaty article, with policy being decided by a Council QMV, including: the rules regulating the crossing of external borders; the general rules of entry and movement for third country nationals; and visa policy. Furthermore, the Commission was given a shared right of initiative with Member States, or a formula based on Article 32 of the EURATOM Treaty which stipulated that the Commission would inspect the requests formulated by the Member States.\textsuperscript{161} In the wake of Noordwijk 10 Member States supported the wording of the draft Treaty, which provided for the EC to make rules for short-term visas, and for procedures at external frontiers to be primarily decided by QMV. This resulted in the introduction of a new Article 100c within the EC Treaty Provisions, including rules governing the crossing of external borders, the entry and movement of third countries' nationals during short stays, and some concrete aspects of visa policy.\textsuperscript{162} The Commission would share with Member States the right to propose laws, while
asylum, immigration and extradition would be left to co-operation among Member States - although this development was criticised by Germany, who wanted greater Community involvement. Therefore, in the days prior to Maastricht there still remained some uncertainty on the final structuring of JHA.

The 'F word'

In addition to co-operation in interior affairs, London faced a further battle on the 'federal' nature of the Treaty (see table 5.4). The so called 'F word' initially emerged in Article A of the Luxembourg 'consolidated draft', being confirmed by subsequent texts, including the Noordwijk draft and Article 1 of the Dutch draft. UK opposition was emphasised at the 17 June Luxembourg General Affairs Council, and the subsequent 23 June Luxembourg informal Foreign Ministers meeting. At the former, the Foreign Secretary, Douglas Hurd, stressed that the government would be prepared to accept the concept of 'an ever closer union'. Later, Major noted that '...in no way could we permit that word (federal) to be in the Treaty until or unless it is clear what it means and that it does not mean the centralisation of power'.

Hostility reflected domestic backbench opinion, emphasised by the extent to which the 26 June 1991 debate in the House of Commons was dominated by opposition to the federal goal, the proposed opt-out from a single currency, and associated concepts such as sovereignty. These issues commanded the domestic agenda. In a questionnaire sent to Conservative MPs while researching this thesis, 52% of respondents considered the introduction of the federal goal to be the most damaging issue the UK faced during the IGC (see appendix 14, section A, question 6). Its ranking as the most important point provided the rationale for the government accentuating its importance through various policy documents and speeches. Notwithstanding such a public display of hostility, the federal goal was not a significant negotiating point. Luxembourg, aware of UK opposition to the concept, deliberately inserted it into the draft Treaty to create a bargaining counter. As a member of the Luxembourg Permanent Representation stressed, 'we knew the UK would never have accepted it, but it was very good to have it because it meant that there was something that the UK had to remove'.
This ploy went unnoticed among backbench MPs, despite the fact that at official level there was ‘...never any serious doubt that the federal goal would remain’. This view was equally shared by the Council Secretariat. All UK negotiators were aware that the phrase would eventually be deleted from the text because it was not a significant negotiating point. In contrast, issues such as co-decision, CFSP, EMU and the Social Chapter were of greater importance. Its inclusion in preliminary drafts ensured that both the attention of the media and MPs were excessively focused on this issue. Consequently, as the government was aware that the offending phrase would in the end be deleted, its inclusion did not overtly complicate matters. Aside from UK negotiators having to expend some effort in getting it out, their attention was, in reality, focused on more complicated topics, such as co-decision. Thus, when it became apparent that the word ‘federal’ had been taken out of the Treaty by early December 1991, UK politicians perceived the development to be a great success. In so doing, acceptance of different points, including co-decision, were deemed more palatable by backbench opinion, because the government had been seen to win other aspects of the negotiations.

**Boil it down**

In contrast to the ‘federal goal’ debate, negotiations over subsidiarity, which aimed to ensure Community activity would be limited to where it could be better achieved than at a Member State level, were a far more complex and serious affair. This was partly because the government was aligned with Germany and the Commission on its introduction into the Treaty, although for Germany subsidiarity suited the federal structure of the state. London perceived it both as a means of placating domestic opinion by imposing a brake on further integration, and at the same time presenting it as a sign of constructive UK engagement to other Member States. Most of them had originally not wanted its insertion, while they considered that if it was to be included, its very placement should be limited to the preamble of the Treaty - as favoured by France, Italy and Spain. France was particularly sceptical towards the concept, de Boissieu apparently rebutting it at an early stage of the negotiations. For the UK, the support of Germany was therefore crucial.
the start of the negotiations Germany had made it clear that the Treaty would have to pass both the Bundestag and Bundesrat, and that success in the latter depended on the insertion of a text along the lines of Article 3b. Consequently Member States' realised that they had to accede to Germany's demands.

While agreement existed on a commitment to subsidiarity, this was not so on where the specific Treaty text should be placed. The UK, with Commission and German support, advocated that it should be placed within the main Treaty text where it would be a formal procedure. London stressed that 'We are looking to enshrine the principle of subsidiarity in the Treaty'. By contrast, France supported its inclusion within the preamble to the Treaty where it would merely act as a reassurance and guideline for legislation. Such differences of applicability were emphasised through Article 3b of the Luxembourg 'project of Articles' and the June 'consolidated draft'. Whereas the latter stressed that '...the Community shall only take action...', the former was not as specific by emphasising that '...the Community shall take action...'. Inclusion of only was a UK objective as it limited the Community's scope of operation, and accordingly was a negative formula. Thereafter, the text received further change through the first September Dutch draft, which referred to the principle of subsidiarity in Article 2a, although it was subsequently replaced as Article 3b in the Noordwijk draft. Both Dutch drafts resorted to the first Luxembourg text's usage of '...the Community shall take action...' This resulted in the insertion of only, which was perceived to be a brake on Community control, in the concept of '...the Community shall take action, in accordance with the principle of subsidiarity, only if, and insofar as, these objectives can be better achieved by the Community than by the Member States acting separately...'

Differences of opinion resulted in discussions not being solved until after the Noordwijk summit. While the UK obtained only in the second sentence of Article 3b, the government desired a further brake on Community activity through the inclusion of a third sentence. But in obtaining 'Any action by the Community shall not go beyond what is necessary to achieve the objectives of this Treaty', the government wanted to guarantee it was not linked to the previous sentence. UK lawyers considered linkage between sentences two and three of Article 3b created
the possibility of sentence three being subjected to the concept of exclusive competence, as referred to in the second sentence. The implication being it would be on the onus of the Community to conduct issues. Consequently, the government was happy to obtain division between sentences one and two, and sentence three of Article 3b, although it desired its objectives in sentence three rather than the objectives. Despite such minor grievances, the government considered the text to be an adequate means of imposing a brake on EC legislation. Accordingly, the attainment of agreement on this issue ensured that the government advanced to Maastricht with one less outstanding point to be resolved.

• Maastricht European Council

At the start of the Maastricht European Council John Major agreed to the introduction of the co-decision procedure for the EP because he wanted to demonstrate both his commitment to the meeting and personal desire for agreement (see diagram 5.5 below and glossary at beginning of thesis). It was perceived as an act of good faith by other Member States and, therefore, in offering movement on co-decision he expected assistance in obtaining other UK objectives. London was accordingly aware of the need to construct an acceptable package deal on all topics, of which movement on its position of EP reform was perceived as an acceptable development. Co-decision, while based on the co-operation procedure, had two important additional provisions, the first being inclusion of a formal conciliation committee with the task of negotiating a compromise between the Council and EP. The second provided for the EP to have the ability to reject a Council decision, after a period of conciliation, therefore resulting in the failure of legislation. Revision of the EP’s powers only demonstrated its negative legislative role, as it could only block and postpone legislation, and not initiate it (see diagrams 5.5 and 5.6 below). In terms of the broader aspects of the EP’s powers it was successful on the appointment of the Commission, including its President being subject to approval by the EP.

In contrast to the UK’s preparedness to accept co-decision, negotiations on JHA were more difficult as the government was only prepared to have soft co-operation between administrations and governments. The outcome was an
agreement at Maastricht on nine areas of common interest, whereby the Council could through unanimity adopt common positions, joint actions and promote cooperation (although these areas were reluctantly acceded to by the UK and Denmark). They included: asylum policy; rules governing the crossing of Member States external borders; immigration policy and policy regarding nationals of third countries; combating drug addiction; combating fraud; judicial cooperation in civil matters; judicial co-operation in criminal matters; customs co-operation; and police co-operation (Article K.1). Of additional note, was the absence of any legislative powers being granted to the EP, which further reflected both Danish and UK concerns, while the Commission was only provided with a shared right of initiative in a limited number of areas.

Although the above nine topics were subject to intergovernmental cooperation, the Treaty stipulated that some were suitable for policy transfer to the first pillar through Article K.9, while others were considered to be more intergovernmental, and accordingly not suitable for transfer. The latter included judicial co-operation in criminal matters; customs co-operation; and police co-operation with regard to unlawful drug trafficking and other serious forms of international crime (Articles K.1(7) to K.1(9)). The intergovernmental nature of these three subject areas was further emphasised by the Commission not having a right of initiative, although it had a shared right of initiative in the areas included in Articles K.1(1) to K.1(6).

UK acceptance of the concept of policy transfer to the first pillar via Article K.9 of Title VI, was a direct attempt to make a concession to the federalist Member States, particularly Germany (who had tabled a proposal on JHA at the June Luxembourg European Council). Accession was based on the process being double locked in the sense of providing for both unanimity voting and national ratification. But, having agreed to the process of policy transfer, London considered it important that matters for transfer did not just end up anywhere in the Treaty, with the possibility of being subjected to QMV in future. Thus, there was a need for a bridge to be included. While it was provided for in Article 100c, a further question arose as to whether it should be an empty box or not. This resulted in a decision whereby Article 100c could make reference to aspects of visa
policy, such as common frontiers and a list of conditions in Article 100c(1) and
100c(2), but nothing else. Within Article 100c the UK secured the wording of
Article 100c(6) which highlighted the concept of being ‘subject to the voting
conditions determined at the time’.

Nevertheless, the general handling of JHA resulted in severe criticism from
both the Commission and Member States, with David Williamson stressing that:

pillar three was extremely badly discussed and badly handled by the
Secretariat General of the Council and the Luxembourg Presidency, who
did not understand that the situation was totally different in relation to
pillar two.\textsuperscript{187}

A possible explanation is that the majority of the negotiators were diplomats who
tended to provide a greater focus on foreign policy than interior affairs. In
addition, CFSP had the benefit of building on the SEA and European Political Co-
operation, whereas pillar three was a new form of co-operation. Accordingly, it
effectively duplicated the procedures involved in pillar two, although the Council
Secretariat doubted whether ‘...it would have been possible to have gone too much
further’.\textsuperscript{188} It considered that while it might have been feasible to have found better
names for common positions or common actions in the third pillar, it was equivocal
as to whether there could have been a greater level of integration, if more time had
been spent on it’.\textsuperscript{189}

Furthermore, certain Member States did not adequately co-ordinate their
internal policy on JHA, resulting in conflicting views often being advanced.
Interior Ministries were not used to dealing with Community affairs, as evidenced
by a Home Office official who stressed that a previous Home Secretary refused to
travel abroad on the grounds that it was not part of his job!\textsuperscript{190} Lack of interest in
EC affairs by Interior Ministries was evidenced within the UK by the Home Office
only establishing a co-ordinating unit for Community affairs in February 1991, as
noted in chapter 2, while at a more general level, Foreign Ministries, in particular
those of France and Germany, were the main driving force behind the
communitarisation of JHA. The tendency for Foreign Ministries to exert a
stranglehold on negotiations sometimes meant other government departments were
not kept properly informed.
Significantly, during a Franco-British Interior Ministry meeting in 1991, discussions were apparently complicated by French officials having not been provided by the Foreign Ministry with the most recent negotiating text. The French text made no, or little reference to JHA issues, which emphasised a plot within the French government to keep the Interior Ministry out of the negotiations. While the problem was solved by the UK team providing their French colleagues with a copy of the text, it demonstrated the extent to which Interior Ministries were sceptical about the communitarisation of interior affairs. For them, this was based on a perception they were responsible for matters of domestic policy, and consequently did not wish to have this area influenced by other Member States. A plurality of views was particularly evident in countries where the Foreign Ministry was considered to be the driving force behind the Community project. By contrast, within the UK, despite the perception of a pro-European FCO (see chapter 2), there was not a gulf of opinion between it and the Home Office. The significance of the French Interior Ministry being brought into the negotiations was that it expressed concerns which lent towards London rather than Paris.

**Conclusion**

Overall, the EPU negotiations were significantly influenced by the Luxembourg April non-paper. By contrast, the Dutch had been completely blown off course in September when they had to revert to the Luxembourg pillar structure. Adoption of the Luxembourg text was an evident relief for the UK, and ensured the suppression of federalist desires. With less than ten weeks until the Maastricht European Council the negotiations focused on what was realistically achievable rather than what was just desirable. This change of tact was a product of Lubbers’ grasp of coalition building, grounded in the Dutch political system (see chapter 3). He was very much more a man of compromise than of principle and, therefore, on the wider issue of the whole aspect of the EPU IGC was prepared to accept some form of leverage to establish a deal. One UK official referred to him as ‘the arch fixer of all times’. Willingness to strike a deal resulted in Dankert being bitterly critical of the EPU talks, coming close to disassociating himself from government policy in the wake of Maastricht. In comparison,
although Lubbers was annoyed with the wider development of the Maastricht Treaty, which resulted in intergovernmental methods of co-operation for CFSP and JHA, in the days after Maastricht the impression obtained by the UK Ambassador to the Netherlands was one of relief that the negotiations had not broken up in failure.  

Apart from the Netherlands, Germany was the key player at Maastricht and had been particularly influential in the weeks prior to it. By late November it appeared Germany would be prepared to adopt a more pragmatic position on EPU as long as it was an interim development, with the condition of a common roof. Kohl gave up his demand of EPU embracing a common policy for interior and legal matters such as immigration, with the Commission given new powers of proposal. In contrast, he apparently accepted the view held by Member States such as the UK, that those issues should be dealt with, at least initially, through greater cooperation among Member States and thereby delaying the development of a common policy. On wider issues, Germany was the swing vote on the pillar structure at the September General Affairs Council, while its support for the principle of subsidiarity greatly assisted UK desires.  

At Maastricht the UK was a more active participant than Germany because the government’s adoption of a negative stance on a majority of topics meant it needed to be able to respond to all policy development. As a result of this John Major dealt with virtually all the UK negotiating points, while in comparison both Kohl and Mitterrand were not so active, the latter being positively sedate. For the UK, in addition to the big policies of subsidiarity and Treaty design, a lot of care went into the opening and closing articles during the negotiations, and at Maastricht itself. In doing so, the government was one of the few delegations which took such care. Others tended to think all that was important was the main text, with the opening and closing articles being formalities. But such articles were clearly crucial, especially for the UK which wanted to ensure all aspects of the Treaty reflected its common objectives, and that a policy in the main text was not contradicted by the preamble. For example, Article E of the TEU disarmed the problem of the single institutional framework by making clear that there are different sort of obligations, ones that devolve from the amendments to the treaties
Section 2: Political Union

on the one hand, and ones that are intergovernmental on the other. Therefore, for the UK it was important when operating under the pillar structure it was different from operating under the Treaty of Rome, as clarified by Article E.200

In sum, on the broad aspects of the EPU negotiations, including Treaty structure, subsidiarity, and to a lesser extent JHA, the government obtained outcomes which satisfied its preferences. Equally, it achieved the replacement of the ‘federal goal’ with ‘This Treaty marks a new stage in the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as closely as possible to the citizen’.201 London, did, however offer movement in its hostility towards the introduction of co-decision, having at first only advocated an increase in the non-legislative powers of the EP. As previously noted in chapter 1:

all Foreign Ministers know that, on almost every issue, they have got to agree in the end. They are condemned to achieve a successful outcome to a Community negotiation, even if they have sometimes made it difficult to present success in the Community other than a failure at home.202

In taking up a different approach the government was blessed both by the failure of the Dutch text in September and backbench concerns about non-substantive issues such as the federal goal. The consequence of the first point was that from October 1991 onwards MPs were prepared to believe that the desires of the federalist Member States had been forestalled. They knew that the Treaty structure would be based on pillars, grounded in intergovernmental co-operation for CFSP and JHA, and accordingly were prepared to trust Major to obtain satisfactory deals on other points (see diagram 5.2 above). More importantly, the cancellation of meetings prior to the launching of the Dutch text allowed the government to rank those issues on which it could offer some flexibility. Therefore, the second factor of MPs focusing on issues which were easier for the government to obtain, such as the federal goal, or those on which an informal deal had been struck, namely a single-currency (opt-out), ensured that it was then easier to sell more unpalatable issues to MPs as part of an overall package. Accordingly, the management of the Party was an important consideration in this equation. But, whereas external domestic factors affected other debates, including the opinion of the CBI and IoD with regard to social policy and EMU, this policy area was primarily the concern of Westminster. As chapter 6 demonstrates, such external
domestic factors added an extra dimension to the formation of government policy, though in the end decisions were dependent upon Cabinet arithmetic rather than broader interest groups. Also, whereas UK negotiators, in particular Kerr, were important to policy such as JHA, their views were less crucial on social policy, where tactical advances were not an important consideration.
Diagram 5.5:
Co-decision procedure

COUNCIL
after receiving EP’s opinion, adopts COMMON POSITION
by QMV on basis of a COMMISSION proposal

EUROPEAN PARLIAMENT

- Approves/ no comment
- Proposes amendments to common position (absolute majority of members)
- Rejects common position (absolute majority of members)

COUNCIL
ADOPTS ACT

5 months: * 3 months: # 6 weeks: =
(the latter two can be extended by 1 month or 2 weeks).

COUNCIL
May convene a single meeting of the CONCILIATION COMMITTEE

EUROPEAN PARLIAMENT

- Proposes amendments to common position (absolute majority of members)
- Rejects common position again (absolute majority of members)

COUNCIL
ADOPTS ACT

ACT IS ADOPTED

OTHERWISE
Conciliation Committee is convened

COUNCIL
Approves all EP amendments by QMV (UNANIMITY for any amendments not approved by Commission

ACT IS ADOPTED

COUNCIL/PARLIAMENT

If both approve a joint text (by QMV and SIMPLE majority respectively)

ACT IS ADOPTED

If either fails to approve

ACT IS NOT ADOPTED

CONCILIATION COMMITTEE

(Council or its representatives and EP: twelve a side)
(Council acts by QMV: EP acts by majority)

- Approves a joint text
- Fails to approve a joint text

COUNCIL

ACT IS ADOPTED

ACT NOT ADOPTED

ACT NOT ADOPTED

FEATS TO ACT
Proposal lapses

COUNCIL

ACT IS ADOPTED

ACT IS NOT ADOPTED

EUROPEAN PARLIAMENT

Rejects this position by an absolute majority of members

147
Diagram 5.6: Co-operation procedure

COMMISSION proposal

COUNCIL
after receiving EP's opinion
adopts COMMON POSITION by QMV

3 months
+ possible
1 month extension

EUROPEAN PARLIAMENT

Approves/no comment
Proposes amendments to common position (absolute majority of members)
Rejects common position (absolute majority of members)

COUNCIL
ADOPTS ACT

1 month

COMMISSION
Reviews EP amendments and may issue REVISED PROPOSAL

COUNCIL
May readopt common position, or revise it, by unanimity

3 months
+ possible
1 month extension

COUNCIL
Adopts REVISED PROPOSAL by QMV
Adopts EP AMENDMENTS not approved by COMMISSION by UNANIMITY
Amends COMMISSION'S revised proposal by UNANIMITY

ACT IS ADOPTED
Section 2: Political Union

• Notes

3. Interview: former Luxembourg PermRep official.
13. Interview: David Williamson.
14. Ibid.
15. Interview: former Luxembourg PermRep official.
20. The notable development at the Council meeting was Germany’s proposal on JHA. Germany (1991) ‘Future common actions on home affairs and judicial co-operation’.
25. Interview: P. Nieman.
30. Ibid., p.255.
31. Correspondence: P. Nieman.
32. Interview: various FCO officials.
34. Interview: P. Nieman.
35. Ibid.
36. Ibid.
37. Interview: Tristan Garel-Jones.
38. Interview: former FCO Minister.

40. Interview: Tristan Garel-Jones.


42. Netherlands (1991d) 'The Dutch Draft Treaty'.

43. Ibid., Article 1.

44. FT, 28/9/1991.

45. Interview: P. Nieman.


50. Interview: former FCO official. Also Europe, No.5579, 2/10/1991, p.4.


53. It should be noted that the poor relationship between the Netherlands and Germany, as a result of the former’s negative position on German re-unification, was subsequently emphasised by Kohl refusing to support Lubbers candidature for President of the Commission.

54. Interview: former Council Secretariat official.


56. Interview: former UK PermRep official.

57. FT, 1/10/1991.


59. Interview: Commission official.

60. Interview: P. Nieman.


63. Interview: former Luxembourg PermRep official. The Independent, 2/10/1991. UK considered the Luxembourg draft went too far on closer defence co-operation in WEU, social policy, voting rights for non-nationals in local and European elections and co-decision for the EP.

64. The Independent on Sunday, 20/10/1991.

65. The Times, 9/10/1991. UK negotiating line was predominantly supported by the public. 67% of all political party supporters trusted Major’s stance on Europe in a Gallup poll between 25 June and 1 July. The Guardian, 14/11/1991.


68. Hurd (1991c) Hurd Calls for Realistic Expectations at Maastricht, p.3.


70. Delors, op cit., p.197.


74. Delors, op cit., p.196.


76. The concept of a democratic deficit (legitimacy) is expanded upon in evidence provided by Glyn Ford MEP, and Sir Christopher Prout MEP, in evidence to the House of Lords Select Committee on the European Communities. House of Lords (1990-91) Select Committee on the European Communities, Political Union, paras 85-6, pp.22-3. A good review of the EP
Section 2: Political Union


80. Commission (1990a) 'The Community and German re-unification'.
81. France (1990b) Kohl-Mitterrand Letter to Andreotti'.
84. Belgium (1990) 'Belgium Memorandum on Institutional Relaunch'.
85. Netherlands (1990) 'Ruud Lubbers and Hans van den Broek letter to Mr Giulio Andreotti'.
86. Greece (1990) 'Greek Memorandum'.
87. This point was emphasised by Sir Ivan Lawrence in an article which he wrote for his local constituency newspaper. Correspondence with Sir Ivan Lawrence, 6/2/1995. Other UK institutional proposals included the right of petition and the creation of a community ombudsman.
88. European Council (1990d) 'Conclusions of the Presidency, Rome European Council, 14-15/12/1990'.
89. Ibid.
90. France wanted to support Germany to ensure the objective of EMU was established.
91. Luxembourg (1991b) 'Draft Treaty articles with a view to achieving Political Union'. The text was initially published in French on 16/4/1991 in *Europe Documents* No.1705 and 1706.
92. Joint declaration on the European Paramount issued by Gianni De Michelis and Hans-Dietrich Genscher. *Europe*, No.5469, 11/4/1991, p.3. It noted that: 'It is no longer admissible that the Institution...be kept on the edge of the legislative process' and stated that '...the European Parliament must enjoy...the right of own initiative...', paras 2 and 3 respectively.
93. This was noted in the French translation of the Presidency non-paper. *Europe Documents*, No.1705, 16/4/1991, p.1. The loi was essentially the name to be given to an act under the proposed co-decision procedure, with the Presidency viewing it in the form of a regulation rather than, for example, a directive, which sets out the objective and leaves Member States to prescribe the means. For what the concept of the loi referred to see Michael Jay's comments in House of Lords (1990-91) *Political Union*, para.28, p.10.
94. Commission (1991b) 'Draft Treaty articles with a view to achieving Political Union'.
95. These four areas were later amended by the time of the June text to include trans-European networks.
96. Luxembourg (1991b) 'Draft Treaty articles with a view to achieving Political Union'.
100. Michael Jay's comments in House of Lords (1990-91) *Political Union*, para.28, p.10.
101. The government considered it would be easier to 'sell' such a policy to backbench MPs, because Thatcher had accepted the co-operation procedure, and she was portrayed as the arch defender of sovereignty.
102. Michael Jay's comments in House of Lords *Political Union*, (1990-91) para 38, p.11.
103. Hurd (1991b) *House of Commons Official Report*, c.1016. This approach smacked of a desire to divide any institutional unity between the Commission and EP, while the EP's focus on analysing the Commission would possibly dilute its ability to advocate wider-ranging concepts of integration.
Political Union Negotiations

107. This attempt to keep MPs in the ‘dark’ over the negotiations was further emphasised by Emma Nicholson. Nicholson (1996) Secret Society, pp.139 and 169.
109. See appendix 14, question 4.
111. Empowerment and Constraint, op cit., p.204.
113. See House of Commons debate on the outcome of the Luxembourg European Council on 1/7/1991. House of Commons Official Report, vol.194, c.21-41. The government’s negotiating position received support from Sir Peter Blackwell (c.25); Hugh Dykes (c.28); Anthony Nelson (c.29); Ian Taylor (c.30); John Butterfill (c.32); Alan Haselhurst (c.33); Anthony Meyer (c.35); John Greenway (c.39); Simon Burns (c.40); and David Sumberg (c.40).
119. Interview: former No.10 Office official.
121. FT, 10/9/1991, p.3.
122. FT, 29/10/1991, p.3.
125. This alteration in the EP’s powers did not receive favour amongst MEPs. ‘The European Parliament and European Political Union’, op cit., p.221.
131. FT, 30/10/91, p.2.
132. Interview: former UK PermRep official.
136. In a Parliamentary debate on 20 November Major stressed that ‘we will not therefore accept a treaty which describes the Community as having a Federal vocation. Such a Community will not succeed’. House of Commons Official Report, vol.199, 20/11/1991, c.275.
Section 2: Political Union

140. Interview: MoD official.
142. Private interview.
145. Interview: FCO official.
152. Germany (1990a) 'Kohl-Mitterrand Letter to the Irish Presidency'.
153. Germany also advocated the creation of a EUROPOL organisation which would have the ability to gather intelligence. Rapport sur l’Union Politique, op cit., p.4.
169. Interview: former Luxembourg PermRep official.
171. Interview: Council Secretariat official.
173. Europe, No.5462, pp.4-5.
180. For a review of UK objectives on subsidiarity up to the end of June 1991, see comments made by Martin Eaton, Legal Counsellor in the FCO, in evidence to the House of Lords Select Committee on the European Communities (House of Lords, 1990-91: paras 57-8, pp.15-6).


182. Treaty on European Union, Article 3b.

183. Interview: Treasury solicitor.


185. While asylum policy, which was dear to the aims of Germany, remained intergovernmental in nature, a declaration was annexed to the Treaty providing Member States with the ability to consider priority questions relating to asylum with the aim of adopting a common action to harmonise certain aspects of their policies by the beginning of 1993.


187. Interview: David Williamson.

188. Interview: former Council Secretariat official.

189. Ibid.

190. Interview: Home Office official.

191. Ibid.


195. Interview: former FCO official.

196. Ibid.

197. Ibid.


201. European Council (1992) Treaty on European Union, Article A.


204. Ibid., p.19.
Chapter 6:

Social Policy Negotiations

- Historical dimension
- Core negotiations
- Maastricht European Council
- Conclusion
- Table 6.1: Employment Workforce: Employees in Employment in Great Britain
- Table 6.2: Inward Direct Investment
- Table 6.3: Trades Unions in the United Kingdom
- Table 6.4: Member States’ Positions on extended QMV competence in social affairs
- Notes

We knew from the beginning that the Social Chapter would be a difficult area for the UK, but towards the end of the negotiations we were optimistic that it would be possible to find a way through. We hoped the UK would embrace a deal laid down by Lubbers as a compromise. The eleven Member States would accept that we needed greater clarity about what the real competences of the Community were. So the attempt was to define much more strictly what was in Article 118A, with the UK accepting the other parts of the Social Chapter. This strategy was effectively blocked by what happened inside the Conservative Party at the end of the negotiations. One of the feelings was that Major would have been receptive to this approach, but was hampered by Conservative MPs.

(Interview: former Council Secretariat official)

We have seen in previous chapters the general aims of the government in the field of EPU and the structures through which the latter were co-ordinated. This, and subsequent chapters provide specific subject analysis, starting with an examination of social policy and thereafter moving onto CFSP and EMU. Whereas analysis of EMU, and CFSP in particular, utilises concepts of domestic politics and two-level game playing, this chapter pays attention to the former. As previously emphasised, the government’s decision not to put forward proposals on social policy was a conscious one. Ministers considered that any attempt to amend texts through a UK draft would not lead to a satisfactory document.¹ A former member of the European Secretariat stressed: ‘from the outset it was clear that social policy was going to be extremely difficult because Ministers did not want to move any further.’² Government objectives were based on attempting to get other Member States to express reservations over social policy regulations, particularly poore
countries, including Portugal and Spain, who would be likely to suffer adverse economic difficulties by losing a competitive advantage of lower labour costs.

The outcome was a refusal by London to accept even a watered down Social Chapter at the December 1991 Maastricht European Council. The consequence of this was for a Social Agreement to be attached to the Treaty, backed up by a Social Protocol. The other eleven Member States could, with the exception of the UK, take acts and decisions among themselves and apply them as far as they were concerned. Any resulting acts would not be applicable to the UK (in principle), and implementation costs would not be borne by UK tax-payers. John Major viewed this as a success because it enabled UK social policy to progress at a rate defined by Westminster and not Brussels. In the aftermath of the European Council meeting, he stated that:

What we have refused to accept is that....the Community should intrude itself into aspects of social policy best decided nationally. This Government will not support proposals which would destroy jobs by imposing damaging costs on British industry. It is companies who know best how much they can afford in relation to their competitors and not the social affairs directorate in Brussels.

The decision by London not to compromise pushed the European Council meeting to the brink of collapse. Mitterrand was ready to depart, his car waiting to take him to the airport, while in the wake of the UK 'no' Tristan Garel-Jones 'thought that that was the end of the negotiation, as it had all collapsed'. Yet, the elevation of social policy into a 'make-or-break' topic only became apparent during the endgame. In no sense had any of the other Member States considered at the outset that this would occur. EMU, CFSP, JHA, the structure of the Treaty, and institutional reform were perceived by the majority of negotiators to be more important. Social policy did not dominate the work of personal representatives. The German Foreign Ministry concentrated on the single currency and strengthening the EP, while France's attention was directed towards the single currency and CFSP. A German official involved in this subject matter noted that 'it was clear from the outset that social policy would not play a dominant role. It only played a major role in the end as a result of the UK'. Accordingly, to understand why London adopted a position of no compromise, it is necessary to chart the
progress of the negotiations throughout 1991, as well as the fraught historical dimension of UK (Conservative) opposition to wide-ranging social policy regulation at the Community level.

This chapter demonstrates that London’s refusal to accept the Social Chapter was not solely because of content, but rather the product of four main factors. First, it contradicted many of the labour market reforms imposed by the Conservative government since 1979, namely reducing trade union power and creating greater labour flexibility, with a corresponding increase in part-time employment (see tables 6.1 and 6.3). Douglas Hurd noted that:

> We do not intend to have our advances of the last decade - which, heaven knows, were hard won - thrown into confusion....We do not intend to see them thrown away by an ill-judged attempt to force industrial relations practices throughout the Community into a straitjacket.

London considered any attempt to impose constraints on the labour market would reduce flexibility, thereby affecting the competitiveness of the economy, and consequently hindering inward investment - of which the UK had the greater proportion within the Community, particularly from Japan (see table 6.2).

### Table 6.1:

<table>
<thead>
<tr>
<th>Year</th>
<th>Male (All)</th>
<th>Male Part-time</th>
<th>Female (All)</th>
<th>Female Part-time</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979 Dec.</td>
<td>13,181</td>
<td>9,544</td>
<td>22,724</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980 Dec.</td>
<td>12,641</td>
<td>9,269</td>
<td>21,910</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981 Dec.</td>
<td>12,031</td>
<td>9,052</td>
<td>21,083</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982 Dec.</td>
<td>11,638</td>
<td>8,848</td>
<td>20,486</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983 Dec.</td>
<td>11,688</td>
<td>9,067</td>
<td>20,755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984 Dec.</td>
<td>11,715</td>
<td>9,240</td>
<td>20,956</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985 Dec.</td>
<td>11,712</td>
<td>832</td>
<td>21,146</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986 Dec.</td>
<td>11,604</td>
<td>866</td>
<td>21,224</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987 Dec.</td>
<td>11,682</td>
<td>921</td>
<td>21,562</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988 Dec.</td>
<td>11,719</td>
<td>903</td>
<td>22,073</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989 Dec.</td>
<td>11,743</td>
<td>935</td>
<td>22,560</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990 Dec.</td>
<td>11,652</td>
<td>1,067</td>
<td>22,216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991 Dec.</td>
<td>10,740</td>
<td>1,108</td>
<td>21,055</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Workforce in employment plus claimant unemployed (thousands). Unadjusted for seasonal variation.

Secondly, John Major was unable to impose policy on the rest of his Cabinet colleagues. While he could disregard the views of certain Cabinet Ministers who were coming to the end of their political career, he was not able to do likewise with
Section 2: Political Union

those who were likely to accede to senior positions, and even possibly challenge for the leadership - as well as representing particular sections of support within the wider Parliamentary Party. A Minister with high political standing could therefore both pressurise for and oppose greater engagement with Member states. In this context, the Secretary of State for Employment, Michael Howard, exerted greater influence than his Cabinet position merited. This enabled him to determine developments within social policy. As the same time, he was supported by the equally sceptical Peter Lilley at the Department for Trade and Industry. Thus, while the left of the Party influenced foreign policy (Hurd), the right of the Party influenced employment and industrial policy (Howard and Lilley).

Thirdly, the Ministerial team within the Department for Employment was broadly Eurosceptic, and not prone to favouring the views of Brussels. Howard monopolised debate within the Department, as well as the organisation of policy development. He was accordingly able both to utilise the resources of the Department to defend his policy line, and convince Cabinet and Parliamentary colleagues of the pitfalls of other Member States proposals. According to a Department for Employment official, 'Howard was forever reminding his colleagues that labour market reform had been a major achievement of government in the 1980s'. This was a more significant factor in the post-Thatcher era, where Major allowed Ministers a greater degree of authority over Departmental briefs. Hence, Howard's influence was considerable, being able to influence UK responses to Community developments on social policy matters. He could also shape the direction of work officials embarked upon, of which he was less interested in participating in discussions with his continental counterparts.

Finally, internal divisions within the Conservative Party and the prospect of a general election, meant it was 'easier' for MPs to unite behind social policy rather than other IGC topics. Concepts such as foreign policy, interior affairs, and institutional reform were more difficult for the wider public to grasp. By contrast, social policy, wrapped in the Thatcherite ideology of free enterprise and job creation versus regulation and possible unemployment, was a more straightforward fight, and one for which sceptics could rally around. This, combined with policy being directed by a Eurosceptic Cabinet Minister, provided MPs with a direct route
Social Policy Negotiations
to the policy-making process, while Ministerial influence brought with it the
resources of paper gathering and research experience. Furthermore, whereas the
other central Ministerial actors of Hurd, Lamont, Major and Patten, had greater
pressures on their time, the lack of focus attached to social policy for a great deal
of the IGC, gave Howard an ability to spend more time cultivating opposition.
This contrasted with that of Baker at the Home Office who was not able to effect
the policy outcome in the same manner (see chapter 5).

• Historical dimension
The appointment of Jacques Delors as President of the Commission in 1985
installed a new sense of dynamism in the Community, marked by the completion of
the SEA and creation of the single market. They were primarily economic
objectives, references to social policy only being included in Articles 118A and
118B of the SEA, with the strengthening of economic and social cohesion noted in
Article 130A. Limited application was the result of minimalist Member States
(UK and Ireland) not wanting the Community to make major inroads into what
they perceived to be national policy matters. However, the further development of
the internal market and the restructuring of the European labour market, most
markedly in the UK (see table 6.1), added further weight to claims by maximalist
Member States for the Community to adopt uniform social standards. National
interest was the primary motivating factor. Belgium, France and Germany
considered the accession of Spain and Portugal would lead to inequalities of social
provision within the Community. Accordingly, lower levels of social provision in
some Member States would insert imbalances into the economic (and social)
structure of the Community, resulting in companies ‘chasing’ cheaper labour costs.
To avoid a scenario of social dumping they promoted the introduction of
Community-wide social policy regulations.

London was, however, unwilling to accede to the views propagated by its
maximalist Community partners. While it accepted ‘...the need for proper
standards of social provision to underpin the single market’ it was ‘...not prepared
to see Community competence spread into industrial relations’, with a resulting
increase in UK labour costs. Economic competition therefore included a social
Section 2: Political Union

dimension. For Thatcher, the issues were not separate. She was prepared to challenge on both grounds of productivity and a flexible labour force. The restructuring of the domestic labour market, marked by a move towards part-time labour (table 6.1), had brought with it a more flexible workforce, and ergo greater competitiveness. Consequently, London expressed its objection to the 3 August 1990 draft directives on ‘Atypical’ workers, and the September 1990 Draft Directive on the Organisation of Working Time.

The perceived wisdom within Whitehall was that directives on part-time work would be disadvantageous to the UK economy by increasing unemployment among sectors of the population who benefited from the flexibility of part-time and temporary contracts, such as females and the disabled. Hours of work were consequently regarded as domestic matters for negotiation between employers and employees, and not Brussels. According to the then Parliamentary Under-Secretary of State for Employment, Eric Forth, such matters ‘...are best left to individual Member States to decide’. Flexibility was perceived as a major factor in helping the UK attract the greatest percentage of all inward investment into the Union (table 6.2). London was accordingly concerned that unless it was able to have an unrestricted labour market, investment would go to other countries.

<table>
<thead>
<tr>
<th>Year</th>
<th>UEBL</th>
<th>DK</th>
<th>D</th>
<th>GR</th>
<th>E</th>
<th>F</th>
<th>IRL</th>
<th>I</th>
<th>NL</th>
<th>P</th>
<th>UK</th>
<th>EU12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>311</td>
<td>102</td>
<td>582</td>
<td>50</td>
<td>222</td>
<td>583</td>
<td>31</td>
<td>593</td>
<td>525</td>
<td>0</td>
<td>1455</td>
<td>4455</td>
</tr>
<tr>
<td>1971</td>
<td>429</td>
<td>120</td>
<td>1071</td>
<td>40</td>
<td>192</td>
<td>463</td>
<td>24</td>
<td>499</td>
<td>565</td>
<td>0</td>
<td>170</td>
<td>5105</td>
</tr>
<tr>
<td>1972</td>
<td>359</td>
<td>146</td>
<td>1722</td>
<td>49</td>
<td>239</td>
<td>519</td>
<td>28</td>
<td>557</td>
<td>539</td>
<td>65</td>
<td>107</td>
<td>5299</td>
</tr>
<tr>
<td>1973</td>
<td>575</td>
<td>172</td>
<td>1625</td>
<td>50</td>
<td>317</td>
<td>916</td>
<td>43</td>
<td>499</td>
<td>689</td>
<td>77</td>
<td>2211</td>
<td>7174</td>
</tr>
<tr>
<td>1974</td>
<td>901</td>
<td>0</td>
<td>1786</td>
<td>56</td>
<td>300</td>
<td>1550</td>
<td>43</td>
<td>495</td>
<td>813</td>
<td>89</td>
<td>3701</td>
<td>9734</td>
</tr>
<tr>
<td>1975</td>
<td>744</td>
<td>215</td>
<td>556</td>
<td>20</td>
<td>549</td>
<td>1170</td>
<td>128</td>
<td>509</td>
<td>788</td>
<td>93</td>
<td>270</td>
<td>7474</td>
</tr>
<tr>
<td>1976</td>
<td>711</td>
<td>-169</td>
<td>195</td>
<td>274</td>
<td>426</td>
<td>926</td>
<td>155</td>
<td>86</td>
<td>317</td>
<td>56</td>
<td>267</td>
<td>6654</td>
</tr>
<tr>
<td>1977</td>
<td>978</td>
<td>66</td>
<td>852</td>
<td>340</td>
<td>531</td>
<td>1544</td>
<td>119</td>
<td>1001</td>
<td>263</td>
<td>51</td>
<td>393</td>
<td>9638</td>
</tr>
<tr>
<td>1978</td>
<td>1018</td>
<td>69</td>
<td>1278</td>
<td>335</td>
<td>916</td>
<td>1926</td>
<td>295</td>
<td>400</td>
<td>472</td>
<td>52</td>
<td>2979</td>
<td>9740</td>
</tr>
<tr>
<td>1979</td>
<td>734</td>
<td>75</td>
<td>1270</td>
<td>446</td>
<td>1020</td>
<td>1987</td>
<td>246</td>
<td>262</td>
<td>913</td>
<td>58</td>
<td>4728</td>
<td>11739</td>
</tr>
<tr>
<td>1980</td>
<td>1118</td>
<td>77</td>
<td>306</td>
<td>481</td>
<td>1075</td>
<td>2393</td>
<td>206</td>
<td>423</td>
<td>1431</td>
<td>114</td>
<td>7295</td>
<td>14919</td>
</tr>
<tr>
<td>1981</td>
<td>1240</td>
<td>90</td>
<td>288</td>
<td>466</td>
<td>1535</td>
<td>2178</td>
<td>184</td>
<td>1021</td>
<td>1309</td>
<td>157</td>
<td>5317</td>
<td>13785</td>
</tr>
<tr>
<td>1982</td>
<td>1548</td>
<td>138</td>
<td>830</td>
<td>448</td>
<td>1831</td>
<td>1590</td>
<td>247</td>
<td>651</td>
<td>867</td>
<td>149</td>
<td>5288</td>
<td>13587</td>
</tr>
<tr>
<td>1983</td>
<td>1497</td>
<td>72</td>
<td>1996</td>
<td>493</td>
<td>1829</td>
<td>1829</td>
<td>190</td>
<td>1336</td>
<td>824</td>
<td>159</td>
<td>583</td>
<td>16098</td>
</tr>
<tr>
<td>1984</td>
<td>524</td>
<td>12</td>
<td>702</td>
<td>618</td>
<td>2254</td>
<td>2798</td>
<td>151</td>
<td>1641</td>
<td>744</td>
<td>249</td>
<td>-266</td>
<td>9427</td>
</tr>
<tr>
<td>1985</td>
<td>1354</td>
<td>0</td>
<td>772</td>
<td>588</td>
<td>2565</td>
<td>2923</td>
<td>210</td>
<td>1331</td>
<td>815</td>
<td>333</td>
<td>631</td>
<td>17202</td>
</tr>
<tr>
<td>1986</td>
<td>703</td>
<td>0</td>
<td>1093</td>
<td>477</td>
<td>3502</td>
<td>2792</td>
<td>44</td>
<td>-41</td>
<td>2416</td>
<td>243</td>
<td>722</td>
<td>18368</td>
</tr>
<tr>
<td>1987</td>
<td>2033</td>
<td>0</td>
<td>1649</td>
<td>592</td>
<td>3961</td>
<td>4000</td>
<td>77</td>
<td>3522</td>
<td>2003</td>
<td>276</td>
<td>12378</td>
<td>30491</td>
</tr>
<tr>
<td>1988</td>
<td>4292</td>
<td>425</td>
<td>958</td>
<td>767</td>
<td>5938</td>
<td>6092</td>
<td>77</td>
<td>5784</td>
<td>3427</td>
<td>780</td>
<td>1530</td>
<td>43845</td>
</tr>
<tr>
<td>1989</td>
<td>6420</td>
<td>989</td>
<td>6106</td>
<td>683</td>
<td>7650</td>
<td>8704</td>
<td>77</td>
<td>2286</td>
<td>5594</td>
<td>1417</td>
<td>26095</td>
<td>66075</td>
</tr>
</tbody>
</table>

Including intra-Community investment and, for some countries, reinvested profits. # Units: Million ECU

DK = Denmark; D = Germany; GR = Greece; E = Spain; F = France; IRL = Ireland; I = Italy; NL = Netherlands; P = Portugal; UK = United Kingdom; UEBL = Belgium and Luxembourg economic union.

160
This position was borne out of the fresh approach to UK industrial relations which the Conservative Party brought to government in 1979. A desire for free competition manifested itself into a reduction in the power of trade unions through the deregulation of industrial practices. Policy was influenced by trade unions appearing to have exceeded their power during the 1978-79 winter of discontent, which had the effect of hardening Conservative thinking on trade union reform, even among so-called ‘wets’. Moreover, in conjunction with the Confederation of British Industry (CBI), the Trades Union Congress (TUC) had participated with the government in an effort to manage the economy, of which prices and incomes policy became the centrepiece of the ‘social partners’ efforts. Consequently, as a result of the general economic malaise within the UK economy during the 1970s, a consistent theme of the subsequent Thatcher government was that ‘corporatism’ contributed to poor economic performance. Thus, industrial relations reform became a central pillar of Conservative policy under Thatcher, in the end proving to be one of her most enduring legacies. This, combined with a change in the industrial base of the economy, including a shift away from full-time manufacturing to part-time service sector employment, influenced a decline in the number and membership of trade unions, as illustrated in table 6.3, while the government did not openly court the opinion of interest groups, including the CBI.

Table 6.3:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Trade Unions</th>
<th>Membership*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>481</td>
<td>12,846</td>
</tr>
<tr>
<td>1978</td>
<td>462</td>
<td>13,112</td>
</tr>
<tr>
<td>1979</td>
<td>453</td>
<td>13,289</td>
</tr>
<tr>
<td>1980</td>
<td>438</td>
<td>12,947</td>
</tr>
<tr>
<td>1981</td>
<td>414</td>
<td>12,106</td>
</tr>
<tr>
<td>1982</td>
<td>408</td>
<td>11,593</td>
</tr>
<tr>
<td>1983</td>
<td>394</td>
<td>11,236</td>
</tr>
<tr>
<td>1984</td>
<td>375</td>
<td>10,994</td>
</tr>
<tr>
<td>1985</td>
<td>370</td>
<td>10,821</td>
</tr>
<tr>
<td>1986</td>
<td>335</td>
<td>10,539</td>
</tr>
<tr>
<td>1987</td>
<td>330</td>
<td>10,475</td>
</tr>
<tr>
<td>1988</td>
<td>315</td>
<td>10,376</td>
</tr>
<tr>
<td>1989</td>
<td>309</td>
<td>10,158</td>
</tr>
<tr>
<td>1990</td>
<td>287</td>
<td>9,947</td>
</tr>
<tr>
<td>1991</td>
<td>275</td>
<td>9,585</td>
</tr>
<tr>
<td>1992</td>
<td>268</td>
<td>9,048</td>
</tr>
</tbody>
</table>

*At end of year.
*Membership in Thousands.
Restricted by the limited provisions of the SEA, maximalist Member States attempted to utilise provisions in the latter for qualified majority voting (QMV) in Articles 100A and 118A (health and safety measures) to conquer UK obstruction. London opposed such tactics, which Ministers perceived to be a misuse of existing Treaty text, and further rejected Commission proposals for greater legislation on employment matters each time they reached Council. As Charles Grant notes, 'Nothing did more to turn Britain's Conservative Party against the Commission’s plans for a social dimension than its cavalier approach to the legal base of its proposals'. Use of the veto hijacked the Community's ability to pass social legislation, with the Thatcher government rejecting the non-binding Recommendation on the Reorganisation of Working Time despite the proposal having been modified to take into account opposition to an earlier draft.

British obstruction, combined with the desire of Belgium, France, Germany, Luxembourg and the Netherlands to advance Community regulation of social affairs, resulted in a more vocal and proactive campaign, principally by the Commission. A European Social Space was proposed by Delors in 1986, while he advocated that the Single European Market had to have a guarantee of existing social rights and freedoms at the May 1988 European Trade Union Confederation (ETUC) Stockholm Congress. Later he stressed social objectives of the Single European Market should have the same priority as its economic goals, while in September 1988 he addressed the UK Trades Union Congress. UK Ministers were predictably furious about the latter, when they in effect took him to be saying 'I know you don't like the labour policies of the present UK government, but don't worry because the Community is going to take over this area and we'll see you all right'.

Community leaders, with the exception of Thatcher, agreed upon the need for a social action programme at Hanover in June 1988, a theme aided by the subsequent Greek and Spanish presidencies both emphasising the importance of cohesion policy. The primary motivation was a desire to assist the ordinary citizen. This concept was, however, less strong in Member States where there were tangible signs of the benefits of EC membership, e.g. through structural funds expenditure. British Ministers were hardly interested, believing the unpopularity of the EC to be
due to its policies, such as the Common Agricultural Policy (CAP), and the size of its net budget contribution.\textsuperscript{38}

Thatcher's reticence to accept a social dimension to the Community was further illustrated by her opposition to the Commission's May 1989 preliminary draft of the Social Charter.\textsuperscript{39} This was despite the Social Affairs Commissioner, Vasso Papandreou, giving an assurance it would only constitute 'a political commitment, not a legal obligation'.\textsuperscript{40} But, the Commission transformed many of its principles into binding requirements when it published its 'Action Programme' in November 1989.\textsuperscript{41} This included 47 proposals, 17 of which were new directives, which by their very status would be binding on the UK as they would have to be absorbed into national legislation, with the aim of implementation by January 1993. London expressed disapproval over such initiatives by opposing the Social Charter at the December 1989 Strasbourg European Council.\textsuperscript{42} It was portrayed as 'Socialism by the back door', while Ministers claimed it contradicted domestic labour market reforms (see tables 6.1 and 6.3). The then Prime Minister, Margaret Thatcher, '...considered it quite inappropriate for rules and regulation about working practices or welfare benefits to be set at Community level' as it represented an increase in the powers of the Community.\textsuperscript{43}

Consequently, the government's position was not just based on arguments about economic competitiveness. More significant and tangible factors such as the intrusion of Community policy into UK domestic affairs, conjured up visions of sovereignty being usurped by Brussels. Domestically, this stance was also wrapped up in the context of Conservatism (Thatcherism) versus Socialism. At the Community level, Delors, a former Cabinet Minister in Mitterrand's Socialist government, was the main driving force, while London's defence of 'capitalist' values had been strengthened by the Socialist victory in the 1989 European Parliament elections. Yet, as the Community approached the convening of the negotiations the UK position of outright hostility was increasingly under pressure. This was the product of various factors, most notably the advocacy by some Member States (and the Commission) through IGC proposals, that QMV should be applied to all social matters.\textsuperscript{44} Within the Conservative Party, the events of Autumn 1990 onwards, including the replacement of Thatcher by Major, meant London's
opposition to social policy was no longer steeped in the same ideological baggage. Major was a manager rather than an ideologist. His own position not tainted by Thatcher’s unbending adherence to sovereignty. As chapter 5 illustrated, he was prepared to accede to greater powers for the EP, something which countered Thatcher’s natural instincts.

More significantly, although the Cabinet formed by Major was essentially that inherited from Thatcher, it included Michael Heseltine, who helped bring Thatcher down and was responsible for replacing the poll tax, a policy inextricably linked to Thatcher. In 1989 he had launched his own alternative manifesto pertaining to a more positive UK role in Europe, while the crucial post of Party Chairman was filled by Chris Patten. As a proponent of the social market model, which was equally supported by Sarah Hogg, he advocated UK accession to (certain) social provisions as part of a reorientation of the Conservative Party towards Europe, so creating a notable difference between the Major and Thatcher government’s. It equally represented an attempt to establish a perception of a more caring government, borne out of electoral consideration.

Nevertheless, Major’s Achilles heel was the position of Michael Howard as Secretary of State for Employment and Peter Lilley as Secretary of State for Trade and Industry. As convinced Eurosceptics both were against the introduction of a Community social dimension. Between them there existed an implicit duel for the Eurosceptic pole position within Cabinet, and moreover as the defender of Thatcherism. For instance, Howard, who had been responsible for poll tax legislation, became its staunchest defender within Cabinet after Thatcher’s demise, which signified a further division between him and the Major/Patten/Heseltine axis. Much to Howard’s annoyance, Lilley had parachuted into a higher ranking Cabinet post after him. The politics of this duel and Major’s inability to impose policy on Cabinet, rather than the Parliamentary Party, for fear of a split, determined the position adopted by the UK on social policy at Maastricht.
Social Policy Negotiations

- **Core negotiations**

Despite the attention social policy received at the Maastricht European Council in December 1991, it was not a significant subject in the earlier part of the negotiations, signified by the lack of press coverage. It was also unique in the numerous actors which had an influence on government policy. While CFSP was ostensibly a FCO/MoD matter, with EMU dominated by the Treasury, a greater number of government departments had a more direct influence on social affairs, including the Department for Trade and Industry, Foreign and Commonwealth Office, and Department for Employment, although the opinion of the latter determined the government’s position. Interest groups also exercised influence to a limited extent, including the TUC, CBI and Institute of Directors (IoD). Such activity also demonstrated the differing governing style of Major in comparison to Thatcher. As previously noted, Major conducted Cabinet decision-making in a more consensual manner, which accordingly spilled over into the wider remit of policy reform. For instance, while Major was immediately aware of the need to replace the poll tax, which had been hatched by Thatcher within Downing Street with very little influence by pressure groups, he expressed the necessity of consultation to ensure that a more palatable formula was developed. Equally, he was the first Prime Minister since the pre-1979 Labour government to appoint a Royal Commission, the task of which would be to examine the criminal justice system. Thus, a change of direction in which policy was conducted also suggested that interest groups would play a more active and direct route in influencing the affairs of government.

Of these, the TUC was the most vociferous in advocating UK accession to Community social policy regulation, primarily as a means of alleviating the labour market changes made by the Thatcher government. In promoting this policy the TUC benefited from its general secretary, Norman Willis, being elected president of the ETUC in May 1990. But, advocacy of a European dimension challenged London’s preference for restricting the transfer of power. In contrast to this interventionist stance, the IoD tended to mirror government policy. It had consistently argued against the transfer of decision-making power to Brussels, was consequently opposed to the introduction of a social dimension, and was not
Section 2: Political Union

concerned about London not engaging in the debate. This was partly a manifestation of it representing businesses which were not deeply intertwined with European policy, and sharply contrasted with CBI preferences. It was a broad church, and not dominated by ‘small’ businesses which represented the majority of IoD members. Instead, its members included large multinational corporations, inextricably intertwined with Europe. Accordingly, its policies were far more pragmatic and therefore favoured constructive UK engagement, fearful of the effects of isolation. Davies comments that Thatcher’s ‘...distrust of foreigners in general and of the European Community in particular.... was always evident. Some of her most important business supporters, however, were happy to widen their horizons’. The CBI considered it was essential for employers to influence policy if such a route was adopted, a view equally advocated by UNICE, the EC employers federation. The effect of a pragmatic, consensus seeking approach was to increase the scepticism with which it was held within the Conservative Party. As Wyn Grant notes:

...there was a deep suspicion of the CBI under the Conservative Government. ... The Thatcher government often seemed to prefer to listen to the Institute of Directors which was closer to the Government’s approach to economic policy. Matters were not helped by the breadth of the CBI’s membership, ranging from large industrial firms to retail chains and from leading financial institutions to small manufacturing companies.

Interest group pressure did not, however, have an initial impact in framing government policy. Rather, policy was decided by the Department for Employment and FCO, with the Cabinet Office occupying the position of independent referee. In the absence of a UK proposal, policy actors established strategic objectives. First, the government did not want to provide trade unions with a fresh role in the policy-making process, having already reduced their power within the UK. London was against an enhancement in the standing of the European Social Partners, and consequently did not want to provide employees with a direct route of influence. Second, in accordance with the objective of limiting the competences to be transferred to Brussels, London wanted to specifically detail those policy areas to be dealt with at the Community level. This was to ensure that vagueness in policy drafting did not result in a creeping
Social Policy Negotiations

extension of Community influence. Third, it demanded the concept of subsidiarity to be enshrined in the Treaty to ensure that only those areas not applicable to domestic governance should be dealt with by the Community (see chapter 5). Finally, London was vehemently against any alteration in institutional arrangements pertaining to majority voting, a point specifically expressed at the 13-14 May Brussels General Affairs Council. Of the other actors, the primary proponents of more majority voting in the social field were the Commission and EP. Most Member States were broadly in favour of an increased Community dimension in social affairs, with Ireland, Portugal and Spain being slightly more cautious, the latter two advocating greater economic and social cohesion (see table 6.4). For them, it was a familiar tone to the positions they adopted throughout the IGC; the price of giving support to the project was a guarantee of monetary assistance - a trade-off particularly apparent on EMU (see chapter 9). Thus, social policy was essentially divided between two different poles: the UK on one side and the Commission on the other, with the preponderance of other Member States gravitating towards the latter.

Table 6.4:
Member States’ positions on extended QMV competence in social affairs

<table>
<thead>
<tr>
<th>Country</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>For</td>
</tr>
<tr>
<td>Denmark</td>
<td>For</td>
</tr>
<tr>
<td>France</td>
<td>For</td>
</tr>
<tr>
<td>Germany</td>
<td>For</td>
</tr>
<tr>
<td>Greece</td>
<td>For</td>
</tr>
<tr>
<td>Ireland</td>
<td>Ambivalent</td>
</tr>
<tr>
<td>Italy</td>
<td>For</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>For</td>
</tr>
<tr>
<td>Netherlands</td>
<td>For</td>
</tr>
<tr>
<td>Portugal</td>
<td>Concerned about costs of social policy</td>
</tr>
<tr>
<td>Spain</td>
<td>For</td>
</tr>
<tr>
<td>UK</td>
<td>Against</td>
</tr>
</tbody>
</table>

But while a set of essentially negative proposals set out London’s position, a gulf of opinion separated the two principal actors. Whereas the FCO advocated a constructive UK position within the negotiations, the Department for Employment

167
favoured a policy of hostility. The latter view initially shaped the agenda, with Howard reiterating to EC Commissioner Vasso Papandreou ‘...the government’s opposition to the very damaging proposals, such as those on part-time work and working time, which the Commission has proposed under the social action programme’ during a London meeting on 14 January 1991. But soon a new course was being charted, demonstrated by Major’s ‘Heart of Europe’ speech in Bonn on 11 March, and the wider reorientation of the Conservative Party towards Europe orchestrated by the Party Chairman, Chris Patten. This signified that the FCO-No.10 axis was winning the Whitehall debate, and as Forster notes ‘At the direction of the Foreign Office, Michael Howard initially adopted a more conciliatory manner in his dealings with the Commission during the first half of 1991’.

By May The Financial Times was reporting that the UK was ‘softening’ its stance on social policy. Howard, having previously considered that one third of the Social Charter was unacceptable to the UK, now determined that ‘it looks as if only a dozen out of 50 proposals are likely to be unacceptable’. This reflected a development on a March statement that the Commission accepted to improve the procedures by which it prepared proposals on social matters, particularly in the field of working legislation, and therefore reflecting UK objectives. Howard noted that:

Mrs Papandreou has agreed to consider further my suggestion that before we are asked to agree Community regulation of the labour market....I hope this will allow the Council of Ministers to give full consideration to the consequences of proposals before they take the decisions. This can only benefit job prospects throughout the Community.

A softer tone proved to be short-lived. This was influenced by both growing unrest within the Parliamentary Party over the EPU negotiations, and the Department for Employment grasping control of the debate. Domestic agitation had been partly sparked by Major’s Heart of Europe speech in Bonn, which MPs correctly perceived to be a departure from Thatcherite policy. It, combined with the ending of his honeymoon period (though artificially extended by the Gulf War), produced a more volatile domestic situation. Social policy was not the major source of agitation. Rather, MPs were more concerned about the introduction of a
single currency and federal goal, the latter of which had been inserted in the 18 June Luxembourg ‘consolidated draft’. Indeed, responding to a questionnaire sent to Conservative MPs in the course of this research, 52% considered the introduction of a federal goal to be the most damaging issue which the government faced, with the introduction of a single currency being supported by 19%. The introduction of a Social Chapter only received 13%, positions which were duplicated at backbench level (see appendix 14, sections A and B, question 6). Moreover, one prominent Eurosceptic ranked the Social Chapter as the least important factor which he considered damaging to the UK, while he ranked a Social Chapter opt-out as the seventh most important topic to be obtained at Maastricht (see appendix 14, questions 6 and 7 for analysis of options).

Thus domestic disorder was more the product of other factors, of which the 18 June Luxembourg’s ‘consolidated draft’ reference to ‘a new process leading gradually to a union with a federal goal’ was the primary instigating factor. But, with the reported attainment of an EMU opt-out at the June Luxembourg European Council, MPs began to focus on the question of the introduction of a Social Chapter. This, combined with Thatcher entering discussion in June, first through a speech to the Chicago Council of Foreign Relations and thereafter in the House of Commons IGC debate, acted as the touchpaper which lit the sceptic torch. Her outlook, which Simon Heffer noted retained the ‘capacity to do seismic damage’ to the government, added resolve to the Eurosceptic cause. Secondly, Howard’s control of this policy area increased as reports of Member States’ positions started to enter his domain. Chris Capella, an official within the Department for Employment, had been instructed to conduct a tour of the major continental actors in April. Predictably, the conclusions for Howard were bleak, with a significant number of other Member States pressurising for substantial social policy additions to the Treaty. As Capella notes, ‘At that point the Department for Employment at both Ministerial and official level took the issue very seriously indeed.’ The consequence of these events was that Howard perceived a tough stance on social policy as a means of ensuring a continuation of Thatcherite policy, which many MPs believed Major was departing from. It was also regarded as a way of doing battle with Labour over a policy line which he considered to be a
Section 2: Political Union

'veote-winner'. Furthermore, as the Treaty negotiations passed the halfway mark, with policy moving from battles already won, such as the existence of a reserve position on EMU, focus began to be attached to outstanding issues, of which social policy gradually appeared as a crunch topic.

Among Conservative Eurosceptics, the chairman of the Conservative backbench committee on European affairs, Bill Cash, tended to be the most outspoken, his position providing him with both an ability to command media attention and attack the government. Davies suggests that 'Back-bench dissidents have not been afraid to argue their case in defiance of their own government in public', and as Gorman notes, Cash had used his position as Chairman 'for several years to great effect. To the media he was Mr Anti-Maastricht'. This was highlighted by him organising 105 Conservative MPs to sign a motion in late May which opposed greater EC joint decision-making. It was clearly an attempt to stiffen the Prime Minister's resolve prior to the Luxembourg summit, while the deliberate decision not to provide MPs with a copy of the June Luxembourg draft, as noted in chapter 5, added a further spur to Parliamentarians concern that the government was attempting to conduct the negotiations behind their back. Yet, many Eurosceptics were relatively content to let the government pursue its negotiating tactics, primarily because they were not a uniform group united in a common purpose. Sarah Baxter informs us that the European Reform Group, which was the largest Eurosceptic organisation, was the most rational, with very few members prepared to adopt the more stringent and adversarial position of Cash. Rebels included Teddy Taylor who favoured economic independence rather than European integration, while Nicholas Budgen, John Butcher and John Biffen were concerned that EMU would effect London's economic independence. In contrast, Bill Cash opposed the further loss of Westminster's legislative sovereignty.

Thus, although backbench MPs were becoming more vocal, buoyed by Thatcher's intervention, they were still not a dominant influence in shaping government policy, partly because preferences differed. Within Westminster the government attempted to control the views of MPs through an effective Whipping system, exercised by the Chief Whip, Richard Ryder. Lamont was detained in
Westminster for a three-line whip on dangerous dogs, instead of accompanying Major to the June Luxembourg European Council! Noel Malcolm revealed that:

Inside Parliament, the ‘Friends of Bruges’ has been subjected to a campaign of attrition by the Whips, and its organiser, Mr William Cash, has been heckled at a meeting of the backbench European affairs committee which he chairs.

It was a means of generating control over the Parliamentary Party, of which a greater number of MPs had begun to stop supporting the government on certain issues. Party management was most apparent in November 1991 when the Whips stage-managed the removal of Bill Cash as chairman of the Conservative backbench committee on European affairs, to be replaced by Sir Norman Fowler, while the Eurosceptic vice-chairmen, Tony Favell and Christopher Gill, and equally sceptic secretary, James Cran, were also displaced. As an ex-Minister who resigned in January 1990, Fowler would be loyal to the government, with the intention being to reduce any possible antagonism it might have faced in the run-up to Maastricht, a strategy subsequently emphasised the following week when the Eurosceptic Sir George Gardiner was replaced as Chairman of the ‘92’ Group by Cyril Townsend. Accordingly, the media would henceforth be used as a means of defending rather than criticising government policy. The response by Cash to his ousting was somewhat contrite, noting that he ‘had a little local difficulty in Committee Room 6 the other day when it came to my position on Europe’.

More significantly there existed a coherent group of Eurosceptic MPs at a junior Ministerial level. It was this grouping which was to prove a direct influence on government policy. For example, in September 1991, Edward Leigh from the Department of Trade and Industry met Major to set out the concerns of fourteen junior Ministers. Under the umbrella of the ‘No Turning Back Group’, they favoured a Common Market, but did ‘...not accept that that need entail political union or centralisation of power’. They advocated that the government should not cede power to Brussels on issues such as CFSP, EMU and social policy. Howard therefore became the natural general for trumpeting their views within Cabinet, and ‘...carried the standard for the right to great effect - particularly before Maastricht..’. It also proved to be a topic which MPs could unite behind. A tough line on Europe was an easy means of generating support.
amongst the wider Parliamentary Party, and contrasted sharply with the fate of other Ministers. Many were burdened by difficult departmental portfolios. Patten’s included devising a winnable general election strategy, which seemed unlikely, while he was also characterised as being the dominant personality behind the attempt to adopt a more pro-European line. Heseltine bore the scorn of precipitating Thatcher’s downfall, while Hurd had the arduous task of developing an acceptable European policy. By contrast, the rising popularity of Howard increased his stock within Party, thereby ensuring Major could not discount his policy preferences on social affairs.

As the government entered the diplomatic endgame, and began the process of clarifying its overall negotiating position for the Maastricht European Council, the combination of Howard’s strength within the Party, and London’s long-standing antipathy towards the regulation of employment policy by Brussels, ensured that social policy emerged into a crunch issue. By October, *The Economist* noted that the Maastricht negotiations would break-down unless the UK obtained an op-out on social policy. Charles Grant informs us that ‘Sir John Kerr....refused to discuss any amendment to the social policy provisions of the existing Treaties’. In the wake of Major’s Bonn speech *The Spectator* suggested that ‘Some day soon he will have to pronounce one way or another on this difficult issue’ of political union.

UK negotiating tactics consequently resulted in the adoption of a sceptical tone, a policy borne out of a perception that Howard would be prepared to resign on the issue. His special advisor, Timothy Collins, considered that:

...Michael Howard’s pressure contributed very significantly to strengthening what was, anyway, John Major’s inclination, which was not to go along with any of the proposals that were coming out of the Brussels or out of the Presidency.

Maintaining party unity, in particular that of the Cabinet, and not wanting to provoke a seism by forcing Howard to resign proved to be the crucial factor in defining government policy. Major was aware that Howard’s presence outside Cabinet would undermine his own position, possibly sparking a further leadership contest. Indeed, the Right wing of the Party warned Major about conceding extra powers to Brussels on 4 November. Hence, a desire to protect his own position
Social Policy Negotiations

and maintain unity brought Major to favour the Thatcherite tones of Howard rather than Patten’s quest for a new Conservative identity.\textsuperscript{105} This represented the classic divide within the Party: the One Nation Tories, supported by Patten, Hurd, Waldegrave, Clarke and Heseltine, contrasting with free market, anti-federalist Conservatives, supported by Baker, Lamont, Lilley and Howard. The effect of government preference was to further elevate Howard’s influence within Cabinet, while at the same time turning Major into a hostage of his Party. Garel-Jones commented that Howard prepared a Cabinet document immediately prior to Maastricht which outlined what he considered would constitute an acceptable agreement on social policy at Maastricht, what could be conceded if pressed, and what was not acceptable.\textsuperscript{106} Its significance lay not in content, rather in that the Employment Secretary appeared able to dictate policy. This also suggested that Cabinet arithmetic favoured Howard.

As the negotiations neared their end, London’s strategy was to press for a clarification of what the real competences of the Community were, to ensure that that there would not be a repeat of the Commission’s interpretation of the SEA. For example, London pressurised for a stricter definition of Article 118A, by which the UK could accept other parts of the Social Chapter and a limited extension of Community competence.\textsuperscript{107} But in advocating such a route unanimous voting would be retained in the Council of Ministers. The benefit of this approach was that it could be portrayed as a means of placating those individuals within Whitehall who feared UK isolation, while enabling it to be packaged to the Eurosceptic audience as a means of retaining London’s veto. However, the difficulty concerned the possibility of success, and whether the UK would in fact adopt a separate stance. This was reiterated by Sarah Hogg:

\begin{quote}
Whether the Prime Minister could succeed in negotiating a Treaty without a Social Chapter was an issue on which Ministerial advice varied, and therefore work was simultaneously going on to see how much the contents of a possible Chapter could be reduced. This is standard practice for any difficult negotiation. But it was always and inevitably going to be the Prime Minister’s task to decide how firmly to dig in.\textsuperscript{108}
\end{quote}

Such uncertainty was a determining factor in influencing the CBI’s decision to accept agreement between UNICE and the ETUC on 31 October,\textsuperscript{109} with a
warming in the relationship between the CBI and TUC having been emphasised the previous day through a decision to conduct a joint study of UK economic competitiveness. While London did not expect agreement, it was not unlikely. The CBI had been traditionally less inclined to follow government policy which it considered to have an adverse effect on the interests of its members. Earlier it had clashed with Thatcher by favouring ERM entry. Hence, a certain degree of detachment existed between it and central government, a scenario which had become increasingly marked throughout 1990 as the economy plunged evermore into recession, despite Major’s more consensual style of policy-making. Accordingly, the perception that business interests were not being adequately addressed by government and the refusal of the Department for Trade and Industry, under Peter Lilley’s stewardship, to pursue a more interventionist policy to correct economic difficulties, resulted in strained relations between the CBI and government. Thus, the former decided to construct an insurance policy, whereby the views of its members would be emphasised in the eventual Treaty.

While at Community level the Social Partners agreement did not cause much consternation, the reverse took place within Whitehall. German officials considered that the agreement did not deviate extensively from what was in the Treaty, because what subsequently became Articles 2, 3 and 4 of the Social Agreement was more or less the German interpretation of Article 118B of the Treaty. Yet, they were immediately aware that London was not amused by this development. It sent shockwaves throughout government, with both Ministers and officials regarding it as a ‘rash’ decision by a rogue CBI delegate. But while Ministerial arm-twisting resulted in a withdrawal by the CBI of its support for the Social Partners agreement, the decision to sign had been a calculated one not based on chance, a development which Forster clarifies:

The CBI negotiators therefore saw an agreement between UNICE and ETUC as the best available solution for business; the Social Partners Agreement would almost certainly be inserted into the Treaty, and at best, this might be acceptable to a number of maximalist countries as an alternative to changing the Treaty of Rome. At worst, if the British Minister failed to whittle down any Treaty changes, business would be able to influence EC legislation through a new role for the Social Partners in the legislative process. Either way acceptance of the Agreement would allow large ‘British’ multinational companies to better influence the agenda and shape any European wide legislation.
Social Policy Negotiations

Its effect was to further reduce the government’s freedom to manoeuvre. Preference for a limited, but defined, extension of competences, and retention of the veto was essentially overturned by the Social Partners agreement.\textsuperscript{115} It provided for decisions to be taken outside the Council of Ministers, equating to legal judgements. This different route therefore provided for social policy legislation to be introduced into the Community by circumventing London’s veto within the Council of Ministers. Accordingly, having not been prepared to accept a role for trade unions and employer organisations, the UK looked hideously isolated, with the leading domestic employer organisation approving of this very strategy. London’s difficulties were compounded by the Dutch wholeheartedly inserting the ETUC-UNICE agreement into their revised EPU text,\textsuperscript{116} having previously been lobbied by the ETUC to reinforce the Community’s social dimension.\textsuperscript{117} A central role for employers in the drafting of EC legislation was perceived by The Hague as a means of appeasing Member States which argued that Community social policy legislation, such as over working-time, was inflexible and anti-business.\textsuperscript{118}

Thus, in the final days prior to Maastricht, the government’s strategy of attempting to effect a negative inclusion of social policy had been torpedoed by the act of a domestic organisation.\textsuperscript{119} The consequence was to increase the likelihood of London not accepting any changes. But, in outlining its Maastricht strategy in the November Parliamentary debate, Major only committed the government to vague principles, noting that ‘Britain’s interests continue to be at the heart of the European Community’.\textsuperscript{120} Benchmarks were established on resolved issues, Major commenting that ‘We will not therefore accept a Treaty which describes the Community as having a federal vocation’.\textsuperscript{121} In contrast, social policy was less defined: ‘We certainly do not wish to extend competence in this area’.\textsuperscript{122} Use of ‘wish’ contrasted with the concrete language attached to the federal goal. This signified London’s desire to maintain all options, Major noting that ‘For an agreement to be reached at Maastricht, there will have to be give and take on all sides’.\textsuperscript{123} At the end of the debate he embarked for Maastricht with an endorsement of 101 votes,\textsuperscript{124} only 6 rebel Conservative MPs voting against the government,\textsuperscript{125} while 9 abstained.\textsuperscript{126} In contrast, the Labour amendment proposing
the 'inclusion of the Social Charter' and 'qualified majority voting on social and environmental powers' was defeated by 191 votes.

The vote demonstrated that Conservative Euroseptics were not a uniform grouping opposing government policy. The imminence of the forthcoming general election united MPs behind government policy, but did not increase Major's negotiating space. If anything, it became more limited, particularly in the wake of the 27 November Bonn meeting with Kohl. It produced optimistic noises of agreement having been reached on immigration, asylum and drug trafficking. Demanding a tough negotiating stance, 25 new Conservative general election candidates backed Thatcher's anti-federalist position, where she had demanded a referendum in a pre-Maastricht Commons debate, and later noted that 'I hope that the things I have said will influence the Prime Minister at Maastricht'. While this was an attempt to stiffen the government's resolve, it also had the effect of uniting the Cabinet behind Major in the face of Thatcher's explicit attack on his authority.

Unity was consequently a product of both the internal necessity of not splitting the Cabinet, and the external influence of Thatcher, whose attempt to publicly exercise some form of authority over government policy resulted in Ministers defending Major's position, the very opposite of what she would have anticipated. But despite this public expression of unity, both the Cabinet and Parliamentary Party would have been blown apart if Major accepted a Social Chapter at Maastricht because it had been elevated to a litmus test of Major's Thatcherite credentials, which were being constantly scrutinised by her presence on the backbenches. In effect, Howard had raised the Social Chapter to a crisis topic, rather than it being pushed to such a position by backbench MPs or domestic pressure groups. Thus, Major rejected a watered down version of the Social Chapter at a bilateral meeting in London on 1 December. Emphasis on compromise was further signified when the Presidency stressed it would moderate its ambitions at a social affairs meeting on 3 December. Hence, as the Prime Ministerial entourage set sail for Maastricht, social policy was one of the outstanding issues requiring resolution. Prior to the European Council meeting Delors noted that 'the United Kingdom is only isolated in the social dimension'.
However, an overall agreement was the proffered objective, Major noting that 'The government want to reach an agreement at Maastricht...If we do not reach an agreement it will be a setback'.

**Maastricht European Council**

The government's opening gambit at Maastricht was constructive engagement: accepting the co-decision procedure, the creation of a Community ombudsman and increasing the status of the Court of Audit. Social policy was, however, not on the agenda during the first day. This was a deliberate ploy by Lubbers. He wanted to leave discussion on such a contentious issue until agreement had been reached on all other points. The idea was simple: back Major into a corner where he would not be prepared to veto the Treaty on just one item. In conducting this strategy Lubbers was aware of Thatcher's tendency to object to all points, only giving acceptance at the last minute.

As the negotiations entered the second day, with various UK objectives secured such as an EMU protocol attached to the Treaty to ensure London would not be committed to a single currency, social policy became the vital sticking point, with the UK predictably isolated. Two stages subsequently emerged. First, Lubbers attempted to resolve the deadlock by tabling a document with a very soft social provision which he considered would be acceptable to the UK. It included a strengthened subsidiarity clause. This meant that the Community, in improving working conditions, and providing adequate protection to workers' rights to information, social security, employment contracts and against discrimination, would have to ensure that Member States could not provide legislation. Otherwise, while health and safety measures were restricted to majority voting, unanimity was provided for social security, protection of redundant workers, consultation and co-determination (involvement of unions in decision-making) and decisions of employment for non-EC nationals.

In responding to this (and other) development(s) Major was particularly dependent on the advice of Kerr at Maastricht. Having no right to be in the Council chamber, personal representatives would offer advice while squatting beside national leaders. Nieman, aware of Kerr's importance to the UK
delegation, and disgruntled by Kohl receiving advice from Bitterlich, used his privileged position within the Presidency to provide Kerr with a spare chair. He was perfectly aware that "it was absolutely illegal, but could not care less, and in any case liked Kerr". His own opinion was that Kerr would urge Major to accept the Lubbers text, albeit with further possible revisions. To this end Nieman even pressurised Lubbers to move working hours into a unanimity voting procedure.

But while the text signified a dramatic attempt by Lubbers to reach agreement, and represented substantial concessions on the part of maximalist Member States, the crucial opinion was not that of Kerr, or indeed business lobbies, but instead the Parliamentary Party and Michael Howard in particular. Although not present at Maastricht, both he and his senior officials were kept informed of developments by Hogg and Kerr, while at the same time sending negotiating instructions to Maastricht. Significantly, Howard was not prepared to accept the Lubbers text. Hogg and Hill provide clarification: 'Britain could not accept that Community rules should be dictated by the 'social partners'. In deciding on a policy of rejection, Major's mind had been coloured by Howard’s threat of resignation issued prior to Maastricht, and a consideration of the need not to deepen divide within the Conservative on European affairs.

The consequence of this development was that Lubbers was bombarded with criticism by the Commission, Belgium, France and Italy for attempting to create a compromise which they found unpalatable at the expense of obtaining London’s signature. The endproduct was stalemate. The UK refused to alter its position, at which point the negotiations loomed towards failure. The very fact that they did not was totally dependent on Lubbers personal desire for agreement. He was a man more of compromise than ideology. But here a further twist was inserted into the Maastricht saga. Having rejected Lubbers initial gambit of a watered down text, the Dutch Prime Minister then made an "enormous effort" at the final scheduled negotiating session for Major to accept a separate protocol, similar to that already agreed on EMU. This approach meant that the Social Chapter would be included inside the Treaty, with a defined UK opt-out. After a further 90 minutes of bilateral negotiation Major refused this additional offer. Decision was
Social Policy Negotiations

not based on Howard's influence, Major instead considering it not feasible for the UK to construct a watertight protocol in the remaining stages of the negotiations. He was clearly aware of the difficulty which had engulfed the final stages of the EMU protocol, while it had the additional advantage of being refined over the previous months (see chapter 9). Thus, as Hogg and Hill note:

...the experience of negotiating one protocol on monetary union did not encourage the Prime Minister to think it would be easy to construct a watertight equivalent on social policy in a few short minutes. He wanted to keep the Social Chapter out of the treaty. So he took the high-risk strategy. It was time to see who was really bluffing. He rejected this offer. Stalemate.146

The effect was that the negotiations temporarily moved to other subjects, including immigration policy. But very soon social policy was back on the agenda with London offering a near invisible Social Chapter, with discussion reduced to Major, Kohl and Lubbers. Drafted by Kerr, who still considered an agreement could be obtained, primarily because Nieman had informed him of a possible Commission proposal equally designed to break the gridlock,147 it nevertheless proved unacceptable to Lubbers and Kohl. Negotiators then focused on a Commission suggestion whereby the other Member States would secure a separate Social Chapter outside the Treaty, thereby satisfying London's demand that a text should not be inserted inside. On this point Charles Grant is wrong in stating that the Commission official, Pascal Lamy, 'had papers already prepared'.148 Both Alain van Solinge from the Commission and the Director General of the Council Secretariat legal service, Jean-Claude Piris, stress that all the drafting was done at Maastricht, most notably by Piris, with Kerr closely involved.149 While highly politically sensitive, it was in effect technically not difficult: all that was needed was to put the UK outside the main provisions.

The protocol attached to the Treaty stressed that the other Member States would make social policy provisions in respect of the practice of the Agreement on Social Policy. This permitted the 11 to use the Treaty instruments, although the Agreement did not form part of the Treaty, and nor the fruits of it - regulations or directives adopted using the mechanism are not part of Community law. In conducting this strategy, voting procedure acknowledged the UK's non-
Section 2: Political Union

participation. In effect, London just had to be part of the unanimous protocol which agreed to allow fewer than the total number of Member States to use the instruments. In solving this political problem, the social provisions for the 11 were made stronger than those previously highlighted in the watered down Lubbers text. A consequence was for UNICE to be critical of the stricter definitions. Yet, immediately after this text had been agreed among Heads of State and Government, panic struck the UK delegation as the protocol did not exempt London from direct costs. The effect of this was for Kerr to get the text changed post facto in the Antici room. Otherwise as Garel-Jones notes, 'we would have found ourselves in the embarrassing situation of not being part of the social protocol, but liable to pay for any costs that it incurred'. That alone signified the ill-defined nature of the Maastricht Treaty negotiations, particularly those on social policy.

- Conclusion

The outcome of the social policy negotiations demonstrated the lack of predictability attached to IGC bargaining. As a component of the Community, progress on social policy had been traditionally a minor matter, even prior to UK accession. It was only in the 1980s that it fully emerged as a theme of further development. Yet, while Delors had been the initial champion, the rallying of France and Germany to its cause was based on domestic political considerations that labour costs in poorer states, such as Portugal and Spain, as well as in the free market ideology of Thatcherite Britain, would adversely affect their own economic potential. Thereafter, advocation of common standards was packaged as a means of providing a policy aimed at benefiting Community citizens. UK hostility to such measures was apparent, and it was therefore no surprise that London opposed an increase in the status of social policy during the IGC.

Yet, Member States were not clear as to whether the UK would transform it into the crunch topic at Maastricht. Within London, this was equally not apparent. Initial overtones towards Europe in the early part of 1991 had, after all, advanced certain social democratic concepts, of which social policy was a basic component. A change in strategy had been influenced by the growing concern of MPs about the
possible reform of the UK labour market, of which Thatcher’s strategy of reducing trade union influence proved one of her most enduring legacies. Even as discussion headed towards Maastricht, it is difficult to state that the views of backbench MPs were the dominant factor in the construction of a UK negotiating line. The government proved itself to be particularly adept at managing the domestic side of the negotiations. Both the June and November Parliamentary debates were carefully stage managed to ensure the least possible embarrassment came the way of No.10, although backbench MPs ironically considered that they were consulted more under Major’s premiership than Thatcher’s. In a questionnaire sent to Conservative MPs while researching this thesis, 72% of cumulative respondents considered there was greater consultation of backbench MPs, increasing to 75% among this particular grouping (see appendix 14, section A, question 4, and section B, question 4).

Within the Commons debate tended to be vague, while questions seemed to have been deliberately placed so that the cricketing Major could deal with all deliveries. In June the government had deceitfully placed the Luxembourg text in the House of Commons library only hours before the Parliamentary debate commenced. While this caused some consternation among MPs in later months, hardly any picked up on its significance. In November, Major had been deliberate not to commit himself to policies which he knew were undecided. Thus, while he impressed on Westminster that a Treaty with a federal goal would not be accepted, he only stressed that the government did not wish to accept a reapplication of the domestic labour market reforms which it had carried out. At another level those MPs who were sceptical of greater Community integration were not unified in their actions. Only 6 MPs voted against the government in the November debate. Where problems arose, or were likely to arise, Major was swift to apply the black arts of the Whips office. Hence, the removal of Cash as chairman of the backbench Committee on European affairs, to be replaced by the last minute candidature of Fowler. Instead, the crucial factor was Major’s position within Cabinet combined with the manner in which discussion was conducted. Individual Ministers became more powerful, and of them Michael Howard was responsible for a policy which he could virtually dictate. In contrast, other IGC topics tended to be discussed in
negotiating forums drawing on a wider body of Ministerial and official involvement, whereby policies would ostensibly be made more Euro-friendly by the FCO. No such development took place on social policy. Thus, the stiffening in the government’s position can be attributed to Howard.

Nevertheless, both Major and Cabinet had to accept Howard’s advocacy that London could and should not accede to the introduction of social policy measures. Here we have to be aware that Major could not afford to provoke a Ministerial resignation which would both divide the Party and threaten his own position. In addition, the majority of Cabinet were prepared to accept a tough stance on social policy. Howard’s stance had increased his popularity within the Party, while a clear division between the Labour and Conservative Party on this issue was a further means of doing battle in the forthcoming general election. This equally smacked of the short-termism which dominated government throughout 1991.

Major, having been handled an election time bomb by Thatcher, became less prepared to create an alternative ideology to her’s and was more likely to seek a strategy which would curry favour with the electorate. In this respect he became a Party manager rather than an activist Party leader.

Consequently, the position which the government adopted at Maastricht can be viewed in terms of Cabinet arithmetic rather than Parliamentary dissent. However, it does not clarify why the other eleven were prepared to go along with Major, who like St Peter, had said no three times. This can only be explained by both the laborious process of European Council meetings and the position of the Conservative Party within UK opinion polls. First, by the end of the second day the majority of Heads of State and Government would have rather been anywhere than Maastricht. Most wanted to return home. Time pressures, and the elevation of social policy into a topic on which the Treaty could succeed or fail, coerced Member States into adopting a more lenient approach. The position of Kohl was clearly crucial to this, the UK benefiting from a warmth in Anglo-German relations. Second, many Member States perceived that UK isolation would be short-lived because opinion polls indicated a Labour Party victory in the Spring of 1992. Thus, they considered it was something which could be rectified.152 The effect of this overnight diplomatic success was to transform Major in the eyes of
Social Policy Negotiations

Conservative MPs. In the post-Maastricht Parliamentary debate he stated that 'I was not prepared to risk Britain's competitive position as the European magnet for inward investment. I was not prepared to put British jobs on the line',\(^{153}\) while he later stressed, 'The issue is British jobs, British sales, Britain's future'.\(^{154}\)

In terms of the overall context of the negotiations, it is not possible to consider the discussions on social policy as a direct trade-off between other aspects. Timing demonstrated this, with all the significant policies having been previously resolved. The EMU opt-out had been finalised at a 7pm meeting on the second day attended by Kohl, Lubbers, Major and Mitterrand. If social policy was to be traded against it or other issues then it would have been the ideal place. This did not happen as Major was essentially prepared to walk away from Maastricht without agreement. He considered his chances of success prior to the commencement of the negotiations as 50-50, and therefore this option was present in his mind. The decision to hold out was not borne of the interests of UK business or employees, but rather Major being held hostage on this point by Howard. The Prime Minister realised that agreement would smash the Conservative Party, which he wanted to keep united for election victory. Compromise was the product of Lubbers, and pertinently this was the only issue on which he regarded that he lost at Maastricht.\(^{155}\) That, of course, did not signify a UK victory in the long term, as demonstrated by the November 1996 European Court of Justice ruling that the 48-hour working week was applicable to the UK.

**Notes**

1. Interview: former Department for Employment official.
2. Interview: former European Secretariat official.
5. Interview: Tristan Garel-Jones.
6. Interview: Achim Wittrock.
Section 2: Political Union


13. The Trade and Industry team included: Tim Sainsbury (Minister of State for Trade); John Redwood (Minister of State for Corporate Affairs); Edward Leigh (Parliamentary Under-Secretary of State for Industry and Consumer Affairs); The Lord Reay (Parliamentary Under-Secretary of State for Industry and Technology). Redwood and Leigh were pronounced Eurosceptics, with Sainsbury close behind. An approach was made to conduct an interview with Tim Sainsbury, but was rejected on the grounds of the issues on which the research touched being ‘essentially political rather than ministerial’. Leigh expressed his Eurosceptic sentiments in the Spectator on 5/6/1993. Edward Leigh, 'The Judgment of Others', The Spectator, 5/6/1993, pp.16-19.

14. The Department for Employment team included three Parliamentary Under-Secretaries of State: Robert Jackson; Eric Forth; and the Viscount Ulswater. Approaches were made to all for interviews, but these were rejected on the grounds that Michael Howard dealt with the Social Charter issue.

15. Interview: Department for Employment official.

16. Prior to the SEA social policy was concerned with the free movement of people. Articles 48, 49 and 51 of the Treaty of Rome noted the principle of the free movement of labour, the accumulation of social security benefits of migrant workers and their transfer between Member States. Articles 123-127 established a European Social Fund to secure easier employment for workers, while increasing their geographical and occupational mobility. Article 125 stipulated it was to be achieved through vocational retraining and resettlement allowances. Equal pay for men and women was secured in Article 119.


18. Com (90) 228 final 8072/90.

19. 8073/90, Com (90) final. The Directive required everyone to have at least one day off a week; ensure all workers had the right to 4 weeks paid holiday a year; set a limit of 8 hours night work in any 24 hour period; and set a limit of a 48-hour working week. The UK did not have a statutory limit to the length of the working week, and provided no right for holiday, whether paid or unpaid. Advanced as a ‘health and safety’ measure under Article 118A, it only required a ‘qualified majority’ in the Council of Ministers. ‘Night workers face Brussels overtime ban’, The Sunday Times, 10/6/1990.


34. Grant (1994) Delors, p.86.


36. European Council (1988) 'Conclusions of the Presidency, Hanover European Council'.

37. Thatcher's annoyance was emphasised in his speech to the College of Europe in Bruges on 20/8/1988.

38. Interview: former European Secretariat official.

39. The fundamental twelve rights of the Social Charter were: freedom of movement; employment and remuneration; social protection; improvement of living and working conditions; freedom of association and collective bargaining; worker information, consultation and participation; vocational training; equal treatment for men and women; health and safety protection at the workplace; elderly people - upon retirement everyone is entitled to a pension that will provide a decent standard of living; disabled people - so as to improve social integration people with disabilities are to be helped, especially with regard to housing, mobility and employment; protection of children and adolescents. Watson (1991) 'The Community Social Charter'.


42. European Council (1989b) 'Conclusions of the Presidency, Strasbourg European Council'.


44. In Brussels on 25/10/1990 the Belgian Labour Minister, Van den Brande, and the Social Affairs Minister, Busquin, stressed that the Community needed to harmonise its living and working conditions, including replacing the unanimity procedure with QMV and to vote certain articles with a major budgetary impact at a special majority level. *Europe*, No.5358, 26/10/1990, p.15.


47. Heseltine (1990) *Where There’s A Will*.


51. Tension between Howard and Patten was to resurface later, when Patten was Governor of Hong Kong and Howard was Home Secretary. Predictably, Howard refused to accept Patten’s liberal attitudes towards the granting of British passports.
Section 2: Political Union

52. Despite being dated a good review of the CBI can be found in Grant and Marsh (1977) *The Confederation of British Industry*.

53. 'Pressure Groups', op cit., p.15.


58. Interviews: former European Secretariat official; FCO official; and former Department for Employment official.

59. Portugal (1991) 'Economic and Social Cohesion with a view to European Union'.

60. Interview: FCO official.


66. Hargreaves and Gapper, 'M'learned friend's tough brief', *FT*, 13/5/1991, p.38. A shift in outlook was partly the result of proposals which London determined to have been directives becoming non-binding resolutions, considering the directive on written employment contracts, first published in November 1990, to be more palatable. However, it still remained opposed to directives on working time and employee consultation. *FT*, 13/5/1991, p.1.


68. At a Labour and Social Affairs Ministers meeting in Luxembourg on 25-26/6/1991, Howard said he would not give a negative vote at the official adoption of the first general directive in the 'employment rights' domain, but stressed that the principle of subsidiarity meant such a directive was not justified. *Europe*, 26/6/1991, p.7.


71. Luxembourg (1991c) 'Luxembourg Presidency Draft Treaty on the Union'.

72. While the author knows the name of the MP in question, it is not used here for reason of anonymity.

73. Luxembourg (1991c) 'Luxembourg Presidency Draft Treaty on the Union'.


77. Interview: Chis Capella.


84. A member of the European Reform Group, Jonathan Aitken, subsequently became a Cabinet Minister. Teresa Gorman suggested Aitken's low-profile during the negotiations and
subsequent praise of the deal negotiated at Maastricht resulted in him being ‘rewarded with his first Ministerial job’. The Bastards, op cit., p.41. The identity of many Tory rebels is highlighted in A Treaty Too Far, op cit., pp.167-85.

93. The ‘No Turning back’ Group (1989) Europe, p.4. It included Ministers such as Michael Portillo (Environment); John Redwood (Trade and Industry); Francis Maude (Treasury); and MPs such as Neil Hamilton, Allan Stewart and Edward Leigh.
97. Throughout 1991 the Conservative Party fairied badly in by-elections, losing Ribble Valley 7 March; Monmouth on 16 May; Kincardine and Deeside on 7 November; Langborough on 7 November; Hemsworth on 7 November, while the Conservative Party lost 900 seats in the 2 May local elections.
100. Delors, op cit., p.196.
102. When questioned by Andrew Rawnsley as to whether Howard made it clear that he would resign if the Social Chapter was accepted, Howard’s special advisor, Timothy Collins, response was ‘Well, that was the impression I gained then and subsequently’. Quoted in Brook Lapping (1997) Bye Bye Blues, programme 1, part 3, p.30 of transcript.
103. Ibid.
106. Interview: Tristan Garel-Jones.
107. Interview: Poul Christoffersen.
108. Letter correspondence with Baroness Hogg on 2/12/1996.
109. Agreement between UNICE and ETUC on Articles 118.4, 118A and 118B. Europe, No.5602, 4-5/11/1991, p.4. Agreement struck between UNICE and ETUC provided for employers and unions to have a privileged position in the drafting and implementation of social legislation. They would be consulted jointly before draft directives were issued and would be allowed nine months after that to reach agreement on details. The agreements reached would then go to the Council to become EC law or be implemented, and possibly further amended, by employers and unions in individual states as a substitute for EC legislation.
112. Interview: Achim Wittrock.
113. Too Close To Call, op cit., p.154.
114. Empowerment and Constraint, op cit., p.121.
115. Interview: Poul Christoffersen.
Section 2: Political Union

119. The FT considered that ‘Mr Major’s aim at Maastricht should be to accept an extension of majority voting in return for more precise treaty language to circumscribe the Community’s ambitions’. FT, 4/12/1991, p.20.
121. Ibid., c.275.
122. Ibid., c.272.
123. Ibid.
125. The 6 rebels were: Sir Richard Body (Holland and Boston); John Browne (Winchester); Richard Shepherd (Aldridge and Brownhills); John Biffen (Shropshire N); Nicholas Winterton (Macclesfield); and Nicholas Fairbairn (Perth and Kinross).
126. The 9 abstainers were: Ann Winterton (Congleton); Toby Jessel (Twickenham); Sir Teddy Taylor (Southend); Tony Flavell (Stockport); William Cash (Stafford); David Mudd (Falmouth); Christopher Gill (Ludlow); Norman Tebbit (Chingford); James Cran (Beverley).
128. Ibid., c.519.
134. Programme of Council meeting is provided in Europe, No.5624, 6/12/1991, p.7.
137. Too Close To Call, op cit., p.145.
138. Interview: Pieter Nieman.
139. Ibid.
140. Forster notes that the CBI were ‘prepared to accept it and would provide domestic support on the return to London’. Empowerment and Constraint, op cit., p.131.
141. Interview: former European Secretariat official.
142. Too Close To Call, op cit., p.155.
144. Interview: Alain van Solinge.
145. Interview: David Williamson.
146. Too Close To Call, op cit., p.155.
147. Interview: Pieter Nieman.
149. Interviews: Alain van Solinge and Jean-Claude Piris.
150. Interview: Martin Eaton.
151. Interview: Tristan Garel-Jones.
152. Interview: Poul Christoffersen.
155. Correspondence: Ruud Lubbers.
Chapter 7:

Europe without America? CFSP Negotiations

- Integrationists versus intergovernmentalists
- Core negotiations
  - Advancement of texts
  - New Presidency, new draft
- Maastricht European Council
- Conclusion
- Table 7.1: Member States’ positions on Foreign and Security Policy
- Table 7.2: Member States’ positions on Foreign and Defence Policy
- Notes

The WEU was better from the UK point of view than the EC full stop. All the WEU countries were members of NATO. So you could hope that the decisions that the WEU would take would not weaken the Atlantic Alliance. The government was against countries who were not in any of the organisations having a serious say in defence matters. It had much in mind, that assuming the EFTA applicants all joined, the number of Member States not in either WEU or NATO would increase from one to four. The government did not also want to turn the non-WEU members of NATO into second class citizens in defence questions, such as Turkey and Norway.

(Interview: former European Secretariat official)

My feeling was that the UK were clearly looking for allies and also the Italians. I think that there was a feeling by the UK and Italy that another gravitational pole could be useful just to show to France and Germany that other countries could put forward bilateral initiatives as well. My impression was that there was a good personal rapport between De Michelis and Hurd. So I think the major reason for the Anglo-Italian initiative was the need to provide another pole to the Franco-German axis.

(Interview: WEU Secretariat official)

This chapter analyses UK policy towards the development of a European common foreign and security policy (CFSP). It reviews Member States’ positions on the eve of the IGC, examines the bargaining which dominated the negotiations, and demonstrates that the UK’s main battle on defence issues was with France. The essential premise is that the foreign and defence policy, which was shaped at the December 1991 Maastricht European Council, emanated from the diplomatic negotiations between Member States, and not through the desires of the institutional actors, i.e. the European Commission and EP. Whereas the previous chapter noted that the UK obtained a satisfactory agreement on social policy, this
section concludes that it achieved a *win-lose* on CFSP as the government compromised its position through the acceptance of ‘a common defence policy’ in the October 1991 Anglo-Italian declaration. At a further level, the government’s position was influenced, but not determined, by domestic political constraints. Backbench MPs were more concerned about other issues, in particular social policy, EMU and the federal goal.\(^1\) When debate touched on defence or foreign policy matters, the majority of argument concerned the domestic process of reviewing UK force structure in the post-cold war environment, rather than the merits of a European defence identity.\(^2\)

Within Cabinet, the Foreign Secretary, Douglas Hurd, exercised a stranglehold on the CFSP debate, a development born out of both his and the FCO’s influence increasing with Major’s appointment as Prime Minister.\(^3\) Major was dependent on the support of his immediate colleagues, and felt himself to be *primes inter pares*, rather than someone who towered over the rest. But whereas that gave Ministers greater power, with policy-making conducted in a more consensual manner, decisions on CFSP were less determined by the wider Cabinet, than for example EMU. While CFSP mirrored EMU in that it was not subject to the same Whitehall-wide departmental influence as other IGC topics a larger number of Cabinet Ministers had an interest in EMU (despite consensus existing on the government’s strategy).

Reduced concern about CFSP was also the product of the confidence invested by both the Cabinet and Parliamentary Party in Hurd. His experience as Foreign Secretary meant he had both personal knowledge of his fellow negotiators and EC negotiating dynamics, as well as wider experience having been a FCO diplomat between 1956-66. The same could not be said of Norman Lamont who was appointed Chancellor in November 1990. It was no coincidence that the government was constructive on CFSP (some would say too constructive), with policy being directed by the Europhile Hurd, who was by nature of his diplomatic background a consensus seeker rather than an ideologist. The combination of these factors resulted in negotiators engaging in a ‘two-level’ game, whereby policy was influenced as much by domestic concerns as it was by the reality of negotiators striking deals with their counterparts. This was particularly pertinent
to the Anglo-Italian declaration and the November 1991 NATO Rome Declaration.4

London was not isolated in favouring a minimalist development in the CFSP field, as Denmark, Ireland, the Netherlands and Portugal also supported such a position (see table 7.1). Despite the government's stance towards the IGC as a whole being essentially negative, its degree of engagement differed on individual topics, as did the alliances it cultivated. While it stood alone in opposing the Social Chapter and did not put forward any alternative proposals (although such a decision was a conscious one), it adopted a more flexible attitude in the course of the CFSP negotiations. Negotiations resulted in an agreement on CFSP at Maastricht, constituting a pillar of the TEU. Article J.1.1 stated: 'the Union and its Member States shall define and implement a common foreign and security policy, governed by the provisions of the Title and covering all areas of foreign and security policy'. The defence clause of the TEU, Article J.4 of Title V, named the Western European Union (WEU) as 'an integral part of the development of the Union' and provided it with the responsibility 'to elaborate and implement decisions and actions of the Union which have defence implications' (Article J.4.2). This significantly developed the previously informal co-ordination of foreign policy, and constituted a quantum leap forward.

**Integrationists versus intergovernmentalists**

The changed environment caused by the ending of the Cold War, through the collapse of the system of Soviet satellites in 1989-90 helped provide an impetus to further European integration, and the development of a European foreign and security policy in particular, as it brought into question the future role of NATO. NATO had basically two functions. The first was explicit: defending an attack from the Soviet Union. The second was an implicit recognition Europe had suffered from nationalistic tendencies in the past and that NATO, and the presence of the United States of America (US), guaranteed European stability. The transformation of Europe in 1989-90 removed the spoken rationale, while there was a clear indication from countries such as France that the unspoken role should, in future, be provided by the Community (Union).
Section 2: Political Union

Within NATO, US leadership had been almost absolute as all members realised there never had been, nor could be, a European balance. In 1989-90 France believed the US would, at some point, leave Europe and that there was therefore a need to develop an alternative to NATO, including a capacity for independent European military action. This vision was not supported by all Member States, Denmark, Ireland and the UK being sceptical about the merits of the future Union incorporating all features of foreign policy, including defence. UK scepticism differed from that of the other two as it believed a European Security and Defence Identity (ESDI) could not provide the same benefits of NATO, while Ireland’s neutrality meant it did not wish to get involved in the defence debate.

The government’s position was determined by its insistence that NATO was the cornerstone of European Security - a position the Ministry of Defence (MoD) defended more than the FCO. London stressed that ‘Fundamental to our perception is the conviction that the NATO Alliance remains the essential framework for safeguarding the freedom and security of its members’. The concept of NATO primacy reflected the wider opinion of the Conservative Party, with the concept of a strong ‘Atlanticist’ defence central to Conservative thought (although the left-wing of the Party favoured a greater European focus). Within Whitehall, MoD military officers found the developing interest in European defence issues harder to grasp than civilians because they were long used to working with NATO and the US, being familiar with its norms, customs and language (English). They found the more ‘political’ atmosphere of the WEU less congenial, and its working practices, and extensive use of French, without interpretation, unattractive. NATO provided the UK with undue influence relative to its size implied, while it also held a disproportionate share of senior military posts, especially in operational command areas. The military staff of the MoD, in particular, saw no advantage in changing. They took a pragmatic view of moves towards a ESDI, demanded proof that practical military benefits would follow, and regarded the debate as ‘Eurofroth’, despite such developments being a long term concern.

While the UK accepted there was a need to bolster European defence commitments, this should not be at the expense of NATO - or more importantly,
suggest to the US that its commitment to European security was unnecessary.\textsuperscript{9} This was based on six factors. Most importantly, any strengthening of Europe's defence would have to take place within the NATO framework. Second, NATO's remit should be widened to areas such as transatlantic political consultations and relationships developed with Eastern European countries. Third, NATO's European members should play a greater role by using existing NATO infrastructure. Fourth, it stressed the need for co-ordination of possible operations outside the NATO area through usage of WEU. Fifth, it wanted the WEU to form a link between NATO and the future EU, and hence not form part of the Union,\textsuperscript{10} while not developing in a way which might be seen as supplanting NATO in European defence.\textsuperscript{11} On that issue the French view was similar to the UK position, albeit for different reasons, \textit{i.e.} it leant more towards the EC than NATO. Finally, the WEU would need to be strengthened as the European end of NATO to include, in some way, non-EC European NATO members.

Advocacy of the WEU\textsuperscript{12} was a clear departure from the line adopted by Thatcher. During her period of office the FCO pushed the WEU as a possible defence vehicle, much to her dislike.\textsuperscript{13} In contrast, the UK's position on the WEU under Major's premiership, highlighted a softening of its previous stance, while hinting at future compromise on foreign and defence issues. This represented the new government's general desire to be more involved in Community policymaking, while also signifying Major's attachment to the US was not as great as Thatcher's. A more constructive tone was also illustrative of the pro-European influence of Hurd within Cabinet, and accordingly reflected a change in the pattern of decision-taking within government (see chapter 2). Major was happy to let Hurd take charge of foreign affairs, an area which he had few pre-established views of, having endured during his three month period as Foreign Secretary '...a steep learning curve from a very low starting point'.\textsuperscript{14} London did, however, retain an Atlanticist view of the WEU's operational remit, supported by the Netherlands and Portugal,\textsuperscript{15} and differed from those countries which desired an independent European force. It partly contradicted the French desire for a ESDI, although France did not necessarily consider that its identity would be within the Treaty of Rome - at least in the short term.\textsuperscript{16}
Section 2: Political Union

While all European countries supported NATO as the cornerstone of European security, the primary debate was between those wanting the Europeans to be able to act alone if necessary on a large scale, and those who favoured a more minimalist line. The former was supported by Belgium, France, Germany, Greece, Italy, Luxembourg and Spain, the latter by Denmark, Ireland, the Netherlands, Portugal and the UK. Among the second group the Dutch and Portuguese saw US involvement as a useful counterweight to the Franco-German axis. Denmark and Ireland were sceptical about the development of a European foreign policy, with Denmark leaning towards an Atlanticist position, while Ireland wanted to preserve its independent status. Within the two camps countries sub-divided into alliances: those which considered security co-operation should remain intergovernmental, as against those which believed a future European security policy should be integrated into the main EC Treaty and subject to qualified majority voting (QMV), as outlined in table 7.1.

<table>
<thead>
<tr>
<th>Table 7.1: Member States' Positions on Foreign and Security Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrationist</strong></td>
</tr>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>Greece</td>
</tr>
<tr>
<td>Luxembourg</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>European Commission</td>
</tr>
<tr>
<td>European Parliament</td>
</tr>
<tr>
<td>Germany*</td>
</tr>
<tr>
<td>Italy*</td>
</tr>
<tr>
<td><strong>Atlanticist</strong></td>
</tr>
<tr>
<td>Netherlands</td>
</tr>
<tr>
<td>Denmark</td>
</tr>
<tr>
<td>Portugal</td>
</tr>
<tr>
<td>Ireland#</td>
</tr>
<tr>
<td>UK</td>
</tr>
</tbody>
</table>

**Reservations**

* Germany wanted an independent European foreign and defence policy, but acknowledged NATO's merits. Italy was guarded about benefits of a European foreign policy which replaced or reduced NATO's role, though its position was more pro-European than Germany at the start of the IGC.

# While Ireland was not a member of NATO due to its position of neutrality, it was against an independent European force, and favoured protection of NATO. This is why it is in this box, though its neutral status somewhat detracted from this position.

The UK, Denmark, the Netherlands and Portugal wanted any separate European defence organisation to be subordinate to NATO. In addition, the
Netherlands favoured a policy which involved less intergovernmental co-operation, while the UK was in favour of a status quo. By contrast, Belgium, Germany, Greece, Italy, Luxembourg and Spain wanted an independent policy which provided for European defence issues to be discussed and acted on in the WEU, with a large role for the Commission and EP, and a possible eventual fusion with the future EU. This represented the integrated approach, although both Germany and Italy were more guarded about implications of a depleted NATO role. France duplicated that integrated approach, but without involvement from the Commission and EP, as it considered policy should be controlled by Member States. This represented an integrated/intergovernmentalist outlook, which resembled the eventual Maastricht outcome.

A separate debate concerned the extent to which the proposed new organisation should be able to act independently of the US. The UK was the strongest advocate of a key US role (reflective of the Anglo-American special relationship), but many smaller Member States supported this position, even though they occupied a integrationist position. While Portugal and the Netherlands adopted a similar stance as the UK due to their Atlanticist outlook, they were also joined by Member States such as Luxembourg. They supported the US having a strong role for partly the same reasons as Luxembourg and the Netherlands had favoured a strong role for the Commission, namely to provide a counterweight to the Franco-German axis.

The maximalist position was advanced on 4 December 1990 by French Defence Minister, Jean-Pierre Chevenement, when he stated France ‘would like the WEU to be the security wing of the European Community’. Two days later Kohl and Mitterrand jointly proposed an ‘organic’ relationship between the WEU and the EC, stating:

> We suggest that the European Council should define the priority areas of common action: for example relations with the USSR and the countries from Central and Eastern Europe, the implementation of the conclusions of the 34 and the follow-up of the CSCE process, the disarmament negotiations, relations with Mediterranean coastal countries ... Foreign Policy will thus be able to move towards a true common foreign policy. While the proposal advanced greater European unity in foreign policy, it also advocated the importance of the Atlantic Alliance, demonstrating the essential...
Section 2: Political Union

compromise which characterised the negotiations. French Foreign Minister Dumas thereafter advanced the concept of a West European federal body with defence responsibilities as a component of the Community’s economic and political integration process.\(^{21}\) He noted ‘it is inconceivable to leave security aspects at the margin of this process: defence is both an object of co-operation and an element of sovereignty with which the federal entity, which is our long-term objective, will - or should - be endowed’.\(^{22}\)

The essential problem facing Member States was not whether there was a need for a European security policy - a policy supported by NATO Secretary-General Manfred Womer - but what shape and form it should take. This dilemma was further complicated by their interpretation of the Gulf War.\(^{23}\) For the UK\(^{24}\) experience of the war indicated that an integrated, separate, ESDI was unlikely to emerge; the ability of the Community to act in unity had diminished once it became evident sanctions and diplomatic initiatives would not solve the crisis.\(^{25}\) This view was reinforced by its support for the US and commitment to send a large force to the Gulf,\(^{26}\) helping to invoke new life into the Anglo-American special relationship.\(^{27}\)

London’s policy had been influenced by other Member States response, while the issue of future co-operation had been seriously dented by Belgium’s refusal to supply the UK with ammunition - a point that caused ‘real rage’ within Whitehall.\(^{28}\) Essentially, the war ‘...reinforced the majority of those in the government who felt that there was no need to play around with NATO, and establish a separate European defence policy’.\(^{29}\) During the war the USA’s position with regard to France had been clear: France was welcome, but would be there on its terms.\(^{30}\) Despite such dependence on the US, the war also provided a boost to those which advocated the further development of a European security policy,\(^{31}\) a position shared by Italian Prime Minister Andreotti and Luxembourg Foreign Minister Poos, both of whom advocated that it demonstrated the need for the EC to develop a common security policy.\(^{32}\)

The debate was also coloured by the future of EC enlargement, an issue which overshadowed many other aspects of the discussions. Of the four immediately likely applicants, three were neutral and opposed to joining military alliances.
Sweden was neutral by virtue of its long tradition; Austria by its constitution, which reflected the post Second World War settlement, and by its proximity to the (former) Soviet Union; and Finland for the latter reason. In comparison, the only country that was a NATO member, Norway, was the least likely to accede. For France, this was an added reason for pressing ahead on defence as far as possible, to ensure that a defence role for the Community would, ideally, be *acquis* before enlargement took place. But for the UK, the very prospect of enlargement was a further (powerful) reason why the WEU should not become a creature of the EC. This was because the government considered the WEU could not be subject to the direction of the Council (or European Council) of the Community when the latter contained not just one avowedly neutral state (Ireland), but four.

**Core negotiations**

The development of a foreign and security policy took place in three separate fora throughout 1991. The first, and most important, were the IGC negotiations in Brussels, in what ended up as Title V of the Maastricht Treaty (the CFSP provisions). Policy was dealt with by the European Political Union (EPU) personal representatives (see appendix 3), despite an initial suggestion during the Italian Presidency that negotiations would be dealt with by Foreign Ministers Under-secretaries. Secondly, negotiation took place in the WEU on the formation of a European position on defence issues, the product of which became the longer of the WEU declarations annexed to the Maastricht Treaty (no. 30). In addition, NATO was in a process of reassessing its role. The existence of other issues such as the Gulf War and the emerging Yugoslav crisis meant decision-making in one area often spilled into another. At a senior level the same officials tended to be involved in all the policy areas and led to ‘policy overload’ during the talks which resulted, at times, in hurried decision-making. The big countries, especially France, Germany and the UK, were particularly influential in the IGC-related topics and in the wider security policy debate. Of other Member States, the Netherlands and Italy played a secondary role, while the USA’s presence at NATO talks meant its influence filtered into IGC and WEU discussions, though its concerns were represented outside NATO by the Netherlands and the UK. The
existence of these negotiating bodies added weight to the concept of a ‘two-level’ game as negotiators had regular (and long established) contact with their counterparts from other Member States. As chapter 1 made clear, officials would often have shared interests and objectives. For the UK, this concept was further reinforced by its centrality to the CFSP discussions which meant it was an influential participant at the IGC and WEU negotiating table, while always had a strong position within NATO.

**Advancement of texts**

Prior to the commencement of the IGC, the WEU Secretariat attempted to outline the position the WEU should have vis-à-vis the EC and vis-à-vis NATO in a policy paper sent to Member States’ WEU Ambassadors on 22 November 1990 under the authorship of its Secretary General, Willem van Eekelen. Its basic premise was that WEU’s objective vis-à-vis the EC should be to represent the defence dimension of the European integration process, while vis-à-vis NATO it should be to strengthen its European component and help define the respective roles of each organisation through a new transatlantic security contract. It placed the WEU under the aegis of the European Council, was received favourably by France and influenced both Franco-German proposals of 6 December 1990 and 4 February 1991 - the latter being submitted at the first high-level meeting of the EPU IGC in Brussels on 4 February 1991. It proposed that the European Council should be responsible for deciding which areas of security policy would be classified as common policy, and advocated the development of an ‘organic’ relationship between the WEU and EPU, while the development of a ESDI would be represented by a European pillar within NATO. The UK, on the other hand, advocated a form of ‘linkage’ between the European Council and the WEU, though follow-up discussions on defence would take place in the WEU, while it would not be incorporated into the EC. On these issues London was clear its main battle was with Paris who wished to develop a separate (but within NATO) European pillar which would reduce Europe’s dependence on the US, while Germany wanted to appease France on European defence issues and keep the US involved.
Although the Franco-German proposal for the construction of an independent force constituted a partial challenge to NATO’s integrated command structure, the USA’s reaction was not entirely negative. Its main concern was that such a development would undermine the rationale for its involvement in the Alliance, and thus accelerate the erosion of domestic support for the basing of American troops in Europe. This view was expressed in the ‘Bartholomew memorandum’ of 20 February 1991, which was sent to all EC NATO countries. Its purpose was to set out US concerns before decisions were taken they considered would be regrettable. This involved three issues. First, the US would not countenance European Member States forming a caucus in NATO which could result in it, and other non-WEU members, being presented with a pre-determined stance. The second focused on what European defence would consist of, because virtually everything in modern warfare (excluding France and the UK) was American. NATO had developed a largely US capability, though working through NATO in terms of logistics, communication, transportation and intelligence. Within this second area, the concern was that if the Community developed an independent decision-making authority which would activate European (but not NATO) forces in some crises, then the US could be dragged in to conflicts. The US would have had no say in the decision over intervention, and the worry was that this could result in a poor defence policy. The third anxiety was that development of an independent force would result in a parallel defence framework increasing costs at a time when electorates were demanding public expenditure cuts.

The general European reaction to the memorandum was that it was not a sensible contribution to the debate, representing a sense of panic within Washington. Motivation for the document was based as much on ‘political’ as ‘strategic military’ concerns, because NATO was ‘...the crucial organisational vehicle for conserving US influence in continental affairs...', and any attempt to dilute its role would lessen its influence on European politics just as much on European security. For France, the document’s heavy handedness was a means of justifying its perception of the USA’s intention to suppress a European identity. This was also based on political rationale, as a desire to develop a ESDI was merged with an attempt to tie Germany into a federal Europe.
was to increase the desire of the integrationist Member States to develop an independent European policy, while it embarrassed the UK as many of its concerns had been voiced by London which therefore created the possibility of it being perceived as a ‘Trojan horse’ for the US.

Two days after the memorandum, Foreign and Defence Ministers met in Paris to discuss the WEU’s role in the future European security architecture, of which the November 1990 text provided the basis for discussions. The text had been worked through intensively throughout January and February, and agreement reached on all issues bar one. The specific proposal before the extraordinary WEU Council on 22 February was that:

The conclusion of the European Council on the principles and orientation of the Common Foreign and Security Policy should serve as a guideline for co-operation under the Brussels Treaty; in particular, where co-ordination in the defence field is necessary, this should be taken forward within the WEU.49

Key Whitehall officials involved in the defence debate recommended the government accept such an approach because it envisaged European Council conclusions, which would be limited to ‘the principles and orientation of the CFSP’, as providing a guideline for the WEU.50 It therefore left open the possibility of guidelines from other sources (WEU Ministers or NATO) and thus did not subordinate the WEU with the EC. The text also noted responsibility for action in the defence field fell squarely to the WEU, which the UK considered should be moved to Brussels. The UK considered agreement on such a basis would help to provide some stability within the IGC, particularly as both France and Germany advocated more radical changes which were unacceptable to the UK.51

However, the Dutch were not prepared to embrace the approach outlined in the paper because it allowed the European Council to express ‘a guideline’ for cooperation under the Brussels Treaty and, in particular, for defence co-ordination in the WEU. The objection stemmed from the Netherlands’ pre-Maastricht view of the European Council as an informal intergovernmental body outside the scope of the usual EC decision-making process, and any strengthening of it would ‘conflict with the Netherlands desire to pursue the ultimate objective of creating a federal and democratic Europe based on a Community legal order’.52 The Dutch were
also concerned, as Pijpers points out, that such a set-up represented '...the French motive to create a directorate of the larger countries within the European Union', which could impair the influence of smaller Member States. Dutch Foreign Minister, Hans van den Broek, rejected the text because France was not prepared to accept the Netherlands preferred alternative wording. Van den Broek was unpersuaded by the argument of Britain's Foreign Secretary, Douglas Hurd, that the text was safe in transatlantic terms because the word 'guideline' did not convey the sense of an instruction.

Rejection meant that negotiations on defence moved away from the WEU setting to the IGC, while one of the primary questions was to what extent CFSP would be integrated into the Community. As chapter 5 noted, the institutional actors, Belgium, Germany and Greece wanted CFSP to be integrated into the Treaty as an individual chapter with its own decision-making principles, which would have resulted in it becoming one of the main branches in the tree-like structure that they intended the future EU to have. By contrast, the ‘Greek temple’ configuration envisaged three pillars, of which CFSP would be one. Of the two models, the UK favoured the temple structure. Under it CFSP would not have been subject to interference from the Commission, EP and the Court of Justice, so that co-operation would remain intergovernmental, despite the desires of the pro-integrationist Member States. Denmark shared a similar view that ‘the Council...shall unanimously establish the common foreign and security policy’, while the Commission would only be ‘associated’ and the EP ‘briefed’ on CFSP.

Differences of opinion on the location of CFSP and the roles of NATO and WEU were evident at the personal representatives' meeting of 14 March. At the 26 March Foreign Ministers 'Gymnich' style meeting at the Chateau de Senningen, van den Broek was even more vociferous than Hurd about the need for the presence of NATO and the US in European security. While that meeting recognised the impossibility of having a foreign policy without a defence policy (with Genscher and Dumas demanding substantial progress be made on the matter of defence), there were contrasting views on how a defence policy could be decided and managed. Nor were these differences resolved in the Luxembourg Presidency's first draft of 12 April 1991. It selected the temple model for the
Treaty structure, although CFSP was provided with a more communitarian characteristic than EPC. When this text was debated at the Kirchberg Foreign Ministers’ meeting of 15 April, a majority of Member States supported it - though the Treaty structure was criticised by the institutional actors. The intergovernmental nature of the text was, however, favoured by the UK and France, but the former opposed some of the integrationist measures and withheld assent (see chapter 5).

The text included various issues requiring further development. These covered the question of the defence dimension, the role of the Commission in CFSP, and the issue of QMV. Although there was broad agreement that unanimity should generally be required, certain Member States wanted QMV for joint actions (Article J.3). Belgium and Italy advocated a general QMV rule, while France and Germany argued major decisions should be taken unanimously, with implementation decided by QMV. Denmark, Ireland, Portugal and the UK opposed QMV, with the UK not wanting to give way on the issue until Maastricht, as movement at a later date could bring progress in different areas of the discussions. On other issues, Belgium, France, Germany and Italy demanded that defence should be categorically included as a common policy objective. But the UK and Denmark were opposed to such a development, while Belgium and the Netherlands wanted a stronger role for the Commission.

In an attempt to resolve the differences, Foreign Ministers, along with Jacques Delors and Frans Andriessen, held an informal Gymnich-type meeting at Mondorf-les-bains (Luxembourg) on 27-28 April. It resulted in the emergence of points of consensus. All preferred the continuation of NATO, although there still existed the traditional split between states favouring more European independence (Belgium, France, Germany, Greece, Italy, Luxembourg and Spain), and those wary of it (Denmark, the Netherlands, Portugal and the UK). Absence of an overall common position on security and defence meant it was unlikely that the June Luxembourg European Council would make any headway in this policy area. This became apparent in the wake of the Luxembourg Foreign Ministers conclave on 23 June. At the conclave, the UK and the Netherlands pleaded for the European Council to provide a simple progress report with no premature conclusions, a
position crucially supported by Germany. In addition, the UK gained support from Denmark, Ireland and Portugal that foreign policy decision-making should be decided by unanimous vote rather than by QMV.

Lack of common ground on the issue of defence meant it was not discussed at the June Luxembourg Council. The summit communique stated ‘common guidelines’ were to be worked out by the November NATO summit, which would provide the framework for decisions on how to strengthen the EC defence identity. The 6-7 June Copenhagen NATO summit had, however, highlighted the objective of ‘the creation of a European identity in security and defence...’ which demonstrated consensus for the first time, by its members, on the development of European defence. The UK was essentially happy with the pillar construction, as were Denmark, France, Ireland and Portugal. Some Member States, such as Germany and Italy, accepted the text as a temporary compromise - despite preferring a more integrationist Treaty - while Belgium, the Netherlands and the institutional actors were against it. This suggested the important issues concerning CFSP would not be finalised until immediately prior to Maastricht, or at Maastricht itself, a decision criticised by the EP. The cessation did, however, give the UK more time to develop alliances on the broader aspects of the negotiations, as well as refining its own negotiating strategy (see chapter 5). This delaying tactic had partly been influenced by the Yugoslav crisis which engulfed the summit, with the communique from the Vianden WEU Foreign and Defence Ministers meeting of 27 June (which discussed the Yugoslav crisis) having noted the need for a ‘genuine’ ESDI.

New Presidency, new draft

The Dutch Presidency’s priority was to ensure foreign and security issues would be brought within the Community framework, while guaranteeing the US would not be estranged from Europe, or NATO damaged, as a result of defence co-operation by EC members. In pursuit of these objectives the Dutch, and in particular Foreign Minister van den Broek, had the additional task of having to organise the Community’s response to the Yugoslav crisis. From the standpoint of the UK, the Dutch had the advantage of offering an alliance on the crucial importance of
NATO, but at the same time posed a greater problem through their federalist outlook. The Dutch Treaty of 23 September 1991 abandoned the Luxembourg Presidency’s three pillar formula and placed everything within a unitary structure, while on CFSP it gave more concrete form to common action and co-operation. Lack of support meant it was rejected by Foreign Ministers at a Ministerial meeting on 30 September, a majority of the personal representatives having previously abandoned it at a tour de table on 26 September (see chapter 5). Rejection resulted in agreement that the Luxembourg draft would form the basis of future negotiations, and a meeting of the personal representatives, on 1-2 October, discussed options for movement on CFSP in an attempt to establish common ground prior to the Foreign Ministers’ Gymnich-type meeting at Haarzuilen on 5-6 October.

On the eve of Haarzuilen the UK and Italy put forward a joint proposal on CFSP in an attempt to provide a further gravitational pole which would be a useful means of demonstrating to France and Germany that other countries could also put forward bilateral initiatives, while countering any future federalist aspirations in this policy arena. The UK had considered the February Franco-German proposal on security and defence was ‘a dangerous and flawed document’ on both transatlantic relations and linkage between NATO and the WEU. Italy wanted to ensure its views were not overshadowed by the Franco-German partnership, while allowing it to act as a linkage between the UK position and that adopted by France and Germany, a development discussed by Bonvicini:

The move was seen as a break in the usual Italian preference for Germany or for the Franco-German entente. Italy here tried to play the role of mediator between the extreme positions of France and Germany, on the one hand, and Britain, on the other, with regard to the future of European defence and its relationship with NATO.

Hurd suggested to Gianni De Michelis that the UK and Italy should put forward a counter proposal, with agreement reached during a lunch meeting in Rome on Easter Monday 1991. The ensuing discussions and policy drafting were primarily dealt with by the respective Foreign Ministries, there being no contact between London and the Italian MoD, because Whitehall perceived it to be not as competent as the Foreign Ministry, while there was also no contact between either
country's NATO delegations. Discussions were of an informal nature which allowed both Italy and the UK to reap the benefits of secrecy without incurring the costs of leaks. At a domestic level backbench MPs were less aware of the government’s diplomacy, demonstrating the extent to which Major managed the government’s relations with the Parliamentary Party. This contrasted with EMU, where backbench MPs tended to be aware of the government’s negotiating position, a factor influenced by opposition to a single currency and desire for an opt-out formula. The end product was a text which stated:

Political union implies the gradual elaboration and implementation of a common foreign and security policy and a stronger European defence identity with the longer-term perspective of a common defence policy compatible with the common defence policy we already have with our allies in NATO.

The wording of the proposal had been subject to prolonged debate, particularly with regard to 'common defence policy'. The original Italian proposal of May 1991 stated ‘Political union implies the gradual elaboration and implementation of a common foreign and security policy and, in a longer-term perspective, of a common defence policy’ (emphasis added). This resulted in an initial UK counter-proposal of, in place of ‘common defence policy’, ‘a stronger European defence identity’. Thereafter, in early June, Sir John Goulden proposed to Silvio Fagiolo:

Political union implies the gradual elaboration and implementation of a common foreign and security policy and a stronger European defence identity with the possible longer-term perspective of a common defence policy compatible with the common defence policy we already have with our allies in NATO (emphasis added).

The proposal was then sidelined by mutual consent throughout the summer, primarily because the defence dossier went quiet as other issues engulfed the conference, such as the debate over the structure of the Treaty and institutional reform (see chapter 5). However, by October the Italian delegation accepted Goulden’s formulation, minus the word ‘possible’, which resulted in the plan being launched on the 4th so it would form the basis of the following two days Ministerial discussions.

For the UK the proposal involved a major concession with its acceptance of the phrase ‘common defence policy’. Rummel noted ‘Britain has accepted both the
idea of an eventual defence role for the Community and the establishment of links between NATO and a future EPU'. London considered it important to stipulate that any future common defence policy should, from the beginning, be defined as needing to be compatible with NATO’s common defence policy. At the same time, other Member States’ acceptance that there already existed a common defence policy within NATO, and any future European interpretation had to be compatible with it, was perceived as a valuable concession on the part of its partners prior to Maastricht.

The document demonstrated the government’s preparedness to engage in this aspect of the negotiations, while highlighting a willingness to compromise. It had clearly been influenced by Hurd, who had taken great efforts to make the text a success, while an alliance with Rome was the product of good personal relations with De Michelis. Hurd had a particular fondness for Italy, having worked as a diplomat in Rome between 1960-63. This further emphasised the ‘two-level’ nature of the CFSP negotiations, with both Foreign Ministers working together to establish a compromise suitable to domestic audiences. The attempt to strike a balance resulted in the Italian government reorientating itself towards the UK perception of how the IGC should proceed by moving towards NATO (compare tables 1.1 and 1.2). The benefit to the UK was the demonstration to other Member States that its concept of a ESDI, which was firmly attached to NATO, was supported by a federalist partner. The text noted the:

WEU should be entrusted with the task of developing the European dimension in the field of defence, it will develop its role in two complementary directions: as the defence component of the union and as the means to strengthen the European pillar of the Alliance.

Such recognition was clearly important for London, since some Member States (especially France) had previously judged NATO not to be a viable long-term defence organisation, and regarded a separate European defence role as the only alternative. The text effectively reversed this stance. Italy’s involvement dismayed certain Member States who considered it had ‘broken ranks’ and aligned with the UK. However, the real motivation for its participation had been ‘political’ - to form a counterweight to France and Germany, rather than outright agreement with the UK. For Foreign Minister De Michelis, the significance of the text was:
Europe without America? CFSP Negotiations

For the first time, the British are accepting the perspective of a common defence policy. This is the decisive phrase in the text, and it represents a historical turning point for the United Kingdom. It signifies that Major's government has decided to move towards European Union. The main obstacle on the road to Maastricht has been lifted.95

Within Whitehall there was disagreement over whether the text signified a diplomatic success or a tactical mistake. One official considered acceptance of a 'common defence policy' was an unnecessary concession because it meant the government could no longer adopt a minimalist stance. This was because London occupied a strong position on CFSP due to its centrality to any future proposals, while domestic political attention was focused on other issues such as social policy and monetary union. Therefore, the government had greater leeway in the direction it took. This view was essentially voiced by MoD officials, who considered the proposal to have been an error, while FCO officials regarded it a success.96 The reality, however, was the latter because the proposal established the importance of NATO with regard to any future developments, a position previously challenged by other Member States, while the granting of a 'common defence policy' was considered to be worth such a development. Some countries, such as France, considered the UK conceded nothing in the text, although this was not the case.97 The importance of the proposal was emphasised by the fact it helped to establish common ground among negotiators at Haarzuilen, with Delors stating it represented 'a step towards a compromise,'98 while van den Broek reported there had been a 'very constructive discussion' which made it possible to give new impetus to CFSP.99 In effect, the document countered the Franco-German axis in the short term and tilted the negotiations away from the maximalist position.

The euphoria surrounding the proposal (particularly within the FCO) was, however, short-lived. An open invitation by France to a meeting to consider issues relating to European defence,100 although such unilateral action annoyed the Dutch,101 resulted in a 11 October meeting at which France and Germany proposed the creation of a European corps as part of an EC-wide defence organisation.102 This proposal differed from the Anglo-Italian initiative in that it recommended an organic link between the EC and the WEU, with the creation of a WEU rapid reaction force hinged on NATO and with national contributions, whereas the
London-Rome axis had aimed at strengthening NATO. The UK, which had not anticipated the Franco-German initiative, thought it a ‘knee-jerk’ response to the Anglo-Italian document, while it also demonstrated the high stakes which were being played for in the EPU negotiations. In effect, Member States were attempting to use trump cards.

London faced a further difficulty when the Foreign Ministers of France, Germany and Spain (Dumas, Genscher and Ordonez) issued a joint communique on 11 October about the forthcoming talks at Maastricht, with the other Member States having not accepted the invitation to attend the meeting as a demonstration of discontent over the Franco-German initiative. The communique noted CFSP constituted ‘a necessary component in political union’ which must include ‘questions relating to security and defence’, with the ‘long term prospect of a common defence’. For Spain, a country not fully integrated into NATO, the focus on a European defence dimension was an effective way for the government to present its role in a defensive alliance to the public. This trilateral position, calling for ‘recourse to qualified majority voting for the modalities of the implementation of the foreign and security policy’, conflicted with the UK’s desire for decisions to be taken by unanimity.

The sudden Franco-German proposal came as a shock to the UK, and ‘took some wind out the sails of the Anglo-Italian declaration,’ though did not significantly reduce its influence on the final outcome at Maastricht. In the short-term, however, France and Germany attempted to reassure UK concerns, with Mitterrand emphasising on 23 October the plan would not interfere with the US or NATO:

We have simply set up new defence provisions which will gradually take on greater significance because we cannot imagine that the United States will always be in the front-line ready to take over from Europeans in their own defence.

In addition, Kohl emphasised, in a foreign policy declaration to MPs on 6 November, that a ESDI would not result in a downgrading in the importance of NATO. He noted the ‘existential importance’ of the alliance for Europe, but stressed ‘a united Europe without a common defence is, in the long run, not feasible. That is not an expression of doubt in the durability of the Atlantic
Alliance, nor an effort to set up a competing body'.\textsuperscript{109} Despite Mitterrand and Kohl's gestures, the UK was still concerned about the nature of the defence linkage of the WEU to the Community, and the future role of NATO. This concern was not only shared by the UK,\textsuperscript{110} as demonstrated in table 7.2.

### Table 7.2:
**Member States' Positions on Foreign and Defence Policy**

<table>
<thead>
<tr>
<th>Majority voting for Foreign Policy</th>
<th>Defence: NATO or EC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>For</td>
</tr>
<tr>
<td>Denmark</td>
<td>Against</td>
</tr>
<tr>
<td>France</td>
<td>For</td>
</tr>
<tr>
<td>Germany</td>
<td>For</td>
</tr>
<tr>
<td>Greece</td>
<td>For</td>
</tr>
<tr>
<td>Ireland</td>
<td>Against</td>
</tr>
<tr>
<td>Italy</td>
<td>For</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>For</td>
</tr>
<tr>
<td>Netherlands</td>
<td>For</td>
</tr>
<tr>
<td>Portugal</td>
<td>Against</td>
</tr>
<tr>
<td>Spain</td>
<td>For</td>
</tr>
<tr>
<td>UK</td>
<td>Against</td>
</tr>
</tbody>
</table>

The government publicly refused to accept the Franco-German proposals and such differences of views were not resolved at the 29 October Bonn WEU Ministerial meeting. At the meeting there emerged a clear divide between France, Germany and Spain, on one side, and Italy, the Netherlands and the UK on the other, over the question of a future ESDI.\textsuperscript{111} The inability to resolve differences meant attention focused to the NATO Rome summit of 7-8 November as a means of providing a consensus on how the US and Europe should define the post-Cold War security order.\textsuperscript{112} The search for a compromise solution resulted in NATO's new 'Strategic Concept' endorsing the development of European multinational forces '...in the context of an emerging European Defence Identity...' which would '...enhance Alliance cohesion; reinforce the transatlantic partnership and
Section 2: Political Union

strengthen the European pillar'. But the document also reasserted the primary role of NATO in the realm of defence:

The Alliance is the essential forum for consultation among its members and the venue for agreement on policies bearing on the security and defence commitments of Allies under the Washington Treaty.

This inelegant construction emerged from the NATO quadripartite group, consisting of France, Germany, the UK and US. It highlighted the ‘two-level’ nature of the CFSP negotiations as officials negotiated a text independent of national capitals, while being aware of broad policy preferences. The text was clearly a compromise, the UK being a driving force behind preservation of the Alliance. Its true significance, however, lay in France’s participation, as she had originally not taken part in the revision of NATO strategy. The final text, when subsequently circulated by the Dutch, received positive responses from Germany, the UK and US. However, whereas the majority of NATO communiqués - though written by officials - are normally rubber stamped by Heads of State and Government, on this occasion Mitterrand was initially not prepared to accept the text at Rome. Indeed, it seemed at one point that he might ‘reject the whole damn thing because he had not seen the text before the meeting’.

Mitterrand’s views demonstrated the ‘two-level’ policy process, with officials independently creating a compromise amongst themselves, which they in turn hoped national capitals would endorse. On this occasion Mitterrand’s hostility towards the document was ‘not because he saw it as a serious problem, but because he saw it as symptomatic of the US encroaching on purely European institutions’. The text’s emphasis on the importance of NATO meant the original Franco-German proposal was no longer a viable option. France’s eventual subscription, despite disagreement with three or four paragraphs concerned with the integrated military structure, was therefore important in establishing a consensus on security and defence issues.

Over the weekend following the NATO summit, Member States were presented with the new version of the Dutch Presidency’s text on EPU to be debated by Foreign Ministers at the Noordwijk ‘conclave’ on 12-13 November. It still fell short of UK objectives, partly because it retained a majority voting
procedure for foreign policy, an obstacle which Major reiterated to Kohl during a meeting in Bonn on 10 November, while Kohl demanded there had to be some form of 'linkage' on CFSP. While accepting the need for a stronger, more efficient, European foreign policy in conjunction with the WEU acting as the pillar of NATO, the UK considered it 'foolish and dangerous to confuse command structures, or undercut NATO's sole responsibility for the defence of NATO territory'. Hurd affirmed that Member States' 'vital interests' '...cannot and should not be overridden by majority voting'. Differences were not solved at Noordwijk, after which a sizeable gulf remained between the UK and the more integrationist states on the nature of foreign and defence policy, London insisting upon its right to take independent vital decisions and decision taking by unanimous vote.

Lack of consensus on QMV resulted in impetus being provided by the 18 November Bonn WEU Council of Ministers which decided (at the request of Portugal and the UK) to ask the WEU Special Working Group to present a text on the future relationship between the WEU and EPU to the EC conclave of 2-3 December. At this conclave, in Brussels, the UK proposed a voluntary opt-out clause which France opposed (TEU, Article J.3.7). A new version of the clause was introduced by the Presidency on the evening of 2 December: 'In the event of major difficulties in implementing a common action, a Member State shall inform the Council, which shall deliberate and seek appropriate solutions. These may not run counter to the objectives of the action nor impair its efficiency'. On decision-making procedure the Presidency's note on CFSP stated that 'for common actions decided by the European Council (consensus), the Council shall unanimously choose the questions whose implementation may take effect by qualified majority'. This approach was supported by the UK, though other Member States considered it too restrictive. Nevertheless, while the meeting did not result in agreement, there was in practice a broad consensus on security and defence issues, with the overall position shifting towards that advocated by the UK.
Section 2: Political Union

• Maastricht European Council

A combination of the multiplicity of topics covered at the Maastricht European Council and the priority given to social policy and EMU, led the majority of CFSP details to be negotiated by Member States' Political Directors. Agreement was brokered on the second day, policy having, for the most part, been hammered out in the margins. The CFSP was established outside the Community order in the constitutional arrangement of the Community, like Justice and Home Affairs (JHA), though it was brought within the single institutional framework. The normal legal instruments, as defined by Article 189 of the Treaty of Rome, were not available for the workings of CFSP, because it has institutional and legal arrangements peculiar to it as the Union does not have legal personality, whereas the EC has.

The Union can act only through its Member States where an international agreement is concluded on a CFSP matter. The European Council sets general guidelines, while the Council of Foreign Ministers is the decision-maker (Article J.3.1). Internationally, CFSP is represented by the Presidency, and has general responsibility for implementing measures under the Council (Articles J.5.1 and J.5.2). The Presidency can be helped in this respect by the Troika, i.e. the previous and next Member States to hold the Presidency (Article J.5.3). This dominance of Member States was somewhat counterbalanced by guarantees the Commission had a right to be 'fully associated' with the work carried out in the CFSP field (Article J.9), and '...the views of the European Parliament...duly taken into consideration,' though it does not have any formal role in decision-making on specific matters (Article J.7). Thus, the Council has far greater influence in Title V of the TEU than the Commission and the EP.

In terms of the WEU's role, negotiators went to Maastricht with a more-or-less agreed WEU Declaration, with the main question being how to incorporate language that was being negotiated in the IGC. Of the WEU related issues the main problem concerned the second WEU Declaration dealing with membership. This was partly because Greece had made it clear in the days prior to Maastricht it would have difficulty adopting the Council's conclusions if it continued to be excluded from the WEU. That meant the second WEU Declaration was drafted
in the days prior to Maastricht, with Political Directors and Foreign Ministers spending the majority of their time on this issue. Agreement was reached at the very last stage of Maastricht on the concept of WEU full members and observers, i.e. only members of both the EC and NATO could become full members of the WEU, and other NATO countries (Turkey, Norway and Iceland) being permitted Associate membership.\textsuperscript{136}

This was a concession secured by France and Germany and represented a setback for the UK approach, whose government did not want to turn non-WEU members, such as Turkey and Norway, into second class citizens in defence questions.\textsuperscript{137} The very concept of Associate Members proved a difficult issue to resolve, with terms such as ‘participate’ and ‘involve’ being used. The problem was eventually resolved through a proposal by Italian Foreign Minister, Gianni De Michelis, giving Associate Members ‘the possibility of participating fully in the activities of WEU,’\textsuperscript{138} though at the time the chairman of the meeting, Genscher, did not notice the proposal, which resulted in the WEU Secretary General further suggesting the text. Genscher then concluded the meeting on the basis of the proposal on the first day, despite French hesitations.\textsuperscript{139} Guaranteeing Associate Members the right to ‘participate fully’ was important for London as it had suffered a minor defeat on the issue of full membership.

By contrast, the first WEU Declaration involved no substantial problems because the November NATO Rome Summit had ironed out many differences - part of paragraph 6 of the Rome Declaration being transferred directly into section B of the first WEU Declaration. Otherwise, the main question concerned what became Article J.4 of Title V of the TEU, with WEU Member States leaving a gap in quotation marks in the declaration so as to insert in full the finalised version of Article J.4.\textsuperscript{140} The existence of two separate conferences resulted in paragraphs one and two of the first WEU Declaration differing slightly from the text in quotation marks. On Article J.4 it was Lubbers who made the bridge on defence policy between the UK and the other Member States\textsuperscript{141} through Article J.4.1, which notes ‘the common foreign and security policy shall include all questions related to the security of the union, including the eventual framing of a common defence policy, which might in time lead to a common defence’; with this being a
development on a Belgium proposal that 'the common defence policy should in
time lead to a genuine common defence'.

The Anglo-Italian declaration helped pave the way for such a compromise,
while in addition the government managed to secure the language in Article J.4
about the policy of the Union being 'compatible with the common security and
defence policy' established within the NATO framework, which was a further
development on the Anglo-Italian declaration. Article J.4.2, which was largely
based on the October 1991 Franco-German proposal, mentioned that the 'Union
requests the Western European Union... ', but did not make it clear as to how that
is done, with the possibility of either the European Council or the General Affairs
Council. This was a negotiating success for the Dutch because they had rejected
the WEU paper at the February 22 WEU Foreign and Defence Ministers meeting
because European Council conclusions could have served as 'a guideline' to the
WEU. This equally demonstrated that the Franco-German proposal of the EC
setting 'guidelines' for the WEU, so the latter acted 'in accordance with the EC's
directives', did not survive.

The CFSP agreement allowed for the establishment of common positions
(Article J.2.2, para 1), designed to ensure co-operation takes place between
Member States to utilise their combined influence (Articles J.1.3 first indent, and
J.2.1). But although Article J.2.2 noted Member States would ensure '...that their
national policies conform to the common positions', and through Article J.2.3 be
upheld internationally, the CFSP Title is, by virtue of Article L, excluded from the
jurisdiction of the Court of Justice. The agreement did not provide for a
mechanism, comparable to Articles 169 and 170 of the EC Treaty, which could be
used against a defaulting Member State.

In pursuing common aims the Treaty provided for joint actions (Article J.3) as
a means of implementing objectives, with the General Affairs Council deciding
the matters suitable for joint action (Article J.3.1). Topics agreed for joint action
included: the CSCE process; the policy of disarmament and arms control in
Europe, including confidence-building measures; nuclear non-proliferation; the
economic aspects of security, especially the control of the transfer of military
technology to third countries, and control of arms exports. The construction of
this list at Maastricht was a negotiating mistake by the Political Directors because a list of security subjects suitable for CFSP were mixed up with a list of foreign policy subjects suitable for joint action. The political subjects were then crossed off because they were considered to be too sensitive and difficult for joint action. This left security issues alone as a residual list of possible topics for joint action, although they were effectively more sensitive and difficult. One of the reasons why this happened was details were negotiated by Political Directors who had a knowledge of European affairs, but did not necessarily have a sound grasp of security policy issues.

Although Title V provided for unanimous decision-making, certain implementatory measures within the scope of joint actions could be taken by QMV (Article J.3.2). The formula ‘unanimity for substantive decisions, QMV for implementing decisions’ had been pushed at Maastricht by Belgium, France, Germany, Italy, Luxembourg and the Netherlands. The UK objected to the use of QMV at Maastricht, pressing for unanimity on all matters, whereas virtually all other Member States wanted the mixed procedure. The introduction of QMV represented a compromise on the part of the UK, although the government was not unduly concerned about this advancement. While undesirable, London considered it to be a manageable and small road into policy. This meant the Dumas, Genscher, Ordonez paper of 11 October 1991, which called for ‘a recourse to qualified majority voting for the modalities of the implementation of the foreign and security policy’ had not succeeded - development borne out of Member States being hostile to their unilateral action. The text therefore represented a compromise by all sides, and to that extent the government’s position was:

nothing had ever been done in that direction under the environment article, so I don’t think that we, or anyone else, thought it was very serious in the CFSP context. It was really just stating that other countries would like to go in that direction.

Article J.3 authorises the Foreign Affairs Council to decide which matters may be taken by QMV, although the resolution to use QMV is dependent on consensus. Once taken, the decision to use QMV is binding on all Member States. Nevertheless, the Treaty provided certain loopholes. Article J.3.3 affirmed ‘If there is a change of circumstances which has a substantial effect on a question
subject to joint action’, then the joint actions objectives and principles may be reviewed at the request of a Member State. Further, Article J.3.7 provides in the event of ‘major difficulties in implementing a joint action’, Member States may seek ‘appropriate solutions’ at the Council. Use of QMV thus is limited, reflecting the desire for national control over foreign and defence policy. Indeed, Article J.3.6 allows for national action, failing a Council decision, in areas determined for joint action, should ‘imperative need’ require; although the Council must be immediately informed of the necessity for such action.

Development of common positions and joint actions suggested Member States would progress from the codification of a common security policy to ‘the eventual framing of a common defence policy, which might in time lead to a common defence’ (Article J.4.1). The WEU was central to the process of establishing a common defence policy. The TEU noted the WEU would be an ‘integral part of the development of the European Union’, though integral did not imply an intimate, interlocked relationship. The Council could only ‘request’ the WEU to transmit the defence ramifications of decisions taken by the EC (Article J.4.2); it could not instruct the WEU to carry out EC defence decisions. The WEU was thus separated from the EC, though WEU members affirmed the preparedness of the WEU ‘at the request of the European Union, to elaborate and implement decisions and actions of the Union which have defence implications’. Linkage between the EC, WEU and NATO was underlined by the declaration that the ‘WEU will be developed as the defence component of the European Union and as the means to strengthen the European pillar of the Atlantic Alliance’. The dual-sided role of the WEU was further emphasised through the objective ‘...to build up WEU in stages as the defence component of the European Union’, while ‘WEU Member States will intensify co-ordination on Alliance issues...with the aim of introducing joint positions...into the process of consultation in the Alliance’ and that ‘the Alliance...will remain the essential forum for consultation among its members and the venue for agreement on policies bearing on the security and defence commitments of the Allies under the North Atlantic Treaty’.
• Conclusion

During the negotiations Member States had grappled with two basic type of texts. While some - such as Belgium, Germany, and Luxembourg - advocated giving the Union a defence role with QMV decision-making, the UK, Denmark and Portugal opposed it. These latter countries favoured greater foreign policy co-operation, with linkages between the WEU and the EC, but without QMV, and NATO remaining the supreme security guarantor. Some degree of compromise was therefore vital, and this was primarily achieved through negotiations at official level among the leading Member States in the Community. Within the UK administration the MoD did not play the dominant role. It raised some issues at the start of the negotiations, such as the importance of linkage between the US and the UK, but did not press them.155

UK behaviour in the CFSP debate followed the usual practice of senior officials from both the FCO and the MoD being involved in policy, with implementation being left, to some extent, in the hands of more junior officials. This particularly applied to discussions on the future of the WEU, which had a lower profile than discussions on either the IGC or the future of NATO. Most concentration in the MoD was on the latter, partly because of the unfamiliarity of many actors with the European arena, and problems resulting from the circulation of many texts in French, with no English translation.156 The flexibility of the UK system, with its small number of actors, meant London was often able to act faster than other capitals. Senior officials and Ministers were consulted primarily to gain their broad approval for the strategies adopted, i.e. ‘guilt through association’. They basically relied on their staff to look after details. In comparison, many other Member States closely involved in this subject area had systems which were more hierarchical and correspondingly less flexible.

Within the UK such a policy strategy emphasised the ‘two-level’ nature of the discussions, with officials and Ministers often establishing compromise solutions with their continental counterparts, which then had to be sold to London. Such bargaining was influenced by the FCO’s experience of Community affairs, and Hurd’s Europhile outlook. It demonstrated the UK was not an isolated partner as the government effectively developed alliances throughout the discussions with
Denmark, Portugal and to some extent the Netherlands, while of crucial importance was the Anglo-Italian declaration. In pursuing its aim for a CFSP not directly linked into the Community, nor for a WEU which depleted NATO's role, the government was not harassed by backbench opinion. There was very little concern within the Conservative Party about the direction of the debate, while the Prime Minister effectively managed the interface between domestic political opinion and the CFSP negotiations. It included backbench MPs being unaware of key negotiating strategies such as the Anglo-Italian declaration, and more concerned about the amalgamation of UK army regiments. Moreover, MPs were prepared to entrust the government to strike an acceptable agreement within the CFSP debate.

One of the reasons for this was their preoccupation with other IGC issues which they considered to be of greater importance, including the need for the 'federal' goal to be deleted from Article A, social policy and EMU. But as chapter 5 demonstrated, backbench MPs concern over the federal goal was a deliberate move by the government to misinform them of the subject's true importance. The extent to which policy was managed by the Cabinet, and not disseminated to the wider Parliamentary Party, was demonstrated in chapter 6, with the government giving real consideration to accepting a social dimension. Abstraction with other issues allowed greater freedom on CFSP, while policy was not in the hands of a Eurosceptic, such as Hurd. These viewpoints were backed up in a questionnaire of Conservative MPs when researching this thesis, 52% considering the inclusion of a federal goal to be the most damaging of all the issues during the IGC. This priority was represented in all divisions of MPs: Cabinet members, Ministers of State, Parliamentary Under-Secretaries of State, and backbench MPs. Furthermore, the question of the introduction of QMV for Foreign Policy was only considered by 5% of MPs (cumulative response) to be the most damaging issue, with that grouping only coming from backbench MPs (see appendix 14, sections A and B, question 6).

The influence of the government in this policy area was based on its intrinsic importance to CFSP; any agreement on CFSP without the UK would have been virtually worthless. The balance sheet clearly displays a profit for every Member
State, though the Commission and EP did not gain the influence they desired. For the UK, the negotiations represented a success because the institutional distinction was maintained through the pillared structure, while its concession of QMV created some extra negotiating capital for other issues at Maastricht. The Anglo-Italian declaration had clearly been influential in the final outcome that was achieved at Maastricht as the government managed to secure the special relationship between Western Europe and North America was a key element of the European identity. Equally, it obtained agreement that the WEU would take account of NATO’s decisions as well as those of the CFSP, while WEU decisions on issues outside the NATO area would be made in close co-operation with other Allies. In comparison, many of the key points of the Franco-German texts were not adopted, such as the creation of a European security and defence academy, the immediate creation of a common defence policy and the setting of a timetable for a common defence.

The Anglo-Italian and Franco-German texts represented differing views concerning the possible arrangement for the ‘...WEU’s relations with the European institutions and the Atlantic Alliance’, although the proposals incorporated in the former exerted a greater influence on the final outcome. However, agreement on CFSP left some issues unresolved, as noted in Article J.4.6 which viewed the possibility of a review of CFSP provisions in 1998 (as provided for in Article N.2), on the basis of the 1996 Treaty review. This prospect of a future review of CFSP appeased France which had been unhappy at the outcome. As with so many issues in Europe, while the UK had won a strategic battle in the CFSP debate, it had not won the war. This point was largely lost on UK Ministers who tended not to see the long-term implications of the agreement.

Such a development, in conjunction with the government’s acceptance through Article J.4.1 that ‘the common foreign and security policy shall include all questions related to the security of the union, including the eventual framing of a common defence policy, which might in time lead to a common defence’, represented a significant concession on the UK’s pre-IGC position against a common defence. This effectively meant London achieved a win-lose on CFSP because while the Maastricht Treaty stressed the importance of NATO, it laid
emphasis on a common defence. Within Whitehall the consideration was that this was acceptable, and it is no coincidence that the more constructive UK attitude on CFSP came through a pro-European Foreign Secretary. In comparison, as noted in the previous chapter, social policy was a victory for the government in terms of fulfilling its objectives. EMU equally represented a victory. It is difficult to suggest to what extent UK 'success' in these fields was the result of constructive attitude on CFSP, but is clear that in any multinational negotiation, dealing with diverse topics, compromise in one area can ensure the attainment of more difficult objectives. To that extent, CFSP demonstrated a constructive and positive role by the UK during the IGC negotiations.

**Notes**

2. The majority of argument concerned the amalgamation of regiments as a result of the government's review of the armed forces, entitled 'Options for Change'. *House of Commons Official Report*, vol.195, c.50-120 and 171-249.
5. Taylor (1991) 'Great Britain'.
7. Wallace and Wallace (1990) 'Strong state or weak state in foreign policy?', p.94.
8. Interview: MoD official.
11. Correspondence: MoD official.
12. One reason why the UK favoured the development of the WEU was a consideration that it would be more palatable to Parliamentarians as London had been instrumental in its creation in 1954.
13. Interview: former FCO official.
15. Vasconcelos (1996) 'Portugal'.
18. Speech by Jean-Pierre Chevenement to the WEU Assembly, 4/12/1990, pp.2, 17 of text provided by WEU.
Europe without America? CFSP Negotiations

28. Interview: FCO official.
29. Interview: former FCO official.
30. Interview: FCO official.
34. The failed Soviet putsch in the Autumn of 1991 directed attention away from the IGC table.
35. Interview: MoD official.
36. UK Ambassador was Jeremy Greenstock.
37. Private interview.
38. Europe, No.5424, 4-5/2/1991, pp.3-4.
39. France (1991b) ‘Franco-German Proposals at the Intergovernmental Conference on Political Union’, and (1991c) ‘Franco-German Proposals at the Intergovernmental Conference on Political Union’. The revised version differed slightly, noting Brussels should be the location for centralising WEU administrative bodies, and suppressing the idea of ‘Congress’. Other changes tended to be stylistic.
42. Correspondence: MoD official.
43. Interview: Raymond Seitz.
44. Written by Reginald Bartholomew, Raymond Seitz and Jim Dobbins.
45. Interview: Raymond Seitz.
47. Interviews: Raymond Seitz and former FCO official.
49. Correspondence: FCO official.
50. Ibid.
51. Ibid.
54. Interview: FCO official.
55. Hurd’s analysis of the 22 February WEU meeting is provided in House of Commons Official Report, vol.186, c.584 written.
58. Denmark (1991) ‘Proposals for a Common Foreign and Security Policy, respectively’, Articles C.1, C.3, and D.
64. Interview: FCO official.
68. Interview: FCO official.
69. FT, 1/7/1991, p.4.
75. Le Traité de Maastricht, op cit., p.88.
76. Europe, No.5579, 2/10/1991, p.3.
77. Europe, No.5581, 4/10/1991, pp.3-4bis.
79. Interview: former FCO Minister.
81. Europe, No.5589, 15/10/1991, p.3. The text was based on a UK draft produced by Peter Ricketts and Sir John Goulden.
82. Interview: former FCO official.
83. Hurd (1991b) House of Commons Official Report, c.1019. In the June debate MPs were primarily concerned with the vocation federale and EMU opt-out. In the 14-15 October Parliamentary debate on Defence, the overwhelming majority of MPs paid no attention to CFSP. William Cash was the only individual to directly refer to the Anglo-Italian declaration in the debate, while the only other mention of the EPU IGC was made by John Cartwright. House of Commons Official Report, 14-15/10/1991, vol.196, c. 92 (Cash), and c.215 (Cartwright).
85. Correspondence: FCO official.
86. Ibid.
87. Ibid.
88. Ibid.
89. Interview: former FCO official.
91. Correspondence: FCO official.
94. FT, 10/10/1991.
95. Quoted in Europe, No.5589, 15/10/1991, p.3.
96. Interviews: MoD and FCO officials.
97. Correspondence: FCO official.
98. Europe, No.5583, 7-8/10/1991, p.3
99. Ibid.
100. The Independent, 7/10/1991.
Europe without America? CFSP Negotiations

107. Interview: FCO official.
110. See comments by Manfred Womer in Europe, No.5593, 21-22/10/1991, p.3.
111. FT, 29/10/1991, p.3.
115. The group was never acknowledged within NATO because Member States could never have accepted a situation where texts were being pre-negotiated. Interview: former FCO official.
116. Interview: former FCO official.
118. Interview: former FCO official.
119. Interview: Raymond Seitz and former FCO official.
120. Interview: former FCO official.
121. Interview: Raymond Seitz.
124. Ibid., para 5.
125. At Noordwijk agreement was established on minor issues, such as parliamentary approval for incoming commissioners and on raising the number of German MEPs to reflect unification.
127. Special Working Group was composed of Member States security policy directors, which included Goulden from the UK.
129. Quoted in Europe, No.5622, 4/12/1991, p.3.
130. Ibid.
131. UK Political Director was Len Appleyard.
133. Article 210, Treaty of Rome.
134. Interview: Richard Tibbels.
136. reland and Denmark's desire not to become full WEU members, combined with the issue of NATO membership, meant the status of observers fell on conditions which had to be agreed in accordance with Article 12 of the modified Brussels Treaty
137. Correspondence: FCO official.
138. Treaty on European Union, Declaration on Western European Union, II.
139. Interview: Richard Tibbels.
140. Interview: Richard Tibbels.
141. Interview: former Netherlands Foreign Office official.
146. Interview: former European Secretariat official.
147. Use of QMV copied a provision out of the environment article, 130s second sentence, which had been introduced by the SEA, but had never been used.
148. At Maastricht Member States left the question of which issues could be considered for joint action at Maastricht until the June 1992 Lisbon European Council. This had been caused by the lack of time.
150. Interview: former European Secretariat official.
151. WEU Declaration, Paragraph 3.
152. Ibid., Paragraph 2.
153. Ibid., Paragraph 3.
155. Correspondence: former MoD Minister.
156. Interview: MoD official.
161. 1998 was deliberately chosen because it was intended the third stage of EMU would begin in that year, and the WEU Treaty would end.
Section 3:
Monetary Union
Chapter 8:

Pre-Negotiations on Monetary Union

• A Franco-German desire?
• UK response: eyes closed?
  Evolution of the Hard Ecu
• ERM commitment
• Conclusion
• Notes

I think we did fail to engage ourselves in early 1988 because Mrs Thatcher did not regard the single currency or economic and monetary union as a reality at that stage. I think that she also hoped that when the Delors Committee was formed that it would fail to result in any definite progress or movement.

(Interview: former BoE official)

Whereas chapter 4 stressed that external factors were the dominant influence behind the convening of the EPU IGC, it is argued here that France and Germany were crucial in providing both the leadership and momentum behind EMU in the late 1980s. This chapter contrasts the political will for EMU within the Foreign Ministries of these countries with the sceptical response of Finance Ministries. The UK’s unenthusiastic reaction is examined, and the ‘linkage’ between Exchange Rate Mechanism (ERM) entry and EMU analysed. The hypothesis is that the UK’s position was primarily dependent on domestic political considerations, while proposals were not perceived within the government, or among other Member States as a serious means of altering EMU’s path.

• A Franco-German desire?

The December 1989 Strasbourg European Council decided to convene an IGC before the end of 1990 to prepare an amendment to the EC Treaty, with a view to the final stages of EMU.1 The momentum for EMU was influenced by the Commission through the Delors Report, but more significantly was the result of an intrinsic bargain between France and Germany. France perceived EMU as a means of countering the strength of the Bundesbank in European financial markets. It was aware the Bundesbank was of far greater importance than the Bank
of France and, therefore, the Franc was tied to a *de-facto* Deutschmark zone, giving the government limited monetary autonomy. For France, the optimal way to dilute German dominance was to have a European Central Bank (ECB) modelled on the Bundesbank to ensure monetary stability, but also allow French influence and control. President François Mitterrand and Finance Minister Edouard Balladur were accordingly drawn to the idea of monetary union as a means of countering the power of the Bundesbank, and thereby attempting to tie Germany down 'Gulliver-like'.

This difference between political and economic rationale was illustrated by Balladur being a primary instigator behind EMU, campaigning in January 1988 for the 'rapid pursuit of the monetary construction of Europe'.\(^2\) One month later the German Foreign Minister, Hans-Dietrich Genscher, issued a memorandum entitled 'A European Currency Area and a European Central Bank'. It perceived a single currency and a central bank to be crucial in creating the necessary economic convergence for monetary union to take place.\(^3\) It was therefore significant that EMU did not originate from either the German Finance Ministry or Bundesbank.\(^4\) Both remained sceptical of the project, not least because they had the most to lose and least to gain. Despite concerns within both governments, Kohl and Mitterrand's aspiration for EMU resulted in both leaders stressing at the June 1988 Hanover European Council that the emergence of a single European currency was an essential component to the completion of the internal market. They argued that the EMS needed to be strengthened by the creation of a ECB and the establishment of the European Currency Unit (Ecu) as a single currency.

At Hanover it was decided to create a Committee to examine how monetary union might be established,\(^5\) while it was agreed that the means of achieving EMU would be examined at the June 1989 Madrid European Council. The idea for the Committee came from Genscher, who provided the terms of reference; it was to consist of independent experts. The proposal was, however, slightly amended, so that it would be composed of Member States' Central Bank Governors.\(^6\) This change of composition was attractive to Thatcher as it provided her with at least one member of the Committee on whom she could count, namely the Governor of the Bank of England (BoE), Robin Leigh-Pemberton.\(^7\) She considered level-
headed Central Bank Governors would help depoliticise EMU, and separate it from the Euro-idealism propagated by Mitterrand and Kohl. Thus, for the UK, the creation of the Committee was a means of ‘...pushing the proposal for EMU into the long grass’. 8

The Committee, chaired by Jacques Delors, met eight times between September 1988 and April 1989 at the Basle offices of the Bank for International Settlements. Delors was the project’s main driving force, with the subsequent April 1989 Delors Report detailing three stages for currency union: linking the currencies together through strengthening existing procedures; integration between states through a new Treaty; and, finally the creation of a ECB resulting in the transfer of monetary policy from national authorities, and the irrevocably locking of currencies. 9 Of the three stages, the first was defined in a clear and detailed manner, while the third was relatively clearly outlined. By contrast, the second stage was only vaguely outlined - a point the UK later criticised. As Sir Michael Butler stated, the Report was ‘...rather like a Chinese picture where the foreground is very clear but there is nothing but mist in between...’ 10 Thereafter, the Report was examined at the June 1989 Madrid European Council, which decided it provided a basis for further work. In so deciding, the Council launched the process leading to EMU, with agreement ‘...that the first Stage of the realisation of Economic and Monetary Union should begin on 1 July 1990’. 11

The UK, at Madrid, adopted a more conciliatory position, by establishing the conditions which would make membership of the ERM possible. 12 This was influenced by domestic concerns as the Conservative government had suffered badly in the June 1989 European Parliament (EP) elections, while ahead of the summit Sir Geoffrey Howe and Nigel Lawson both threatened to resign unless Thatcher gave a commitment to join the ERM. 13 They sent a draft minute to Thatcher on 14 June 1989, headed ‘EC Issues at Madrid’. 14 The premise was the government could not just say ‘no’ to EMU, because other Member States would advance without the UK, resulting in a two-tier Europe. Both Howe and Lawson considered that while progress should be made towards Stage 1 of the Delors Report, any progress should be halted towards Stage 3 until work was done on the details involved. But by giving commitment to Stage 1, the government would
have to offer a shift in its stance on joining the ERM when the ‘time was right’ because of it being linked to Stage 1. It influenced their view that a ‘non-legally binding’ commitment to ERM membership should be made by the end of 1992.

This Howe-Lawson pact initially stiffened Thatcher’s resolve not to give any movement on the ERM, while deepening her dependence on Alan Walters economic advice.\textsuperscript{15} Apparently, his suggestions for economic policy was the only way she ‘...could resist the pressure from Nigel, Geoffrey, and the European Community for early entry’ to the ERM.\textsuperscript{16} But Howe and Lawson were not canvassing for ‘early entry’, rather a commitment to membership by 1992. Thatcher had changed her position by Madrid, despite having resisted any conditions for sterling’s entry to the system at a meeting with Howe and Lawson on 20 June. Howe noted that she ‘...was uncompromising and resistant to our thinking’,\textsuperscript{17} while Lawson stated ‘She was totally opposed to any commitment to join the ERM...’\textsuperscript{18} Consequently, the shift in position created a suspicion that it ‘... owed more to politics than it did to economics,’\textsuperscript{19} while it also increased Thatcher’s resentment of being pressurised to adopt such a position, which shortly resulted in the dismissal of Hurd.\textsuperscript{20}

Notwithstanding this perception, her outlook was favourably greeted by Kohl who responded by blocking Mitterrand’s attempt to establish a start date for the EMU IGC.\textsuperscript{21} This development was welcomed by the government, but despite its change of position there had been no shift in its objection to moves towards EMU, Lawson commenting it ‘...is simply not on the agenda now, nor will it be in the foreseeable future’.\textsuperscript{22} He was concerned about the ‘dimension of irreversibility’ in the process, while Stages 2 and 3 involved an unacceptable loss of sovereignty.\textsuperscript{23} He later made clear ‘...that the UK could not accept the massive transfer of sovereignty over fiscal and monetary policy implied by the Report’.\textsuperscript{24} However, such use of sovereignty as an objection to EMU was clearly problematic as it viewed sovereignty as a single entity, while the reality was that the sharing of it was more a question of degree. Indeed, the government had already given up a large amount of sovereignty through the Single European Act (SEA) and the Single European Market programme. Therefore, advocacy that EMU would make an unacceptable inroad into UK sovereignty was not a pragmatic means of
engaging in the monetary union debate, because it was not consistent with the erosion of sovereignty which had already taken place.25

The increasing realisation of the goal of EMU was something that the Central Bank members of the Delors Committee had not expected. The UK representative, Leigh-Pemberton, considered:

most of us, when we signed the Report in May 1989 thought that we would not hear much about it. It would be rather like the Werner Report.26

But, the reality was that the EMU project was gaining momentum, support not coming from the Finance Ministries of France and Germany, but from Mitterrand and Kohl. In addition, the French Presidency of the Community in the second half of 1989 gave the project a further boost when, at the December Strasbourg European Council, it agreed to convene an IGC to study monetary union.27 This combination of French desire for EMU and its ability to shape the agenda through its handling of the Presidency was highlighted by Leigh-Pemberton, who noted that 'we grossly underestimated the effect of the French Presidency in the second half of 1989 when the French Government, aided and abetted by Delors, accelerated the momentum'.28

By the end of 1989 and throughout 1990 EMU was given additional impetus through external factors, especially the collapse of Communism in Eastern Europe and the re-unification of Germany. The latter was perceived at the April 1990 Dublin European Council to be '...a positive factor in the development of Europe as a whole and of the Community in particular'.29 These events helped create a broad consensus among most Member States (except the UK) on the need to move to EMU in three phases, as noted at the meeting of EC Finance Ministers and Central Bank Governors on 31 March and 1 April 1990 at Ashford Castle in Ireland.30 The EcoFin Council had previously implemented decisions on 12 March concerning co-operation between Central Banks and on the convergence of economic policies. Such decisions were designed to promote co-ordination and co-operation between Member States in policy making during Stage 1 of EMU, while retaining responsibility with national authorities.

In addition, the extraordinary Dublin European Council of 28 April, convened to consider the consequences for the EC of German re-unification, stressed 'the
Community will establish in stages an economic and monetary union... Later, the June European Council emphasised that the necessary Treaty arrangements for Stages 2 and 3 should be concluded rapidly by the IGC, with the objective of Member States ratification before the end of 1992. Furthermore, the October 1990 Rome European Council took the decision that Stage 2 should begin on 1 January 1994, a date supported by Kohl before the meeting. Kohl’s readiness to set a date for EMU at Rome was influenced by his uncertainty over whether he would have been able to do likewise at the December European Council meeting. Both he and others considered that there could have been a change of circumstances, such as a surprise result in the forthcoming all-German elections and an increase in the economic demands of the Eastern Länder. However, the decision to set a deadline received only tentative support from Bundesbank President, Karl-Otto Pöhl, and German Finance Minister, Theo Waigel. Originally, they had been against setting dates for the remaining stages of EMU, but altered their position to favouring commencement of Stage 2 in 1994 if certain economic convergence criteria were met on inflation, interest rates and public debts.

- **UK response: eyes closed?**

After the burst of energy which led to the SEA the UK did not expect any new initiatives to come forward. Lawson considered the Community’s energy would be primarily concentrated on the single market programme. He had expressed concern to Thatcher in a November 1985 document that the then IGC should not establish any Treaty reference to EMU because a common currency and a common Central Bank would be ‘politically unacceptable to the UK’, a view he continued to express thereafter. But, inasmuch as opposition to the concept of EMU had been germinating within government for some time, the UK was taken somewhat by surprise by the speed with which discussions on EMU progressed throughout the first half of 1988. Indeed, there were apparently no discussions between the Governor of the BoE and the government (Prime Minister and Treasury) on EMU during the period prior to the setting up of the Delors Committee.
Within government, Lawson was aware the Delors Committee was a means of advancing EMU, a view Thatcher did not share. She considered it a 'triumph' that all mention of a ECB was deleted from the Committee's terms of reference, although Lawson informed her 'There is no way that a Committee with those terms of reference can possibly do anything else than recommend the setting up of a European Central Bank'. Thatcher's retrospectively-naive view was also shared by her advisors, a No.10 official noting 'the whole implication at the beginning being that this was not a serious runner'. Indeed, she considered a Committee composed of Central Bank Governors would be less uncritically enthusiastic for EMU than the Committee of independent experts which Genscher originally proposed. This was because the former 'lived in the real world' and would be aware of the pitfalls of creating a monetary union, while the latter might have been inclined to theorise about the possibilities of EMU. Lawson did not share her assumption about Central Bank Governors role within the Committee.

Just as on EPU, the government's initial broadside was to emphasise the likely difficulties of achieving EMU. The agreed position was that the government's representative, Leigh-Pemberton, should mirror the negotiating tactics of the President of the Bundesbank, Karl-Otto Pöhl. Thatcher considered Pöhl would oppose the abolition of the Bundesbank and, therefore, felt he and Leigh-Pemberton would prevent the report Delors wanted, and indeed which he got. This meant the UK was, in effect, outflanked by Delors. The axis between Pöhl and Leigh-Pemberton never materialised because Pöhl believed EMU was not going to happen during his tenure as President of the Bundesbank and, therefore, was not overly concerned about future implications. This was clearly a major setback for Thatcher, but one that she should have anticipated, irrespective of Pöhl's likely scepticism for the project. Such a viewpoint can be based on the lack of common ground which existed between the UK and Germany in the latter years of her premiership. Within the Community the mutual dislike between Kohl and Thatcher was a public fact, and as chapter 1 noted, there was a definite absence of warmth in Anglo-German relations. Her assumption that Pöhl and Leigh-Pemberton would form a strong axis was therefore outlandish.
The concept of an Anglo-German entente decelerating the path to EMU was flawed by domestic problems, as Leigh-Pemberton considered himself to be participating in a personal capacity rather than as the Governor of the BoE or the UK representative. He was particularly conscious of the risk of being viewed by other Members of the Committee as not speaking freely. This was because the BoE was the least 'independent' of the participating Central Banks, while the Thatcher government was the least committed. Consequently, he considered that if he voiced serious opposition to EMU, then his remarks would be seen to be Thatcher's and not his own, thereby reducing his standing within the Committee. But more significantly, Leigh-Pemberton determined that the purpose of the Committee was not to consider whether EMU was justifiable or not, but instead to design the best route to it. A combination of not wanting to be thought of as Thatcher's stooge, and his own view of the Committee's purpose being to establish the best route to EMU, ensured that he acted independently of government instructions. This was emphasised by meetings between Leigh-Pemberton and the Treasury pertaining to the work of the Committee being reactive: the BoE solely provided information on the work underway, while the Treasury did not supply strategic decisions as to what the Governor's next step should be. This was to ensure an impression was not conveyed of the Governor attending meetings with a government determined brief, a policy the Treasury reluctantly went along with during a period of tension between it and the BoE.

The Report's publication and emphasis on 'parallelism' (the need for monetary union and economic union to proceed at the same pace) resulted in a severe backlash from Thatcher, who would have preferred '...the Governor to circulate his own document...'. But, although Leigh-Pemberton was aware that Thatcher was disappointed with the Report, his own view was that he was determined to sign the Report. This was because:

both Pöhl and I considered that there was very little to be gained by refusing to sign, or to put in a minority Report. This was partly because we (UK) might have made ourselves look unrealistic, as well as the fact that the Report was technically acceptable to Central Bankers. Once Karl-Otto Pöhl said that he was ready to sign, I decided to sign. It would have had a serious effect on my personal credibility, and on that of the UK, had I refused to sign. It would have shown that we were not interested in this in principle, regardless of its merits. That was not good for the UK.
Thus, Leigh-Pemberton perceived that anything but signing the Report would have been detrimental to the UK’s interests, while the government later paid the price of being uninterested in the debate when it could not get any support for Sterling’s position during the September 1992 ERM crisis. The Delors Report episode further demonstrated the ‘two-level’ nature of Community politics, Leigh-Pemberton adopting an independent position based on a consideration that the stance favoured by London would have been unjustified, and in the end both damaging to himself and the interests of the UK.

The Report’s publication focused attention on Sterling’s absence from the ERM, while the adoption of a set path to EMU meant the UK was isolated in its desire for pragmatic economic progress, which did not involve institutional reform, as it was not ‘...prepared to accept the further Treaty amendment which the President of the Commission evidently envisages’. It noted:

> the creation of an economic and monetary union must be viewed as a single process. (The) decision to enter upon the first Stage should be a decision to embark on the entire process.

This was a particularly problematic sentence because while the UK was committed, in conjunction with other Member States, to the Hanover European Council’s resolution of ‘...the objective of a progressive realisation of Economic and Monetary Union’, the government considered that the decision for Stage 2 (and the nature of its contents) should be taken at a later stage; possibly in 1993 when the single market had been completed. Furthermore, UK preference for a gradual approach was compounded by the Delors Report’s lack of definition of Stage 2, which provided for a ‘soft’ monetary union with a Central Bank, although with no locking of parities. This combination of possible UK exclusion from EMU (through its preference for an alternative process), and the Delors Report’s lack of clarity on Stage 2, meant it was important for the government to engage other Member States in some form of discussion on the nature of Stage 2, as both a means of altering the direction of EMU and reducing pressure on the UK.

This need for engagement was originally highlighted in the wake of the Delors Report by the European Committee of the British Invisibles Exports Council (BIEC) in May 1989. The Committee, established in 1988, was a co-ordinating
mechanism between the government and City of London to ensure a consensus emerged on policy issues. Under the chairmanship of Sir Michael Butler of Hambros Bank, a former UK Permanent Representative to the EC, it included senior officials from the Treasury, Department of Trade and Industry, FCO, and BoE. At the time, Butler noted that its purpose was:

...to ensure that the City and Government see eye to eye on developments in Brussels and on Directives coming forward and on what is in the national interest and the City's interest in that respect.53

But, despite the perception - particularly in the City and the BoE - that the UK had to engage in the EMU debate, the primary issue the government faced during 1988-89, was not what its reaction to EMU was, but instead what its position was with regard to the ERM.54 Lawson's discussions with Finance Ministers in France and Germany were primarily about the possibilities of UK membership of the ERM, and not about monetary union.55 This question of when, or if, the UK would join the ERM was a key issue within the government, with Thatcher being against, and Lawson56 and Howe in favour.57

Prior to the publication of the Delors Report, Lawson and Howe had championed the case for membership, Howe noting '...the need for an early UK move on ERM...'.58 For many members of the government, EMU was perceived as a distraction from the ERM debate. But despite discussions at Finance Minister level, and within government59 focusing on ERM entry, it quickly became apparent that the UK needed to put forward a proposal on monetary union. London felt it was important not to appear totally negative in the monetary union debate,60 and thus the decision was not because it was overly enthusiastic about EMU, or indeed, alternative routes to monetary union. The initial intention was to limit the possible damage which could be directed towards the government from other Member States, and the media, for not engaging. Engagement was not a positive development, but a reaction to events.

The need to engage resulted in Lawson attempting to gain some support from other Finance Ministers throughout 1989 for the UK 'competing currencies' plan, which became Treasury policy for some months.61 It proposed that Central Banks would compete inside the perimeters of the ERM, whereby barriers would be
Pre-Negotiations on Monetary Union

removed to enable currencies of other Member States to be used in any one State. By providing a framework of freedom and adaptability, the consideration was that strong currencies would dominate to the extent that one single currency could eventually emerge. But just as engagement was a reaction to events, a key motivating factor was internal government policy, with Lawson (supported by Howe) perceiving the plan as a means of convincing Thatcher to accept membership of the ERM.

After informal consultation with other Member States the plan was formally launched as the UK's response to the Delors Report through a Treasury paper on 2 November 1989. Ironically, having been championed by Lawson, the plan was advanced by his successor, John Major, with the former Chancellor having resigned on 26 October as a result of insurmountable tension between himself and Thatcher. Advocating an evolutionary approach to EMU, the paper did not radically alter the UK's position because it only spoke of '...a system of more or less fixed exchange rates'. Its rejection of a single currency and inability to accept the goal of permanently fixed exchange rates, which had been an essential element of European Monetary Union since the 1970s, overshadowed the UK's commitment to EMU in the SEA. The latter included a collective commitment to EMU, with future developments taken by unanimity - although it was in subsequent meetings (such as Madrid) that EMU was advanced. The UK's ambiguity meant it was difficult for the proposal to influence other Member States views, the Evolutionary paper unlikely to be seen as a workable alternative to Stages 2 and 3 of the Delors Plan. Accordingly, London's preference was not mirrored in Paris, where Finance Minister Béragovoy had been convinced of the merits of EMU by the Governor of the Bank of France and the French representative on the Delors Committee, Jacques de Larosiere, by the Spring of 1989.

In essence, the plan was not really a path to EMU at all. Rather, it was a logical extension of the single market approach, of which the government considered EMU '...a damaging diversion'. This meant it was necessary for the government to build on it if it was to be successful in the future consideration of '...the progressive realisation of economic and monetary union' after Stage 1.
Indeed, the only way the government was going to be able to convince other Member States of the need for substance first in the EMU debate, and details later, was through putting forward constructive proposals on the nature of Stage 2, with paragraphs 22 and 24 of the Evolutionary approach, relating to the Ecu and excessive budget deficits respectively, providing a basis for such an approach.

**Evolution of the Hard Ecu**

Necessity for a UK proposal became even more apparent after the December 1989 Strasbourg European Council’s decision to convene an IGC on EMU before the end of 1990. UK engagement was primarily motivated by a desire to slow down the pressure for EMU within other Member States by getting Central Bankers and Finance Ministries involved in the substance of Stage 2 - the details of which had been vague in the Delors Report. Some four months prior to Strasbourg, Paul Richards of Samuel Montagu suggested the Ecu could be transformed into a ‘Hard Ecu’ (Hecu) as a means of providing an alternative to EMU, rather than a route to it. This proposal was presented to the European Committee of the BIEC, of which its chairman, Sir Michael Butler, considered it to be a useful proposal, which he championed from October onwards.

But, whereas Richards perceived the Hecu to be an alternative to EMU, Butler advocated it because he considered it essential that EMU had an evolutionary Stage 2, just as much as the UK advanced its own proposals. The need for an evolutionary Stage 2, but as part of a three Stage EMU, was unanimously endorsed by senior City figures who participated in the Committee. They considered the government should not advance it as an alternative, but instead as an evolutionary approach to EMU. This route was supported by the Treasury and BoE ‘observers’ in the Committee, who were particularly important in detailing the counter-inflationary elements of the plan. Within the BoE most officials considered it to be a sound technical plan, views particularly expressed by the Deputy Governor, Eddie George, and the chief European Adviser, Christopher Taylor. Other officials had private doubts about its technical merits, and much stronger doubts about its political negotiability due to the UK’s isolation within the Community on
Pre-Negotiations on Monetary Union

monetary affairs, with there being greater awareness of the latter problem. Nevertheless, the European Committee of the BIEC considered:

...a well-thought-out proposal for Stage 2 would make a valuable contribution, fill a real gap and - provided that the British Government is prepared to subscribe to the generally agreed final Stage 3 aim of moving in the long run to irrevocably fixed exchange rates (or a single currency) - get the UK back into the centre of the discussion.77

Thereafter, Butler as chairman of the European Committee of BIEC, presented a paper on the Hecu to Thatcher on 28 March 1990,78 in conjunction with a more substantial paper on the usage of the Ecu by Paul Richards of Samuel Montagu.79 Thus, the plan had the support of the key officials within Whitehall and, therefore, the primary question was how Ministers would respond to it. The specific proposal noted the European System of Central Banks (ESCB) would consist in Stage 2 of the Member States Central Banks and the European Monetary Fund (EMF), to be run by the Member States Central Banks. In Stage 2 it was expected exchange rate differentials could be narrowed, and then subsequently fixed - although not irrevocably fixed. Member States Central Banks would be collectively responsible for managing the Ecu through the EMF, resulting in the Governors acting collectively with regard to the Ecu, although only co-operating with respect to decisions affecting national currencies.

The idea was that such a proposal would be counter-inflationary, provide sanctions against lax monetary authorities, and ensure the transition from Stages 1 to 3 would involve as minimal disruption as possible, the assumption being this would counter the Delors Report’s scepticism towards the usage of a parallel currency,80 although political success clearly depended on it being used as a route to a single currency rather than as an alternative. Other Member States were only likely to favour the Hecu if it was advanced as an evolutionary Stage 2 of a three Stage EMU, whereby there would be greater convergence in Stage 2, but with the creation of a single currency in Stage 3, and not as an alternative to a single currency.

In the wake of the Hecu’s presentation to the Prime Minister on 28 March, the debate within government concerned the key issue of whether the plan would be accepted as an alternative to EMU, or an alternative route to EMU. While No.10
did not consider the proposal could be advanced as a route to EMU, both the Chancellor and Foreign Secretary did just that.\(^8\) They repeatedly campaigned for an approach which could advance towards EMU.\(^8\) Their position had been bolstered by the ‘Evolutionary Approach’ having stressed the Hecu ‘could’ in time evolve into a single currency. Some Ministers, and officials, would have preferred the word ‘would’, but that was a bridge too far for No.10.\(^8\) While the Prime Minister did not believe that it would happen, she was seemingly always prepared to admit it could happen. In addition, after her retreat on ERM entry at Madrid, many other Member States considered Hurd and Major might have been able to secure further concessions, so the UK could (or maybe would) advance towards EMU.\(^8\)

Internal debate was also influenced by external events, through the desire of other Member States, and representatives from the Commission and the Italian government in particular, to draft the proposed Treaty amendments prior to the commencement of the IGC. This meant there was every possibility of the UK being isolated in the EMU debate (this was particularly evident in May and early June 1990). Thus, the UK would be faced with a short and virtually _pro forma_ Stage 2 which did not take account of its desire for an evolutionary approach. Consequently, by the summer of 1990 it was essential for the City that the government engaged in the talks by proposing the usage of the Ecu as a parallel currency in Stage 2. The City’s specific concern was that if the UK was perceived to be isolated, then its position as the dominant European financial centre could be threatened by other centres, such as Frankfurt.\(^8\)

It was hoped that by engaging, London would be able to gain greater influence in the discussions, while providing more time to refine its proposals (which was running out if it did not advance proposals). At the same time it would create the potential for the forthcoming Italian Presidency to be sympathetic to UK opinion, while possibly dividing other Member States, in particular France and Germany, on the nature of Stage 2. This would be through highlighting the need for a ‘firm’ Stage 2 instead of a ‘soft’ Stage 2, with the latter being favoured by France, and the former by Germany.\(^8\) Such an attempt at coalition building was _reactive_ rather than _proactive_ as the government wanted to delay the proposed route to
Pre-Negotiations on Monetary Union

EMU, rather than advocate a fresh approach. This had been influenced by the possibility of the UK being isolated as the prospect of a two-speed monetary union emerged during discussions at a Luxembourg EcoFin meeting on 11 June.87

Thatcher accepted that the plan could form a route to EMU on the morning of 19 June, after strong recommendation from the majority of her Ministers and the Governor of the BoE.88 The accepted formula was that ‘a common currency which could become a single currency one day if the Governments and Parliaments so wished’.89 This shift took place after both Hurd and Major had persuaded her of the imperative of the Hecu plan,90 although acceptance had been preceded by a bitter internal wrangle involving Nicholas Ridley. Thatcher’s embracement of the plan was translated into a formal UK proposal by Major on the same day. He suggested the Community should move beyond Stage 1 by creating a ‘Hard Ecu’ which would become a parallel currency run by a new institution, the EMF.91 The plan signified the government was prepared to adopt the Hecu proposal as a means of directing EMU towards a UK position, which favoured Member States keeping autonomy over monetary policy as well as delivering low inflation, while crucially nobody would be forced to use it.92

Concern in the government over the loss of sovereignty had been a constant factor in UK reactions to monetary union developments, with the Prime Minister having stated on the BBC’s Jimmy Young Show on 18 June that ‘we are not prepared to go for a single currency, that is to drop the pound Sterling’ as that would involve the surrendering of too much sovereignty93 - a position she later emphasised on the day the plan was announced.94 Acceptance demonstrated Thatcher could no longer resist the pressure of Hurd and Major for UK engagement in the monetary debate (and the wider aspect of Community developments), and to provide the government with a mechanism for alliance building, as well as to ensure the pre-eminence of the City continued. At the same time it granted a mechanism for reducing disunity within the Conservative Party because a majority of MPs could unite behind it, as prior to its announcement no such instrument existed.95 Europhile MPs could stress the plan was a route to a single currency while more sceptical MPs could emphasise it was a means of keeping monetary autonomy, while both would be ‘singing the same tune’.
However, barely ten days after Thatcher sanctioned the proposal, she outlined her opposition to the UK surrendering control over domestic monetary policy in a statement to the House of Commons on 28 June, while also stating the government had yet to agree to Stage 3 of the Delors Report. She noted:

Our proposals would lead to a common currency which people could choose to use more or less as they wished, or they could continue to use their own currency. I do not believe that this formula could develop into a single currency. The Delors formula for a single currency involves a board of 12 bank governors with powers over monetary policy and some powers over budgetary policy. Once we surrendered all our powers over monetary and budgetary policy, we would not have a great deal of sovereignty left, and I do not believe that that would be acceptable to the House.96

This statement, scarcely three weeks after the proposal had been launched, effectively dismissed the Hecu as a possible EMU proposal,97 while it was contrary to the formula she had agreed with her Ministers. The statement reflected her position that it would be possible to have a ‘common currency’ such as the Hecu, but that could not develop into a ‘single currency’. Some of her Ministers considered the proposal would advance into a single currency, but for her it was a development too far. Thus, despite the government continuing to advocate the proposal to other Member States,98 it was unlikely it would be accepted because:

it would have only been acceptable to them if it had been put forward as a sensible second stage of a three Stage EMU to which everyone would have been committed, as opposed to being put forward as an alternative plan.99

Italy and the Netherlands perceived it to be an inferior approach to the prescriptions included in the Delors Committee, and explicitly rejected the notion of a parallel currency.100 Significantly, however, the plan became untenable after it was denounced by Karl-Otto Pöhl in a lecture to the Institute of Economic Affairs:

the notion of a European central bank determining the broad guidelines for monetary policy in the Community and national central banks implementing them with a large degree of freedom in accordance with the special circumstance of their economies and needs of their financial markets, would in my view be unacceptable.101

Although such criticism meant the proposal would be likely to fail,102 the government’s position began to shift from advocating an alternative route to EMU
to that of not being tied into a future EMU agreement. This was demonstrated by a desire that all Member States should have the right to opt-in (or opt-out) of EMU to ensure the process did not involve any automaticity. Chancellor Major outlined such a proposal in the summer of 1990, and indicated the government was already sceptical about the possibility of convincing enough Member States of the Hecu’s value. It signalled London had at least privately begun to consider the merits of disengagement from the EMU negotiations rather than adhering to a fixed alternative to a single currency. The possibility of the UK not being tied to EMU had also been discussed by the UK’s Permanent Representative to the Community, Sir David Hannay, and Jacques Delors prior to the commencement of the IGC. In advocating an opt-out, and hence some form of disengagement from the EMU process, the government did not desire a straightforward ‘opt-out’, whereby it would not have been able to exert direct influence. It would have been the easier option to obtain. Instead, the government wanted to decide at a later date whether it would participate in EMU, while not being committed to its final goal in the intervening period. It was a more flexible position as both anti and pro-EMU lobbies within the UK could be appeased. Both would be able to claim a victory. Such a dilemma of having to placate differing opinions within the Conservative Party and the wider UK public over EMU, and the wider nature of the future IGC negotiations, demonstrated the problem the government faced in developing policy towards the EC.

- ERM commitment

Thatcher’s unwillingness to accept the Hecu as an evolutionary approach to a single currency, and her preference for it as an alternative (although she did not really believe in it at all and was happier with no progress), was a further demonstration of the increasing differences of views between herself and other Cabinet members over European affairs. This had previously been emphasised by the dismissal of Howe as Foreign Secretary in July 1989 and Lawson’s resignation as Chancellor in October. Throughout 1990 she became increasingly antagonistic towards the prospect of further European integration which resulted in strained relations within government. These were particularly apparent over the issue of
ERM membership, with the government’s position since the mid-1980s having been to ‘join when the time was right’, although Thatcher set vague conditions at Madrid as a result of direct pressure from both Howe and Lawson - specifically through the threat of resignation.¹⁰⁶

Thereafter, she resisted Major’s wish to enter the ERM in July 1990, following intense speculation throughout May and June over this very possibility, which resulted in Sterling surging as speculators backed it through expectations of gaining high yields from a stable currency.¹⁰⁷ London’s financial markets (FTSE 100 share index) surged on 17 May by 63.3 points to 2,284.4, equating a 2.8% advance which was the biggest daily gain since November 1987.¹⁰⁸ Increases were the result of a strengthening belief that full UK membership of the European Monetary System (EMS) would take place, partly fuelled by comments Thatcher made at the Scottish Conservative Party Conference on 12 May. She signalled, albeit obliquely, that the timing of entry was in the hands of the Chancellor.¹⁰⁹

On the same day the financial markets increased, Major suggested entry would take place in a speech to the Confederation of British Industry (CBI) annual dinner:

I am sure we will benefit from joining the ERM, and join it we most certainly will when our conditions are met. But it is an added discipline, which will reinforce domestic monetary restraint, not replace it.¹¹⁰

Despite a perception that the Prime Minister had altered her position, she remained opposed to entry until 5 October.¹¹¹ At that time she finally gave in to the general agreement amongst Ministers, academics and businessmen¹¹² that entry should take place¹¹³ on 8 October at a rate of 2.95 against the Deutschmark (or Ecu 0.696904) - a policy which resulted in an increase in the financial markets, demonstrating support for the project.¹¹⁴ The decision to join was partly because it was increasingly difficult to manage policy without being in the ERM.¹¹⁵ Hurd, Major and the City believed it would strengthen the UK’s position in the forthcoming EMU negotiations, following awareness that Britain needed to be seen to be taking a more constructive stance.¹¹⁶ (This view was equally advocated by Howe, but he was very much kept out of entry discussions).¹¹⁷ Entry was only accepted by Thatcher with the condition of an interest rate cut. While she
concealed her stance by noting that ‘...I placed heavy emphasis on the interest rate cut and the reasons for it in presenting that day’s decision’ to enter the ERM, Philip Stephens provides a blunter assessment: ‘The interest rate cut had been the essential concession she had extracted in this moment of defeat.' Yet, the very decision to join had not been subject to Cabinet discussion, and one senior Cabinet Minister noted that the first he was aware of it was when he heard the development on the news. Similarly, the Governor of the BoE was not consulted, with one of the reasons for lack of co-ordination being market sensitivity.

Entry was welcomed by other Member States, Pöhl considering it to be ‘...an important contribution in the framework of European economic and monetary union’. Bérégovoy considered it to be ‘...a progression along the road of European economic and monetary union’. Major highlighted that while entry was part of the UK’s commitment to Stage 1 of EMU, it did not commit the government to the Delors approach for Stages 2 or 3 and ‘...that there had been no shift, no weakening to our opposition to the imposition of a single currency and a single monetary authority’. This reflected his position of hostility to the imposition of a common currency, with his view (as argued throughout 1990 and 1991) being that market and public opinion would in the end decide whether the UK would take part in a single currency.

Government opposition to EMU contrasted the increasing support for the project from business interests in the UK, with the Director-General of the CBI, John Banham, stating ‘We believe that a single currency is good for Britain’ during a press conference at a CBI Conference in Glasgow on 5 October 1990. However, the government and the BoE continued to advocate the Hecu proposal based on an evolutionary transition. London considered it had entered the ERM so as to participate in an important EC institution, as well as gaining the functional benefit of keeping inflation at a low level, as later outlined by Norman Lamont: ‘...we did not join the ERM as a stepping-stone to monetary union. We joined it for its immediate, practical benefits in getting inflation down’. This meant ERM obligations were ‘the over-riding factor’ in setting interest rates. Yet, despite this public demonstration of commitment, there remained a clear division between
Section 3: Monetary Union

the government and other Member States over monetary policy and EC affairs in
genral. This was highlighted in the report presented by Guido Carli, the EcoFin
president-in-office, to the European Council of 22 October 1990. A division of
views also existed at the UK level within Cabinet, with Thatcher being opposed by
Howe, Major and Hurd.

UK isolation was apparent in early September and October when it seemed
likely that the forthcoming Rome European Council would establish a fixed
agreement on EMU. This ran counter to the government’s position, who did not
even consider there was a need for the summit. However, the prospect of a
clash seemed to decline after Delors appealed for there not to be a fixed agreement
on EMU, as details would be kept to a minimum, while the summit would tackle
issues such as the Gulf War and the economic crisis in the Soviet Union.

Despite this appeal, agreement was reached on the necessary points which the
Treaty amendment would cover, partly because Chancellor Kohl had been keen
for an agreement to take place. These included the creation of a new monetary
institution comprising Member States’ Central Banks and a central structure that
would exercise complete responsibility for monetary policy.

But, while some UK Ministers and officials considered the government had
been ‘ambushed’ in Rome, as Italy had been determined to get the main
countries to agree to a text which they knew Thatcher would have difficulty in
accepting, the government had been fully, and as it turned out, accurately
briefed on what was likely to happen. Such discussions are the result of
complete interdepartmental co-ordination, as chapter 2 made clear, and, as Butler
illustrated:

...I would be very surprised if all the implications were not most carefully
gone into. It was always in my view the habit of British ministers and
officials to examine the implications of their future actions most carefully
and to take a considered view about what the likely results of what they
were discussing and negotiating would be.

In effect, the UK had been ‘massively out of step’ from the position adopted by
the other eleven Member States because of Thatcher’s stance. Equally, the
Rome outcome had been influenced by a united stance by the EC’s six Christian
Democrat Prime Ministers, who had met a few days earlier in Brussels to establish
Pre-Negotiations on Monetary Union

a common line on EMU. Rome demonstrated the decline of Thatcher’s ability to negotiate effectively in the European Council, and the government was not ‘back on side’ as Howe had thought.

Following Rome, Howe resigned from the Cabinet on 1 November 1990, having been the last survivor of her original 1979 Cabinet. He believed it was with regard to EMU that the gap between himself and Thatcher had become insurmountable as she ‘...emphasised 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’. His resignation speech of 13 November emphasised the ‘growing difference’ between himself and Thatcher over the ERM, and he criticised the government for offering little that was constructive with regard to the implementation of a single currency. He stated:

How on earth are the Chancellor and the Governor of the Bank of England, commending the hard Ecu as they strive to, to be taken as serious participants in the debate against that kind of background noise?...It is rather like sending your opening batsmen to the crease only for them to find, the moment the first balls are bowled, that their bats have been broken before the game by the team captain.

In his resignation letter, Howe spoke of the ‘...growing difference which has emerged between us on the increasingly important issue of Britain’s role in Europe’, because Thatcher emphasised she was not prepared to be flexible or constructive in the EC as ‘...we are determined to retain our fundamental ability to govern ourselves through Parliament’. He stated the need to be at the ‘centre of the European partnership’ while scathingly criticised her stance at Rome as he was ‘...deeply anxious that the mood you have struck....will make it more difficult for Britain to hold and retain a position of influence...’ Isolation abroad, combined with a lack of agreement over policies at home, represented the watershed marking the end of her reign as Prime Minister, as later emphasised by Howe:

For it was the Prime Minister herself who was breaking ranks with her own government, with a clear view that Britain would never participate in any EMU arrangements.

The position of hostility towards a single currency did not drastically change when Major became Prime Minister on 28 November. Throughout October and
November, London became increasingly serious about the Hecu, with officials working on the UK position. The departure of Thatcher, who had been unwilling to compromise on the development of the Hecu in the direction of the Delors model of EMU, allowed the opportunity for greater flexibility on the part of UK negotiators, while at the same time creating the possibility of a more favourable response to the UK position from other Member States. The appointment of a new Prime Minister was particularly welcomed by the Italian Prime Minister, Giulio Andreotti, as he considered he would not have to face the same antagonistic stance at the forthcoming December summit, as he had faced in October.145

• Conclusion

EMU developments in the period between 1988 and 1990 were shaped by France and Germany, just as they had provided momentum behind EPU. Within the two governments the initiative was driven by forces outside Finance Ministries, who were not particularly keen on the idea. It was basically a political and foreign policy issue and, significantly Genscher was a key personality in the debate.146 He had the support of Kohl, while Mitterrand equally backed the project. Towards the end of the period it was evident that the prospect of German re-unification provided a further spur,147 primarily because it made Germany a more powerful country and France perceived this as a possible threat to stability. That in turn meant France considered it necessary to ‘cage’ Germany, with the proposed route being further political integration. The period can be viewed as one where two major Member States shaped proceedings, with the Commission initially not having a primary role. Delors had, however, been an important driving force in the Committee that he chaired. Thereafter, the Commission’s influence was demonstrated by the two main sets of papers presented at the December 1990 Rome European Council being the Committee of Central Bank Governors draft statute for the ESCB and the 21 August 1990 Communication of the Commission, incorporating the conclusions of the October Rome summit.148

Adoption of the Commission Working Paper put Major in a difficult position as the key element of the government’s negotiating strategy was no longer
viable.\textsuperscript{149} This meant negotiations had not been directed towards a minimalist position (which the UK favoured), while there was little likelihood of the Hecu being adopted due to its inability to provide a swift transition from Stages 2 to 3. The plan did not gain any influence, despite some Spanish, French, Greek, Italian and Portuguese support. It suffered from certain key problems, one of which was no one would be forced to use it and this would directly make matters more complex by adding an extra currency - a point Pöhl expressed.\textsuperscript{150} A contributing factor was that it had not crystallised until quite late in the day. It was not in phase with the European cycle and essentially came too late,\textsuperscript{151} while anything put forward by the UK at that stage was viewed with suspicion by other governments. They perceived it to be a ploy to get the UK more constructively involved in the EMU talks when the government was, in fact, at the margins of Europe.\textsuperscript{152} Therefore, the government’s only alternative to the Delors prescription for EMU had essentially disappeared. Despite this reality the government continued to reject the majority position on EMU with Lamont stating:

\begin{quote}
...we part company with the Delors report over its centralising, prescriptive approach to developments beyond Stage 1 .... Profound issues of sovereignty are involved, and apart from that the Community is a very long way from being ready for a single currency.....It would be foolish to bind ourselves now to a rigid, inflexible structure for monetary union when there are huge uncertainties about what lies ahead.\textsuperscript{153}
\end{quote}

Having analysed the UK’s involvement in the EMU debate prior to the negotiations, the following chapter will examine the role played by the government within the EMU IGC. Negotiating dynamics are contrasted with the EPU IGC, while the concept of UK isolation evident within this chapter is equally apparent in subsequent analysis. At a domestic level EMU was a topical subject within the Commons, but one which did not cause the government difficulty because of consensus regarding the pursuit of a single currency opt-out, which contrasted with the more divisive EPU negotiations.

\begin{itemize}
  \item Notes
\end{itemize}

3. Ibid., p.313.
5. European Council (1988) 'Conclusions of the Presidency, Hanover European Council', points 1.1.1-1.1.4, and 3.4.1(5).
6. A former Treasury Minister suggested that Thatcher was instrumental in changing the Committee's terms of reference. This contrasts with the account of George Ross who considered that Delors was responsible for the use of Central Bank Governors. Interview: former HM Treasury Minister. Also see Ross (1995) Jacques Delors and European Integration, p.81.
7. Interview: former HM Treasury Minister.
8. Interview: former No.10 Office official.
12. Conditions included: a reduction in the inflation rate; abolition of capital movements restrictions; liberalisation of financial services; completion of the internal market and a stronger Community competition policy by reducing state aids.
15. Sir Alan Walters was personal economic adviser to Prime Minister, Margaret Thatcher, 1981-84, and 1989. Walters (1990) Sterling in Danger.
16. The Downing Street Years, op cit., p.709.
18. The View From No.11, op cit., p.931.
24. The View From No.11, op cit., p.913.
25. Lamont noted that ‘...we part company with the Delors report over its centralising, prescriptive approach to developments beyond Stage 1 .... Profound issues of sovereignty are involved...’ Lamont (1991a) House of Commons Official Report, 24/1/1991, c.471.
28. Interview: Robin Leigh-Pemberton.
30. Ibid., point 1.1.1.
31. Ibid., point 1.7(ii).
33. European Council (1990c) ‘Conclusions of the Presidency, Rome European Council, 27 and 28 October’, point 1.5.
34. Interview: former HM Treasury Minister.
35. The View From No.11, op cit., p.893.
36. Interview: former BoE official.
37. The View From No.11, op cit., p.903.
38. Interview: former No.10 Office official.
39. Interview: former HM Treasury Minister.
40. The View From No.11, op cit., pp.903-4.
41. Interview: former BoE official.
42. Interviews: Ibid. and No.10 Office official.
43. Interview: former HM Treasury Minister.
44. Interview: former BoE official.
45. Ibid.
46. Ibid.
47. The Downing Street Years, op cit., p.708.
48. Interview: former BoE official.
55. Interview: former HM Treasury Minister.
56. The View From No.11, op cit., pp.111-3 and 483-93.
60. Interview: former HM Treasury Minister.
61. HM Treasury (1989b) An Evolutionary Approach to Economic and Monetary Union; The View From No.11, op cit., pp.939-942; and Dyson (1994) Elusive Union, pp.136-137.
62. Leigh-Pemberton (1990a) ‘speech to the West German Savings and Giro Association’.
63. An Evolutionary Approach to Economic and Monetary Union, op cit., para 23.
64. Ibid., paras 23 and 38.
65. These points were raised in a letter by Sir Michael Butler to the Chancellor of the Exchequer, Major, on 7/11/1989, paras 2 and 3 especially.
66. In contrast, German Finance Minister, Waigel, had privately expressed doubts about EMU to Lawson. Indeed, the main engagement Lawson had to cancel on the day of his resignation on 26 October 1989 was a private visit to Germany to see Waigel to discuss ways of resisting EMU. Interview: former HM Treasury Minister.
69. The need for constructive proposals was highlighted in correspondence between key individuals and Ministers involved in the EMU debate in November 1989. Based on private information.
70. The development of the Ecu was raised in a Paper by the Chairman of the BIEC European Committee (Sir Michael Butler) entitled a Discussion of EMU at the Strasbourg European Council in December, para.5.
71. An Evolutionary Approach to Economic and Monetary Union, op cit., paras 22 and 24).
73. Interview: Sir Michael Butler.
75. Correspondence: Sir Michael Butler.
76. Ibid.
77. Paper by the Chairman considered at the European Committee of the BIEC on 27/3/1990, Stage 2 of Economic and Monetary Union, para.3. Also Michael Butler’s comments in House of Lords (1989-90b) Select Committee on the European Communities, Economic and
Monetary Union and Political Union, pp.26-27, and subsequent responses to questions from that Committee, pp.28-37.

78. Paper by the Chairman considered at the European Committee of the BIEC on 27/3/1990, Stage 2 of Economic and Monetary Union, para.3.


81. It is interesting to note that Geoffrey Howe was not engaged in the Hard Ecu debate, nor informed of developments. Conflict of Loyalty, op cit., p.638.

82. Correspondence: FCO official.

83. An Evolutionary Approach to Economic and Monetary Union, op cit., para 22, and correspondence: FCO official.

84. Correspondence: FCO official.

85. Butler (1989) 'Evidence to the House of Commons Foreign Affairs Committee', p.41, para 139.

86. These points were highlighted in a letter from Sir Michael Butler to Charles Powell on 11/6/1990. Also FT, 13/6/1990, p.2.


88. FT, 9/7/1990, p.8.

89. Correspondence: Sir Michael Butler.


92. House of Lords (1989-90a) Select Committee on the European Communities, Economic and Monetary Union and Political Union, pp.24-5, para 55; and Grice (1990) "The UK Proposal for a European Monetary Fund and a 'Hard ECU'".


95. Interview: former HM Treasury Minister.


97. FT, 29/6/1990.


99. Interview: former FCO official.


103. The Downing Street Years, op cit., pp.724-5.

104. Interview: former No.10 Office official.


107. The Downing Street Years, op cit., p.723.


113. Currie and Dicks (1990) 'Economic Viewpoint'.


115. Interview: former HM Treasury Minister.

Pre-Negotiations on Monetary Union

118. The Downing Street Years, op cit., p.724.
119. Stephens (1997) Politics and the Pound, p.169. Also International Herald Tribune, 13/6/1990, pp.15 & 18. It was decided on the date of entry that interest rates would be reduced to 14% from 15% - the highest they had been for nearly eight years.
120. Interview: Lord Parkinson.
121. Interview: former BoE official.
122. FT, 6-7/10/1990, p.7.
128. Italy (1990b) ‘Economic and Monetary Union’.
131. Correspondence and interview: former No.10 Office adviser and former HM Treasury Minister.
132. Thatcher was furious when she returned from Rome because she believed EC leaders were debating issues not relevant to present difficulties. Lord Parkinson.
134. Correspondence: FCO official.
144. Ibid., p.643.
145. Interview: former FCO official.
146. Interview: former HM Treasury Minister.
147. ‘Conclusions of the Presidency, Rome European Council, 27 and 28 October’, op cit., p.20.
150. Interview: former BoE official. Also Robin Leigh-Pemberton in evidence House of Lords (1989-90b) Select Committee on the European Communities, Economic and Monetary Union and Political Union, para 81, p.16.
151. Interview: former No.10 Office official.
152. Interview: former BoE official.
Chapter 9:

Economic and Monetary Union negotiations

- Policy groups
- UK objectives: real or illusionary?
- Which opt-out?
- The transitionary path
- Core negotiations
  - Compromised by time
- Maastricht European Council
- Conclusion: power politics
- Table 9.1: Member States' positions on a Single Currency
- Notes

The Hard Ecu was a thoroughly good idea. The only problem was that it didn’t have any chance of being adopted. (Interview: former HM Treasury official)

My personal view is that the Government’s political stance weakened considerably the ability of UK negotiators to convince their counterparts in other countries of the merits of UK proposals. This applied to the Bank of England’s efforts to persuade other Central Banks, as well as to the efforts of Treasury and Foreign Office negotiators. (Interview: former BoE official)

In contrast to the EPU negotiations, EMU had been subject to detailed reports and analysis at both the EC and UK level prior to the commencement of the IGC negotiations. UK hesitancy towards the development of a single currency had been well documented, while advocacy of an alternative approach, based on a ‘Hard’ European Currency Unit (Hecu), involving the retention of national currencies, was launched six months prior to the start of the IGC by John Major (albeit without detailed plans). Accordingly, Member States were aware of the degree of ‘flexibility’ such an explicit policy commitment afforded the government in the EMU talks (see table 9.1). In outlining its position, the government stressed Parliament should be free to decide when, or if, the UK would join a single currency, and was consequently against its imposition. Equally, it did not want to be excluded from the possibility of joining in future, or from the negotiations on the details of EMU. By contrast, the remaining eleven Member States were basically in favour of a single currency, as demonstrated in table 9.1. Whereas Germany preferred tough convergence criteria to ensure the stability of a future single currency, Italy opposed such a course of action given the
level of government indebtedness. Ireland, Portugal and Spain were all in favour of a single currency, though they demanded monetary support to ease economic difficulties. All remaining countries were in favour of a single currency, although Greece was pragmatic enough to realise it would be unlikely to take part. The UK was therefore isolated on the broad aspect of support for a single currency.

This is not to say the EMU discussions were without UK influence, as the eventual outcome included certain formulae which fulfilled UK objectives. To see how this was the case, this chapter will examine the extent to which the UK was engaged in the discussions, how successful it was in influencing them, or indeed whether the government sought to do so. The chapter focuses on political dynamics rather than the economic pros and cons. Analysis is not given to the development of the European Monetary System (EMS), an area covered by others. The chapter is divided into five sections, the first reviewing UK objectives at the start of the IGC and the government’s adherence to the Hecu proposal. The second examines the development of the UK EMU opt-out, and the specific time period in which the government realised it could only obtain a single rather than general opt-out. Section three analyses the debate over the content of Stage 2 of EMU, particular reference attached to the creation of the new monetary institution, convergence criteria and length of time between Stages 2 and 3. The fourth outlines the talks at Maastricht, in particular developments leading to the UK opt-out being confirmed in the new Treaty. Section five examines the significance of the agreement reached at Maastricht.

Table 9.1: Member States’ positions on a single currency

<table>
<thead>
<tr>
<th>Belgium</th>
<th>For</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>For, though with tough convergence criteria</td>
</tr>
<tr>
<td>France</td>
<td>For</td>
</tr>
<tr>
<td>Germany</td>
<td>For, though with tough convergence criteria</td>
</tr>
<tr>
<td>Greece</td>
<td>For, though realised it would be difficult to join</td>
</tr>
<tr>
<td>Ireland</td>
<td>For, but desired cohesion money</td>
</tr>
<tr>
<td>Italy</td>
<td>Yes, but against tough convergence criteria</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>For</td>
</tr>
<tr>
<td>Netherlands</td>
<td>For</td>
</tr>
<tr>
<td>Portugal</td>
<td>For, but desired cohesion money</td>
</tr>
<tr>
<td>Spain</td>
<td>For, but desired cohesion money</td>
</tr>
<tr>
<td>UK</td>
<td>Parliament must decide (opt-in/opt-out formula)</td>
</tr>
</tbody>
</table>

In Favour | Reservations | Against |
• Policy groups

The government’s negative stance was representative of the wider opinion of the Conservative Party. In a questionnaire sent to Conservative MPs while researching this thesis, 19% ranked the introduction of a single currency as the most damaging issue for the UK during the IGC talks. Within the ‘most damaging’ category, it was second to the concept of a federal goal, but when asked to state their second ‘most damaging’ issue, the single currency came first with 31% support (see appendix 14, section A, question 6). This viewpoint was not lost on the government, who realised the introduction of a single currency would be unacceptable, although Ministers’ opinions did not greatly differ from backbench MPs, while there were no divisions within Cabinet on the EMU issue. This compared with other areas, such as social policy.

As chapter 1 noted, whereas the concept of a ‘two-level’ game can be applied to UK participation in the CFSP negotiations, it was not as pertinent to EMU discussions at the level of Finance Ministers. This was the product of four factors. In the first instance, the government did not want to participate in a single currency and was primarily interested in obtaining an opt-out. UK goals differed from those of other Member States and consequently what was believed to be important and winnable was the attainment of an opt-out/opt-in formula rather than altering the proposed EMU route. Second, the government’s viewpoint meant other Member States were unlikely to develop alliances with the UK on EMU issues because it was not regarded as an influential voice. How likely would France and Germany listen to UK opinion when they knew the government was not committed to the process? Third, the Chancellor of the Exchequer, Norman Lamont, was personally sceptical of EMU and consequently did not believe in the process. A former Bank of England (BoE) official stressed:

I knew fundamentally he (Lamont) was sceptical about Europe, and to an extent a great deal of what he was doing went against his instinctive judgement. I suspect that the other Central Bankers were aware of his views at the time.

Lamont believed that a UK opt-out, or opt-in, would be quickly transformed into a definite opt-out. Finally, although Chancellor Kohl emphasised that EPU and
EMU were linked negotiations, the government considered its actions on EMU were not directly relevant to EPU. On EPU, where a vast number of issues could be bargained upon, there was a need to develop alliances, but on EMU, where issues were of a singular nature, the government generally saw its actions as being independent of others.

UK negotiators did try to develop some alliances, but the government's stance weakened their ability to do so. This was particularly evident at the level of personal representatives, the UK team being led by Sir Nigel Wicks from the Treasury, supported by Sir John Kerr from the UK Permanent Representation to the EC (UKRep). Other negotiating groups, apart from Finance Ministers, were the EC Monetary Committee and the Committee of Central Bank Governors. UK representatives on the former were Wicks and Andrew Crockett from the BoE, Robin Leigh-Pemberton being the representative on the latter. The EC Monetary Committee included a sub-group of Alternates which dealt with a great amount of technical detail, the UK member of which was John Arrowsmith from the BoE. Among the Monetary Committee and Central Bank Governors, it was easier for UK representatives to engage in the negotiations. To that extent a two-level game model can be applied whereby the negotiating outcome was influenced by both domestic and EC politics, as negotiators had a loyalty to both groups (see chapter 1). UK members of these groups tended to have good relationships with their fellow interlocutors as the result of regular meetings, while they were also inclined to consider themselves somewhat independent from government actions, especially at Central Bank level. As the Governor of the BoE, Robin Leigh-Pemberton, stressed:

There is a distinct difference between Central Bankers and Finance Ministers. As Central Bankers we regarded ourselves as somewhat detached from government and government policy, and interested only in the general duties of Central Banking. In that respect I think we had a much easier relationship with each other because of our respective professional roles.

They were able to exert influence at the EC level, albeit having to operate within the conditions set by government. In comparison, it was far harder for the Wicks-Kerr team to influence the negotiations, although the very fact that they managed
to obtain some objectives owed much to their skill, just as Kerr's dexterity was crucial on EPU (see chapters 1 and 2).

Moreover, the Wicks-Kerr team had a greater awareness of the room for manoeuvre on EMU, which differed from EPU where the Kerr-Hadley team were not provided with full instructions (as outlined in chapter 2). But while Wicks and Kerr were better prepared to negotiate on EMU, through having a firm set of instructions, they were less able to do so because of the government’s political stance. The opposite occurred on EPU where the government, while being negative towards the process, did not make its full position clear. Other Member States could not oppose what had not been clearly stated, although the very absence of a definite stance depleted the ability of Kerr and Hadley to negotiate fully and exploit coalitions.

- **UK objectives: real or illusionary?**

The primary UK objective at the start of the talks was to avoid any binding commitment to a future single currency. The government sought a general opt-out for all Member States, rather than a specific opt-out for the UK because:

> It was preferable to have a general opt-out, to have a permissive scheme rather than a mandatory scheme, which would look like more of a success for the UK position and not make us seem isolated.¹⁰

Notwithstanding this ‘bottom-line’ goal, the government continued to advocate the Hecu alternative, despite realising it would be unacceptable to other Member States since it had not been advanced as a route to EMU. London hoped it might influence the transition from Stages 2 to 3, and optimistically tabled the text in late December 1990.¹¹ The details of the plan had been refined since September by an internal Treasury group led by Paul Gray, particular input coming from John Arrowsmith of the BoE, and the Treasury legal adviser, Mark Blythe (see chapter 2).¹²

It was advanced by Wicks at the first personal representatives meeting on 15 January¹³ (see appendices 5 and 6), while being subject to discussion within the remaining negotiating groups: EC Monetary Committee, Committee of Central Bank Governors and Finance Ministers. The plan received a cool response from
the Commission, while the Netherlands and Germany said they could not support it. The latter pair argued that the creation of another (parallel) currency might be inflationary because of there being less control over it. The UK considered such arguments unjust: the scheme had been designed to take into account fears that parallel currencies would be inflationary. Germany, and in particular the Bundesbank, perceived the Hecu to be a potential competitor with the Deutschmark. This, however, represented an inconsistency on Germany’s part: the view that the Hecu would be a debased currency with no proper control over it, and therefore weak, rested alongside a concern that it would challenge the Deutschmark’s pre-eminence in the Exchange Rate Mechanism (ERM), thereby reducing German influence over monetary policy in Western Europe. Otherwise, certain Member States, particularly France and Italy, did not perceive the Hecu sufficient to meet the needs of EMU, for it did not constitute an ‘institutional leap’ towards the goal of a single currency.14

The Hecu’s failure to win anything more than a tepid response among personal representatives was duplicated at the first Ministerial meeting of 28 January.15 Although the French16 and Spanish17 delegations presented written contributions which included some elements of the plan (combined with the goal of the establishment of a common currency), neither were prepared to challenge the October 1990 Rome European Council’s aims.18 French Finance Minister, Pierre Bérégovoy, stated that France’s goal remained ‘Economic and Monetary Union pure and simple’.19 Discussion within the Monetary Committee(s) resulted in a negative report to EcoFin, as the Hecu was perceived to be a diversionary, delaying tactic. The Committee of Governors’ equally did not approve of the plan, while similar views were expressed to UK missions sent to Central Banks. Member States tended to give a frank assessment, stressing that while they found the plan ingenious, with some attractive features, political realities (which were determined elsewhere by governments) meant the proposal was unlikely to succeed.20

This highlighted the difficulty the government faced in attempting to influence the negotiations, because the proposal had stumbled at the first hurdle, although not fallen. London’s intentions were perceived not as a means of advancing EMU
but of reducing its momentum. Problems were compounded when the Presidency confirmed its plans on 15 January to work in accordance with the mandate adopted by the October 1990 Rome European Council. It produced a timetable and path for EMU which isolated the UK. The Presidency also stated that work would focus on Treaty articles needing revision, rather than on the specific direction of the negotiations. The UK reacted by ruling out (for the time being) the objective of the attainment of a single currency and single monetary policy. By doing so it realised it was in a weak position to challenge or wreck the eventual path of EMU. 

In comparison, Germany supported attainment of a single currency, while noting the ‘political’ goal of the process, a stance it reiterated throughout the negotiations. Kohl, in an address to the Bundestag on 13 March 1991, stressed Germany’s main objective was European unity, which Bonn would do everything possible to achieve. He noted EPU and EMU were ‘politically and practically linked’ and ‘Germany will therefore only be able to approve both projects simultaneously’.

The determination of the eleven Member States not to accept any delay in their plans for EMU was signified by an agreement that the Commission Working Paper would provide the basis for Member States’ deliberations. For the Commission, usage of its text, combined with its general influence in the EMU discussions, sharply contrasted its involvement on EPU, where the Presidency text formed the basis of discussion. The benefit of engaging in the debate at an early stage, with well-thought-out proposals, was obvious. In contradistinction, the UK’s inability to table a text which might alter the direction of debate until the IGC commenced, meant it was always going to be difficult for it to obtain influence. This resulted in the Hecu being consigned to oblivion by February 1991 because a majority of Member States did not favour it, and while Spain’s submission involved some elements of the plan, they did not resemble it.

Treasury mandarins acknowledged such events, and were aware ‘...from Spring 1991 onwards there was not the political willingness on the part of the other Member States to accept the Hecu’. As Dyson notes, “...it was plain that the main issue was not the British ‘hard ECU’ plan.... The central debate was about the nature of stage two...”
Germany and the Netherlands opposed the plan and the only potential allies were Southern European members such as Portugal and Spain. The government could not obtain sufficient support for it, with those Member States who might have given allegiance not carrying enough negotiating influence. Yet, London continued to advocate the Hecu because it would otherwise have to concede defeat, both at the EC and domestic level. Such an outcome would have resulted in the government facing criticism from MPs. In addition, by keeping the plan on the negotiating table, London hoped it would influence other aspects of the negotiations, such as the institutional design of Stage 2 or the convergence requirements for movement to Stage 3. But, adherence to the Hecu demonstrated a weakness in the UK’s negotiating strategy, a direct product of it not having engaged in the EMU pre-negotiations at an earlier stage (see chapter 8). Maintenance of the plan right up to June 1991 became an illusionary objective, with London’s failure to convince other governments of its proposals producing an increasingly inflexible negotiating position. The UK did not create or introduce new considerations and solutions, instead restating old ones.

Nevertheless, the plan was significant in engaging London in the negotiations ‘because it did begin to focus people on questions such as how on earth was EMU supposed to work’. It enabled the BoE to demonstrate some enthusiasm towards EMU through various speeches by the Governor, when its very ability to engage in discussion was constricted by the government’s political decision to separate itself from EMU. In attempting to get other Member States to accept the proposal most BoE officials accepted that more effort in ‘selling’ the Hecu would not have helped because ‘...it had emerged too late in the process, and from the wrong quarter, to be given serious consideration’. This was well summarised by a Financial Times editorial of 14 May 1991:

The British will have to change their plans radically. The UK not merely told the other 11 that it was unwilling to go where they wanted, but intimated that the UK might veto the others’ plans. Meanwhile, Britain insisted that the others should not set out without it because this would leave it in the slower group within a ‘two-speed’ Europe. Since the UK’s hard ‘Ecu plan’ involves creating a new monetary institution, which the Germans abhor, and does not introduce a single currency, which the French (and others) desire, its political chances are close to zero. The economic merits of the plan are greater than that, but this matters little. The plan will have to be abandoned.
• Which opt-out?

While the government publicly adhered to the Hecu until the summer of 1991, Hurd noting ‘...that some form of hardened Ecu will form an important element in Stage 2’, the reality was that UK priorities had privately shifted by late February to ensuring a single currency would not be imposed on it. London’s response to the Presidency non-paper was to make clear ‘it could not accept the imposition of a single monetary policy and a single currency’. It advocated a general opt-out provision whereby Member States would have to seek national ratification before they proceeded to Stage 3. By focusing on such a policy the government, and in particular Chancellor Lamont, showed little interest in the wider EMU arguments, with all energies devoted to its achievement. Such a strategy had the added problem of the government risking the possibility of taking its eye off other aspects of the negotiations, such as the EMU timetable. Consequently, we can infer that the pursuit of the opt-out sacrificed UK influence in the EMU discussions.

Advocacy of a general opt-out was potentially hazardous since all Member States would avoid a commitment to the goal of EMU, thereby jeopardising its chance of success. The nature of the opt-out was discussed at a personal representatives meeting on 10 May, and at a Luxembourg informal Finance Ministers meeting the following day. At it the Dutch Finance Minister, Wim Kok, and the Belgian Finance Minister, Philippe Maystadt, said no Member State should be able to block the ‘train’ to EMU, thereby hinting at the possibility of a ‘two-speed’ EMU, a development which did not seem to worry the majority of Finance Ministers. Kok and Maystadt also suggested a single currency should not be imposed on anyone, a stance supported by a majority of Member States, although Greece stressed that no Member State should be disregarded without objective reasons, reflecting its concern about failing to meet the convergence criteria. At the meeting Delors launched the concept of a UK ‘unilateral declaration’, by which the UK would stress, at the ratification of the EMU Treaty, that a single currency would require formal acceptance by the House of Commons. For other Member States, such a situation would not prevent them from participating in a single currency. It would, therefore, ensure the specific
status attached to the UK did not compromise the path to EMU, while Delors emphasised:

if, on the eve of the European Council of Maastricht, the United Kingdom, had not come round to the idea of the Ecu as a single currency, it was not that which would prevent the Treaty from being signed: we will find a formula.\[4.1\]

However, Lamont considered it was premature for the proposal to dominate discussions.\[4.2\] If a UK opt-out was ‘publicly’ agreed then the government's influence in the negotiations would be further reduced, and consequently weaken the ability of UK negotiators to convince their counterparts of British government proposals. Yet, attainment of an opt-out would pacify Eurosceptic members of the Conservative Party, of which the ‘European Reform Group’ of 70 anti-federalist MPs backed the concept of a unilateral UK opt-out. This position, according to the group's secretary, Teddy Taylor, consisted of ‘saying to the others: you have our blessing, go ahead and have EMU as long as we say we will join if we want, and not when we want to’.\[4.3\] In addition, they considered a future Conservative government would quickly decide not to participate in EMU after the Treaty had been signed, a view Lamont shared.\[4.4\] Such issues were particularly pertinent in light of the government’s negotiating position facing Parliamentary scrutiny on 26 June 1991.\[4.5\]

Consequently, adoption of a position which could provide lateral movement in favour of, or against, EMU was a means of ensuring divisions of opinion did not arise within the Conservative Party. But while this concept of party management was an influential factor on other aspects of the negotiations, it was not so crucial on EMU where Party unity existed on the need for an opt-out. In addition, the government’s scepticism about EMU did not represent a departure from the stance advanced by Thatcher, despite Major having been a driving force behind the Hecu proposal. These factors, combined with the lack of influence the government brought to the negotiating table, meant that the Prime Minister did not have to manage the interface between EC policy-making and backbench opinion in the same manner as the negotiations on social policy or the federal goal. Indeed, the government hoped that the progress on EMU would be satisfactory enough to
satisfy the views of Eurosceptics, while at the same time diverting their attention away from the more contentious debates on EPU (see chapter 5).

By June greater consensus existed on the Delors approach, with a Luxembourg EcoFin meeting of 10 June resulting in agreement that no Member State would be obliged to take part in Stage 3, while none could prevent the rest from proceeding to it.6 This was an important development for the UK as it could not be tied into Stage 3, a point later reiterated by Major during a speech in Swansea:47

...when I advocated the hard Ecu, the hard Ecu could by definition become a single currency. And since we proposed it, by definition on that basis we accept the principle of a single currency. What we do not accept is the principle of an imposed single currency. A single currency that comes about because the market wants it and because governments and people find it acceptable is perfectly acceptable to us.48

Hurd later stressed in the 26 June Parliamentary debate on the IGC that ‘the government will not recommend to this Parliament acceptance of a commitment to a single currency’.49 This emphasis on EMU throughout May and June was a deliberate attempt by the government to stifle domestic concern about the Political Union debate, which was the more difficult negotiation. Therefore, discussion in the Commons on 26 June primarily focused on the question of a single currency, and as chapter 5 emphasised, this was a significant means of ensuring the government did not come unstuck on trickier subjects such as co-decision.50

The concept of the UK not being tied into an imposed future single currency was raised by Major in the margins of the June Luxembourg European Council during a meeting with Delors, Santer, Lubbers, Mitterrand and Kohl. The Prime Minister informed them he would not sign an agreement at Maastricht if the EMU talks created a legally binding obligation for the UK to join a single currency, and wanted an undertaking that if such a situation arose then the UK would have an opt-out, which the other leaders agreed to (although not in Treaty text).51 This differed from a specific opt-out as it provided the government with an ability to proceed to EMU, but with no obligation to do so. A straightforward exemption from EMU, which would have been much easier to secure, was never its aim.

Such a ‘secret’ agreement demonstrated the importance of striking deals with key Member States at Heads of State and Government level, the rule being to
establish compromises at the correct level as a time saving exercise, and thereby not having to enter into broad-based, time-consuming diplomacy. At a domestic level it suggested Major was the key player on EMU, and not Lamont. This was a factor particularly apparent at the Maastricht European Council meeting, while Lamont had not accompanied Major to the June European Council because he was detained in London by a government three-line whip. In contrast, the Major-Hurd relationship was one of partnership, where Hurd was given freedom to create policy, while Major positively sought his advice (for example, the Foreign Secretary accompanying the Prime Minister on overseas visits, which tended not to happen under Thatcher). Existence of a ‘reserve’ position did not have to be conveyed to the UK Cabinet by the Prime Minister, or indeed by other leaders to their Cabinets. Thus, despite the deal being established with a minority of the Community’s members, the support of France, Germany, the Commission and both Presidencies meant it would be difficult for any other Member State(s) to block it. Nevertheless, London continued to advocate a policy whereby each Member State would have to decide whether it would move to Stage 3 or not, because the government wanted to ensure it was not singled out as a particular case through specific Treaty text. A desire to be exempt from Stage 3, while at the same time providing for unanimous agreement on the whole Treaty draft, was outlined in Article 109g(2) of the 28 October 1991 Dutch draft:

The Council shall not oblige a Member State to participate in the third stage if a Member State has notified the Council that the National Parliament of the Member State does not feel able to approve of the irrevocable fixing of its currency at the provisional date. Such a Member State shall be exempted from the decision as mentioned above, and will in this Treaty be called ‘Member State with an exemption’. The Articles referred to in paragraph 4 do not apply to it.

The ‘exemption’ clause pleased the UK because it vindicated its negotiating tactics, although the government’s ability to influence the negotiations was not significant because of its political decision to stay out of EMU. The presence of the clause was perceived as a victory for the Prime Minister, The Financial Times referring to it as ‘A sensible draft on EMU’, while The Times commented that ‘...the text of the Dutch presidency’s latest draft, with its multi-speed approach to EMU, is a tribute to John Major’s flexibility and strategic steadiness over the past
Economic and Monetary Union negotiations

year'. Its general application, however, meant it would be possible for any country to ask not only for a 'derogation' (granted to countries which could not fulfil EMU convergence conditions) but also an 'exemption'.

This produced concern within Whitehall that such wording would create more difficulties as its applicability to all Member States could result in a Europe à la carte, and consequently contradict the decisions taken at the October 1990 Rome European Council. This was despite Wim Kok stating '...the Presidency proposes to attach a declaration to the Treaty that indicates the political commitment to the process of unification' as a means of countering the opt-out formula. Kok's words did not assuage France and Germany's concern that the text could jeopardise EMU because countries would not be 'locked' into agreement, thereby creating unnecessary instability. In essence:

the provision was shot down by Chancellor Kohl because he considered the clause unacceptable as he wanted to ensure that once the Treaty had been ratified that the course for EMU was set, without any further involvement of national parliaments.

Accordingly, the UK delegation realised by early November that the general exemption clause would not be accepted by a majority of Member States, even though it had yet to be formally rejected. Thus, it was important for the government to have a detailed contingency plan which clarified the verbal agreement Major obtained at the June Luxembourg European Council. Nevertheless, London maintained the objective of a general exemption for the remainder of the talks as a bargaining tool whereby it could 'trade' acceptance of a 'specific' protocol for a text more favourable to UK objectives. This could constitute a vertical trade, i.e. within EMU, or a lateral trade, i.e. a concession on EMU creating movement on EPU, although, in reality such 'game playing' was unlikely because of UK isolation and lack of policy trade. The big question, however, was to what degree acceptance of a specific protocol would constitute a concession by the UK, or a concession provided by the other Member States.

The opt-out text was 'finally' resolved at the informal Scheveningen EcoFin meeting between 30 November and 1 December, and the Brussels 'conclave' of 2 December. This took place after Article 109g(2) had been criticised by the President of the European Parliament (EP), Enrique Baron, at the Noordwijk
conclave of Foreign Ministers on 12-13 November. He believed the UK position should, and could, be met through the Community method, i.e. through a ‘joint declaration’ or a ‘special protocol’, and not via a general provision. Subsequently, the text was examined by EcoFin Ministers on 1 December, with Lamont’s attempt to obtain a general opt-out refuted by the Luxembourg Finance Minister, Jean Claude Juncker. Rejection was partly influenced by Lamont’s own scepticism for the project. Juncker noted a generalised clause ‘would take away all the credibility of the current exercise’ and lead to ‘monetary markets no longer knowing where they stood’, while these points were amplified by Delors who considered it would not be sensible to repeat ‘the sad story of the Luxembourg compromise’.

These developments resulted in negotiators focusing on the UK draft ‘protocol’ which, although not ‘officially’ unveiled at Scheveningen, had been circulated between the UK delegation and the Presidency. Its very existence caused consternation among the Danish negotiating team who, while being interested in an opt-out for themselves, were surprised the UK had a specific text already drawn up. For the government, the key issue was to examine what Treaty aspects it did not wish to be subjected too and then include them in the opt-out. This work, which essentially took place from October onwards when the Dutch general exemption clause was viewed as less feasible, was primarily done by the senior Treasury lawyer, Mark Blythe, and John Arrowsmith from the BoE, although guidelines were presented by Wicks and Lamont. The protocol (to be annexed to the Treaty) gave the UK the freedom to decide, after the European Council under Article 109f(3), whether it would take part in Stage 3 of EMU. This meant an exemption would be provided if the House of Commons did not support UK participation in Stage 3. Such a development was considered by the meeting’s chairman, Wim Kok, to be supported by the ‘vast majority’ of Member States. They considered a ‘declaration worded in a protocol...would be preferable to a general exemption clause’ as a means of settling the British problem.

Delors believed the Scheveningen meeting had allowed for ‘general opting-out to be taken out of’ the Dutch draft Treaty. But, the creation of a specific protocol led the Luxembourg and Belgian delegations to emphasise it would be
Economic and Monetary Union negotiations

'unacceptable' for the UK to attempt to obtain concessions on social policy in exchange for having accepted the 'opt-out' clause, a position equally supported by Wim Kok. This desire for policy transfer was subsequently denied by UK officials who considered it unlikely movement in the EMU IGC could directly affect progress on EPU. For them, the issue was to 'obtain an opt-out of the highest quality' and its achievement was not a question of bargaining between the two IGCs.75

Support for the protocol meant the UK had an opt-out on Stage 3 of EMU one week prior to commencement of the Maastricht European Council, despite none of the Member States having seen the full text (apart from the Presidency). This meant, as far as Treasury Ministers were concerned:

when we went into the final rounds of the negotiations, none of us had any serious doubts that we would have an opt-out, whether it was single or general. That was not an issue that bothered any of us at Maastricht.76

For the UK, Member States' acceptance of the text was a 'non-negotiable' issue and, therefore, the intention was to present it at Maastricht as a fait accompli.77 In terms of whether the development of a specific protocol was a concession by the UK, or other Member States, it was clear there had been a compromise by all parties. Yet, having the deal specifically highlighted through a protocol was something the government did not want, although it had been expected from October 1991 onwards. It was therefore a greater concession on its part since other governments gained more from it than from a generalised exemption clause. For London, acceptance came down to the basis that 'there was no point in torpedoing the whole venture' as to whether there was a specific or generalised clause.78 The UK's hopes of securing a general opt-out clause for all Member States had always been over-optimistic, as such an arrangement would have basically blunted the entire thrust towards EMU.

- **The transitional path**

Negotiations over the nuts and bolts of progress towards a single currency benefited from analysis presented prior to the commencement of the talks (see chapter 8). The Alternate EC Monetary Committee had been concerned with the
Monetary and Economic chapters of what became the Maastricht Treaty, especially the convergence criteria and excessive deficit procedure, with the full Committee generally endorsing its work. At the same time, EC Central Bank Governors had been working on the draft statutes for the European System of Central Banks (ESCB) prior to the IGC, and thereafter on the European Monetary Institute (EMI). As noted in chapter 2, this work was ostensibly carried out by the BoE, with Sir Nigel Wicks being the prominent external influence from the Treasury through his role in the EC Monetary Committee. However, the work he conducted at personal representative level was not subject to BoE influence as it had no representatives present, despite other Member States, such as Germany, sending (or having to accept) Central Bank attendance. Therefore, the Treasury exerted a greater degree of control over BoE work than took place in other Member States. This was further demonstrated by the efforts carried out by the BoE on the ESCB draft statutes involving more *ex ante* consultation with the Treasury than there had been during the Delors Committee. During the Delors Committee the Treasury had been merely informed of BoE actions at previous meetings, there being no consultation as to what future behaviour should be, the reverse of which took place during the IGC. This was because there was an awareness that the negotiations would produce a Treaty and not just a set of recommendations, and hence the BoE did not feel it could adopt an ‘independent’ outlook (see chapter 8).

In the course of the negotiations Germany, the Netherlands, Denmark and the UK campaigned for tough convergence criteria which would regulate Member States advancement towards a single currency. Their view was supported by Spain, which wanted ‘...to place itself in a strait-jacket that would facilitate and legitimise difficult fiscal decisions at home’ (see table 9.1). The German government and the Bundesbank were eager to ensure that a future EMU did not include countries with a weak currency which could cause instability. For Bonn, economic convergence had to proceed monetary union, while it also preferred a text which mirrored its own priorities (such as low inflation) and institutional arrangements. These views were outlined in its February submission, with the Secretary of State, Horst Köhler, stating that while federal authorities were willing...
Economic and Monetary Union negotiations

to share ‘monetary sovereignty’ they desired tough convergence criteria. This led some Member States to consider Germany was ‘placing the bar very high’, while at the same time not deviating from the route established by the October 1990 Rome European Council.

Delors considered Germany’s proposals represented a withdrawal from the Rome conditions as there would be no European Central Bank (ECB) until commencement of Stage 3 because it would otherwise constitute an ‘empty shell’. In its place there ought to be created a ‘Council of Governors of National Central Banks’, a new name for the existing ‘Committee of Governors’ - a position which Delors rejected. Germany’s outlook signalled Bundesbank influence, while Delors’ opinion did not reflect the ‘true’ basis of the Rome conclusions which had called for a ‘new institution’ in Stage 2 and not a Central Bank. By contrast, Italy adopted an opposite stance, considering it unwise to establish a Treaty with precise details, creating inflexibility, which might make Italian participation unlikely due to the government’s indebtedness. This was equally supported by the Commission Directorate General for Economic and Financial Affairs (DG2). Negotiations on convergence criteria divided between two differing positions. First, certain Member States considered the most important aspect for Stage 2 to be the setting of a date rather than fulfilling conditions, while rules governing the conditions should be of a general nature. Member States would obtain automatic passage unless ‘essential’ conditions had not been fulfilled. The second reflected concerns of those Member States who believed the most important aspect of the Rome conclusions were convergence conditions, and the Council should proceed with an ‘explicit’ recording that the conditions had been met, while passage to Stage 2 should be decided by a specific formal act.

Divergence was a recurring factor throughout the negotiations, as highlighted at the Brussels personal representatives meeting on 19 March, and the Kirchberg Finance Ministers meeting of 8 April. The latter was the first Ministerial meeting to tackle the question of conditions for passage to Stage 2. At the meeting Denmark, Germany, the Netherlands and the UK - though the latter kept a low profile - advocated greater affirmation on the conditional aspect of movement.
to the transitional stage. On the transitional stage outlined in Article 109c, as proposed by Luxembourg, the UK preferred a ‘second stage’ because it provided greater delineation between different phases of EMU. Negotiations over convergence requirements for Stage 2 also influenced the question of when the ECB should be established. Some Member States wanted the new institution created at the start of Stage 2 to be the ECB, while others considered the new institution should be purely a preparatory organisation, in line with the definition of its tasks - as outlined in the February German text. These obligations constituted reinforcing monetary policy co-ordination, supervising the development of the Ecu and setting up instruments and procedures with a view to the future single monetary policy.

On the issue of what organisation would exist in Stage 2 the key debate was between France and Germany, the former wanting the new institution to commence operation on 1 January 1994, while Germany preferred it to be established at the time of the ultimate phase of EMU - a position supported by the Netherlands. Differences were particularly apparent during the Brussels personal representatives meeting of 3 April. The degree to which this divergence was perceived to be a ‘serious’ problem was highlighted by Kohl when he announced, after a bilateral meeting with Mitterrand at the Elysee on 25 April, that ‘I am sure that, as always, we will find a common line and take the decision together’. Variance of views was not considered to be problematic by the key actors, which demonstrated the political nature of their relationship, and compared with the UK’s perception of its allies, a factor illustrated by a former Luxembourg Permanent Representation official:

France and Germany on institutional items have as many disagreements as do the UK, but the big difference is that they have politically decided that they are allied and that they will work together. The UK tends to look at aspects individually and tries to get as many allies as possible on a single issue.

In terms of institutional rubric, the design of the future ECB was particularly influenced by Member States Central Bank Governors who managed to get every aspect of their proposals accepted (which were finalised in Basle on 9 April). Bundesbank influence was especially noticeable, as demonstrated by the Protocol
on the Statute of the ESCB and the ECB, particularly with regard to the goal of price stability and independence. The President of the Bundesbank, Pöhl, privately stated on 19 March that the future ECB could only be set up 'if and when it has been decided what countries are prepared and capable of creating a monetary union, of establishing irrevocably fixed exchange rates and enacting the necessary transfer of sovereignty'. This position also received support from Wim Kok who, in a letter addressed to the President of De Nederlandsche Bank on 2 April, considered a fully independent ECB should not be established until the final responsibility for monetary policy had been transferred to it. In the meantime, during Stage 2 a Council of Governors of Central Banks should be created with the task of co-ordinating the Member States monetary policies.

- **Core negotiations**

By April Luxembourg had attempted to resolve the dispute over the terms of Stage 2 in an additional 'non-paper'. It presented a compromise whereby Stage 2 would commence on 1 January 1994, the ECB not being established until 1996 when Member States would have to agree to limit the fluctuations of their currencies. It would only replace the 'Council of Governors' (to be established by July 1993 at the latest) in 1996, unless Member States unanimously agreed upon an earlier date. The approach, which divided Stage 2 into two subperiods: 1994-95, and 1996 until the start of Stage 3, received particular criticism from the Commission, with vice-president Christophersen emphasising the conclusions of the October 1990 Rome European Council meeting, which provided for the erection of a ECB by 1 January 1994. German influence was evident at the 10 June Luxembourg EcoFin meeting when it expressed its opposition to establishing a ECB before 1 January 1996, a stance no longer perceived to be controversial by the majority of other Member States. In an effort to ensure that both national independence, and the 'institutional progress' requested by the Rome European Council were provided, the Belgian Finance Minister, Philippe Maystadt, proposed the creation of a EMI at the beginning of 1994. Bonn's influence in the EMU debate was also evident at the June Luxembourg European Council, which stressed the need for Community progress on economic and monetary convergence, with particular
reference to price stability and sound public finance. This position of economic convergence proceeding, rather than following any move to a single currency, was perceived by the UK as a 'slight' concession in its direction.

In the wake of Luxembourg's Presidency, the first personal representatives' meeting under Dutch chairmanship took place on 9 July, focusing on the content and transition to Stage 2. Personal representatives maintained their national positions, with there being no movement on the question of the institution to be created at the start of the second Stage of EMU, i.e. a Central Bank or a forerunner of a Central Bank. They did, however, confirm the findings of the October 1990 Rome summit on the 'objective criteria' to be used for the transition to Stage 2. Thereafter they examined the first Dutch documents on 3 September, with particular reference to the terms and conditions for the transition to Stage 2. It advanced 1 January 1994 as the start date of Stage 2, when Member States would commence internal legislative processes to guarantee independence of Central Banks before transition to the final Stage. Second, it proposed the creation of multi-annual programmes to ensure lasting convergence of national economies, particularly with regard to price stability and balance of payments finances. Thus, the Dutch response to Luxembourg's division of Stage 2 into two subperiods, was to merge them into one. In addition, the draft proposed the creation of a EMI, as previously suggested by Maystadt. The idea was that the EMI would replace the existing Committee of Central Bank Governors, resulting in the establishment of the ECB being postponed until the start of Stage 3. However, this approach was not supported by the Commission and certain Member States, who considered it did not reflect the basis of the conclusions of the October 1990 Rome Summit.

These issues were essentially duplicated at the Ministerial meeting of 9 September. Most delegations agreed 1 January 1994 would form the start of passage to Stage 2, while there was 'wide support', according to Wim Kok, for the establishment of the EMI. It would be responsible for 'strengthening the coordination of monetary policies, watching over the functioning of the EMS, promoting the use of the Ecu and preparing, in view of Stage 3, the single monetary policy'. Certain delegations (in particular France) considered the
Economic and Monetary Union negotiations

responsibilities envisaged for the EMI to be ‘a little weak’, and preferred to have a stronger institutional design, which Germany was against.\textsuperscript{108}

In moving to Stage 3 there appeared agreement on a no arbitrary ‘lock-out’ formula because objective economic criteria and indicators would be established, and no coercion as Member States should be able to decide whether they wanted to take part or not. Agreement was also reached on there being no veto, as the decision for determining which countries met the conditions for passage into Stage 3 would not be taken by unanimous vote, although there was no decision on what the ‘majority’ would be. The Dutch technical document listed the figure of 6 Member States as a possible majority, although Kok considered such a figure to be ‘only a basis for discussion, but a good basis’. Lamont, however, thought 6 countries were not enough to create EMU, and the decision to enter Stage 2 should be by unanimous vote.\textsuperscript{109} This mirrored UK concern that EMU should not take place as a result of the decision of half of the Member States, but should represent the wishes of all, or at least an overwhelming majority. London was nevertheless pleased with the non-paper’s pragmatism, especially the replacement of the ECB with EMI. It reflected the government’s advocacy of the European Monetary Fund (EMF) as the preferred institutional arrangement to manage the Hecu. Bonn too considered the proposed replacement of the ECB with EMI (which would not impose on National Central Banks) to be a satisfactory arrangement, and the paper’s reticence on the length of Stage 2, as a result of its dependence on precise economic criteria (which were of a difficult nature).\textsuperscript{110} But while such objectives were shared by both Bonn and London, opinion was divided on other subjects, notably the concept of a general EMU opt-out which was advanced in the Dutch draft of 28 October 1991.\textsuperscript{111}

Compromised by time

Greater consensus among Member States, primarily caused by time constraints, resulted in a significant breakthrough in the EMU talks at an informal EcoFin meeting in Apeldoorn on 20-22 September.\textsuperscript{112} There was agreement that Stage 2 would begin on 1 January 1994, and the procedure for transition to Stage 3. The latter stipulated the Council would report on convergence progress within three
years at the latest, determining whether a move to the final Stage was possible and which countries satisfied the necessary conditions.\textsuperscript{113} Significantly, it produced agreement that EMU would progress at two-speeds as there was broad consensus that not all currencies could be united at once.\textsuperscript{114} Governments not meeting the criteria would be provided with access to economic and monetary decision-making to reduce the ‘political pain’ of being excluded from the first wave.\textsuperscript{115}

General agreement signalled to London the reality of EMU happening, which was further emphasised by the government presenting for the first time complete details on how to move to full EMU. The consequence of this was domestic criticism that the government had ‘sold-out’ on the EMU negotiations, Eurosceptic MPs demanding a White Paper setting out the government’s position.\textsuperscript{116} Concern over EMU continued despite Lamont outlining a five-step procedure by which a minimum of 8 out of the 12 countries would be required for progression to Stage 3,\textsuperscript{117} representing significant movement on his earlier stance that movement to Stage 3 should be by unanimous vote. Although, a crucial difference was that there was a greater consensus (and awareness of the government’s position) amongst backbench MPs and Ministers with regard to the UK line on EMU, than with regard to the federal goal or social policy (see chapters 5 and 6). Thus the management of the interface between the opinion of domestic MPs and the government’s negotiating policy was not as sensitive or difficult an issue, despite criticism from Eurosceptic elements of the Party.

In the wake of Apeldoom, negotiations focused on economic convergence, with France advocating convergence should not be a concrete rule. Mitterrand emphasised this approach at the opening dinner of the Apeldoom meeting on 20 September, when he stated ‘I think we should not make convergence a precondition, but an objective’\textsuperscript{118} - differing from the line advocated by the Bundesbank. Its vice-president, Tietmeyer, emphasised on 18 September the need for a tough stance on EMU and urged the German government not to compromise with the rest of the Community on monetary union requirements.\textsuperscript{119} The concept of convergence was the primary topic discussed at a Finance Ministers meeting on 7 October, focusing on a report from the Chairman of the Monetary Committee, Cees Maas, on the question of ‘excessive budgetary deficits’ and the sanctions
used to ensure a state returned to a stable budgetary policy. The main points of the report were that the Council would decide, on the basis of clear criteria, when a state was judged to be in breach of its obligations, with there being 'near consensus' for such a procedure when a country's gross debt-GDP ratio exceeded 60%. A majority of Member States favoured the procedure being triggered if the deficit exceeded 3% of GDP, while 'many members' agreed it should commence when the budgetary deficit exceeded government investment expenditure - Italy, Portugal, Spain and the UK being against such quantified criteria.

London's concern was that single numbers, and hard and fast rules, made no provision for cyclical variations. Therefore, a situation could arise whereby the great majority of Member States would not meet the criteria. Its preference was for emphasis to be placed on market discipline as a means of creating an equilibrium, with markets being encouraged to penalise countries borrowing excessively. On the use of sanctions, the report stressed they would only take place after other options had been exhausted, such as peer pressure, market forces and publicity. Lamont distanced himself from such an approach, restating the UK's belief that 'friendly pressure' and 'the simple pressure of market forces' would be enough, a position shared by Denmark and Portugal. This desire for flexibility and informality was also emphasised by the Italian Minister, Guido Carli, who stressed the need for the problem of excessive deficits to be dealt with by means of an 'evolutionary approach' taking account of tendencies over time rather than the economic situation at a specific point - a stance influenced by Italy's economic difficulties. In comparison, Belgium, France, Germany and the Netherlands advocated usage of economic sanctions. Thus, a key problem was to ensure criteria for convergence and existence of penalties were strict to placate Germany, while flexible to appease Greece, Italy and to a lesser extent the UK. Some of these points were tackled in the Dutch Presidency's draft EMU text released to the press on 28 October, with the intention being for it to be tackled at the IGC meeting of 11 November. Its main points were: Stage 2 commencing on 1 January 1994, with the stipulation of the necessary conditions of the October 1990 Rome Summit being met. Although the text outlined severe economic criteria required for passage to the final stage (which German and Dutch officials
desired), by setting a minimum number of countries required to fulfil the criteria, the Presidency appeased countries who may not have initially met them.\(^{126}\)

Despite the semblance of agreement on the text, a common position did not exist on the EMI as Central Bank Governors failed to establish consensus during a meeting in Basle on 28 October.\(^{127}\) Differences were apparent over the appointment of top level officials, an issue equally evident at the personal representatives meeting of 5 November, particularly between France and Germany.\(^{128}\) The French personal representative, Jean Claude Trichet, wanted the Institute to be a true embryo for the Central Bank, while the German representative, Horst Kähler, stressed Bonn considered it should not have any monetary power during Stage 2, and would effectively be a new name for the Committee of Central Bank Governors. Differences were particularly apparent on the question of what capital the EMI should have and who should be its head. On the latter issue, Kähler thought the President could come from among the twelve Central Bank Governors, while Trichet preferred to have an external President and vice-president.\(^{129}\) Attempts were made by Finance Ministers Bérégovoy and Waigel, to rectify these differences at the tenth Franco-German Economic Council in Bonn on 5 November. Bérégovoy stressed at the meeting that the two countries views on EMU were ‘very close’, even if France wanted the EMI to be run by a president and vice-president which did not belong to the group of Central Bank Governors.\(^{130}\)

The issue was eventually resolved at the Brussels EcoFin meeting of 11-12 November,\(^{131}\) the EMI being given the task of co-ordinating monetary policies (although they would remain the responsibility of national authorities), and able to present recommendations which could be adopted by qualified majority (QMV) and the decisions to make them public by unanimity. Its duties would include technical preparation of the final stage of EMU, particularly through the standardisation of monetary instruments so as to prepare for when the Central Banks act as agents of the ECB. In terms of personnel, Spain and Denmark’s proposal that while the EMI’s president and vice-president should be chosen from its council, the managing director (who would not have voting rights) should be appointed by an EC summit, won the day - a compromise accepted by Kähler.\(^{132}\)
Thereafter, Finance Ministers moved closer towards an accord on excessive budgetary deficits on 25 November, with greater support for the German-Dutch policy of imposing fines or sanctions. At the meeting an 'unholy' alliance emerged of the Commission, Greece, Spain and the UK against imposition of fines or sanctions. Lamont argued the proposed budget deficit limit of 3% of GDP did not make economic sense in addition to the other EMU requirement of public finances, indebtedness not exceeding 60% of GDP. He considered the obligation would limit the part a malleable yearly borrowing obligation could play in stabilising individual economies. This issue, in addition to the number of Member States needed to be ready to decide the start of the final Stage; the limits and nature of participation in the ESCB by the Member States benefiting from transactional derogations; and the specifics of the opting out clause, were tackled at a special Ministerial session on 1 December in The Hague. Both it, and a formal follow-up session on 2-3 December in Brussels, constituted an attempt to resolve as many of the outstanding problems as possible prior to Maastricht.

The product of the 2-3 December 'conclave' was agreement on five basic points, the first stressing that there would be no 'opting out' clause in the Treaty as the UK and Danish problems would be solved through separate protocols; a formula the UK was against. Second, Member States would commit themselves to an 'irreversible process' resulting in the creation of a single currency. This would take the form of an EMU agreement at Maastricht and national parliament's ratification of the Treaty. Third, movement to Stage 3 would be based on objective economic criteria which would be in the body of the Treaty, with figures in an annex. Fourth, Member States which did not meet the established economic criteria in 1996 would be unable to prevent others from moving to Stage 3, nor could a Member State which met the criteria. Finally, the only scenario in which there could be a negative decision in 1996 was if not enough countries met the economic criteria.

The UK approach to Maastricht on the EMU negotiations was accordingly one of self-assuredness, compared to the social policy negotiations where the government was uncertain as to what the outcome would be. The Dutch text appeased many of the government's concerns via the modest content of Stage 2,
the deferment of the final Stage until the creation of the ESCB, the existence of difficult conditions for transition to Stage 3, and the EMI partially resembling the EMF proposal.\textsuperscript{136} The text also provided for the UK to be exempt from the application of the measures set out for the final Stage of EMU, without being discriminated (Article 109g(2)).\textsuperscript{137} London's only concern was with the declaration attached to the Dutch text 'on the transition to stage three of EMU', it having been rejected at a Cabinet meeting on 29 October because it advocated a swift transition to the final stage of EMU with full participation of all Member States.\textsuperscript{138} A commitment to a single currency consequently countered the position of the government. Rejection represented a continuation of the government's stance, but at the same time was a means of placating Eurosceptic members of the Conservative Party who would have vociferously attacked the Prime Minister for accepting such a clause.\textsuperscript{139} It demonstrated a further method of Party management. Equally, it was a means of diverting domestic attention away from the finer points of the draft, because any decision not to sign would not stop other Member States from advancing towards EMU.\textsuperscript{140} Advocacy of rejection was clearly a classic attempt at brinkmanship with the other Member States in the run-up to finalising the details of the negotiations, a point stressed in a \textit{Daily Telegraph} editorial of 3 December:

\textit{Mr Major is right to refuse this latest diplomatic fudge. To sign the declaration would not only be cynical, since he has consistently rejected a single currency and central bank. It would crack the Tory party wide open. Mr Major has balanced the odds nicely in the EMU negotiations so far. He must stick to his last.}\textsuperscript{141}

\textbf{Maastricht European Council}

As the government progressed to Maastricht, its main objectives were: for monetary policy to remain a national responsibility in Stage 2; for economic policy to stay the primary responsibility of Member States; and for EMU arrangements to be both practical and workable. This meant convergence conditions had to be clear and quantifiable, as well as being met before a move to Stage 3 could take place. If these conditions were not met, Major noted '...we would certainly not wish to be part of an EMU with a single currency. But if they are met, our successors may wish to take a different view'.\textsuperscript{142} The government also stressed
Economic and Monetary Union negotiations

that arrangements should be based upon the principles of free competition and open markets. The fourth, and last condition, was that Cabinet and Parliament should retain the right to decide if the UK should move to a single currency and monetary policy. John Major emphasised this position:

Our insistence that there should be no imposition of a single currency is well known:- by that we mean that we cannot commit ourselves now to entry at a later date as a result of the Treaty. We are therefore insisting that there must be a provision in the Treaty giving us the right, quite separately from any European Council decision, to decide for ourselves whether or not to move to Stage 3. That decision can be taken only by this House.

Major later stated 'that means that, even if the requisite majority of Member States decide to embrace full EMU with a single currency and a single central bank, Britain will not be obliged to do so'. There was a desire for Maastricht to produce a document which represented sensible and pragmatic changes, and accordingly ensuring that powers were not transferred to centralised institutions. This outlook was influenced by domestic political concerns as any agreement which committed the UK to a single currency would have been rejected by both the Conservative Party and the majority of the Cabinet. London's position reflected political necessity rather than economic rationale because Major was more concerned about keeping '...the Conservative Party together in the run-up to the election.'

The Maastricht European Council resulted in agreement that during Stage 1 of EMU, which began in July 1990, the remaining restrictions on capital flows would be abolished and Central Bank direct lending to the public sector terminated, while the currency composition of the Ecu would be frozen when the Treaty entered force. Stage 2 (Article 109e), would act as the transitional phase, commencing on 1 January 1994, when a EMI would take over the responsibilities of the Committee of Governors of the EC Central Banks (Article 109f). Coordination would be strengthened between Member States monetary policies, while technical preparation for Stage 3 would take place, although responsibility for monetary policy would remain with Member States. The Treaty firmly established the role of the ESCB and ECB in a Protocol attached to it, but within it the Member States were cautious in providing the ECB with certain powers. This
particularly applied to the supervisory functions of the ECB, as outlined in Article 105(6) and Chapter V, Article 25, of the Protocol on the ECB. The rather tortuous wording of Article 25 stressed that if the Council of Ministers decided at some point in the future, that circumstances warranted a specific supervisory role being given to the ECB, they could pass legislation to provide it with such authority. It was a ‘negative’ rather than ‘positive’ provision, resulting in a split between the Treasury and the BoE. The latter had argued for a more positive provision. But Member States, including the UK and France, were somewhat nervous that they were ceding a considerable degree of influence to the ECB, and therefore wished to limit the range of activities over which it had such independence. They considered that to give it responsibility for supervision at the European level was too extensive a range of powers.

Heads of State and Government further agreed that Stage 3 (Article 109j) would begin no later than 1 January 1999, whereby full EMU would start operating. Exchange rates would be permanently locked at the start of Stage 3, while the ECB and ESCB would assume full powers to formulate and implement a single monetary policy, with the single currency being managed by the ECB. However, if the Heads of State and Government decided by QMV that a majority of Member States fulfilled the conditions, the union could be formed in 1997. The Treaty confirmed the irreversibility of EMU by setting a deadline of 1 January 1999 - a policy advocated by France, and Mitterrand in particular, with additional support provided by the Italian Prime Minister Giulio Andreotti at dinner on the eve of Maastricht. The BoE, however, was critical of the establishment of a deadline. But because the negotiations were moving at high speed, it was unable to voice disapproval, and even if had done so, its views would have been unlikely to gain influence with Treasury negotiators, primarily because it played a subservient role to the Treasury, while it was a necessary concession for France if the UK was going to gain agreement on other issues.

In the move to Stage 3 agreement was reached that Member States economies should have converged, and only those which met all convergence criteria would be eligible to participate in the final Stage (see glossary at beginning of thesis for an overview). Convergence criteria, derived from previously negotiated ‘steady
state' conditions, set out in Article 109j(1) and the Protocol on Article 109j, stressed Member States should have 'a price performance that is sustainable'. During the one year period prior to examination, consumer price inflation should not 'exceed by more than 1.5 percentage points that of, at most, the three best performing Member States in terms of price stability'. Furthermore, during a one year period before the examination, a Member State should have had 'an average nominal long-term interest rate that does not exceed by more than two percentage points that of, at most, the three best performing Member States in terms of price stability', and should have had a smooth performance within the ERM during the preceding two years. In addition, the Treaty provided for Member States not to have excessive government deficits, with Article 104c(2) and the Protocol on the excessive deficit procedure stating that Member States should have a budget deficit not exceeding 3% of GDP and a public debt not exceeding 60% of GDP.

Throughout the negotiations London voiced concern over the setting of hard and fast figures, particularly the 3% deficit criterion and was consequently unhappy with its inclusion. It was perceived within the BoE as too high to be regarded as the acceptable norm, but too low to accommodate the swings in fiscal position which occur over the cycle. At the time the UK was moving from a surplus of about 3% of GDP to a deficit of roughly 8%. Moreover, the Treaty did not clearly state 3% as the norm about which fluctuations could take place. Government concern over this text resulted in Sir Nigel Wicks pressurising for the inclusion of 'gross errors' in Article 104c(2), to ensure that the excessive deficit procedure should only occasionally come into being by taking account of cyclical developments. Thus, the 'gross errors' clause demonstrated the government's ability to influence the technical aspects of the negotiations. Emphasis on flexibility was further signified by Article 104c noting allowance could be made if a country's deficit had 'declined substantially and continuously' or 'is only exceptional and temporary'. Hence, convergence conditions were at the same time tough but flexible.

Yet, the excessive deficit criteria's occupation of a central role in the negotiations was a departure from the UK's initial position, which had been to
place emphasis on market discipline, along with what became referred to as the 'no-bail' out clause (Article 104b). In pursuing the inclusion of the no-bail out procedure, the UK received strong support from Germany and the Netherlands as they did not wish to have a situation whereby Member States' economic difficulties were being directly alleviated by others. It reflected London's desire not to compensate others in the move to EMU, and at the same time representing its consideration that fixed numbers were an unsuitable means of taking into account variables within the economy. The government believed market discipline could be reinforced to counter countries which were borrowing excessively. Despite advocating such a policy, Member States' negotiators did not consider that a lot could be done in this field. This was partly because of sensitivities regarding Member States interfering in the normal function of markets, while more importantly interfering in what were basically 'prudential' considerations, namely what was prudent lending on the part of financial institutions. For these reasons, the excessive deficit criteria was perceived to be the more suitable formula, although the procedures involved in the excessive deficits procedure were designed as a means of giving a message to markets and, therefore, encouraging them to discriminate against the debt of such countries.

While the TEU set in motion a definite timetable for EMU it did pay attention to Major's concern for the process to consider the need for greater symmetry between Member States' economies. London was provided with the right to choose whether or not to join other Member States in adopting a single monetary policy and a single currency. It also established that no such move would take place without the support of Parliament. The opt-out recognised '...the United Kingdom shall not be obliged or committed to move to the third stage of EMU without a separate decision to do so by its government and Parliament'. From Major's perspective the agreement was a success as the government obtained its desired opt-out, monetary policy remaining with Member States in Stage 2, the EMI partly resembling the EMF, while clear and tough convergence conditions were provided.

The opt-out text, which had been checked by Paul Gray and Mark Blythe on the first evening at Maastricht to ensure it contained no loopholes, was
Economic and Monetary Union negotiations

presented by Lamont in the EcoFin meeting on the second day. The protocol, whose purpose was to clarify which aspects of the Treaty the government did not wish to be subjected too, included a crucial reference in paragraph 11 “...that the government of the United Kingdom may maintain its ‘ways and means’ facility with the Bank of England if and so long as the United Kingdom does not move to the third stage.” The ‘ways and means’, or short-term credit facility, was the mechanism by which the BoE lent money to the Treasury as a method of compensating for unevenness in the flow of its revenues against expenditures. It countered the ‘No Monetary Financing Clauses’ of the Treaty, which were designed to come into effect at the start of Stage 2, rather than waiting to Stage 3, and would have therefore required the BoE to stop lending to the Treasury. Such a clause was perceived by London to be a significant change in the relationship between Central Bank and Government imposed by a European Treaty and was therefore politically unacceptable. Hence, an explicit exemption was written into the UK Protocol of ‘ways and means’ advances on the relevant No Monetary Financing aspects of the Treaty.

Before the text was advanced, Lamont informed the Dutch chairman of the EcoFin meeting, Wim Kok, that it was a non-negotiable item. This was because he considered:

if the UK was going to opt-out then the government was not prepared to allow the other Member States to have a say over the terms of the text, and provide them with the ability to have an influence over the conduct of UK economic policy - the independence of which was totally crucial to the text.

However, Kok did not inform Lamont that he accepted the text as a non-negotiable item and, therefore, Lamont’s view was based purely on perception. Lamont considered it would be accepted without revision, despite Kok only having seen its content (although all parties were aware of its existence). Yet, when the text was eventually presented, the reverse happened as Kok examined it line by line. This ‘amazed’ Lamont because he considered it to be non-negotiable, and led to him walking out of the meeting.

Ambiguity surrounds this episode, which was not recorded in detail by either the press, or semi-official reports such as Agence Europe. Whereas Lamont
insisted he left the rest of the UK negotiating team behind in the Council meeting, Treasury officials (who were part of the team) stressed he asked them all to leave with him. In the interlude Lamont attempted to clarify the developments with the Prime Minister, but was refused entry by Sir John Kerr because Major was involved in a EPU negotiation. When Lamont met Major the opt-out issue was elevated to Heads of State and Government level, with a side meeting arranged between Major, Kohl, and Lubbers. Major demanded the opt-out in the form of the text presented, which was accepted. This resulted in Lubbers summoning Kok, who was instructed to accept the text. Accordingly, when Lamont led the UK negotiating team back into the Finance Ministers meeting, the opt-out was duly agreed with no provisions attached to it. This demonstrated it was not a crucial issue for Member States, as trickier topics still needed to be solved, such as social policy. Heads of State and Government, who had an overview of the whole negotiations were able to weigh up the ‘relative’ importance of different negotiating points.

This negotiating ‘crisis’ for the UK emphasised the difficulty of only having the tacit support of a country in a specific negotiating round, and highlighted the lack of policy co-ordination between it and other Member States. If the UK expected the text to be non-negotiable, then Lamont (or other members of the UK negotiating team on EMU) should have instructed all Member States of the proposal’s status, not least Germany - the key country in the EMU debate. The non-negotiability of the UK protocol ought to have been conveyed to all Heads of State and Government. The preparedness of the Member States to accept an independent UK protocol since May 1991 meant they were unlikely to have done battle with the UK. Therefore, the development represented a lack of co-ordination on the part of the UK, while emphasising the limited degree of negotiating capital the government had in the EMU negotiations.

- **Conclusion: power politics**

Of all the issues discussed during the course of the IGCs, EMU had been subjected to the most detailed analysis prior to commencement of the negotiations. During the pre-negotiation phase the UK had not engaged early enough which meant the
government was continually trying to catch-up with other Member States. By the time the UK tabled its Hecu text in late December 1990 the negotiations had already resulted in a consensus on the establishment of a single currency, which the UK proposal did not envisage. Thereafter, the UK was effectively outside the inner circle of France, Germany, the Commission, and the two Presidencies. The government continued to advocate alternative routes through the Hecu, but they were perceived as a detour to the eventual destination. A former BoE official noted that the Hecu proposal ‘...had emerged too late in the process, and from the wrong quarter, to be given serious consideration’.\textsuperscript{168} This resulted in the government advocating a non-obligatory stance towards Stage 3; an objective which became a reality by June. From then on its ability to shape and influence the negotiations was minimal, although it was a key player alongside Germany and the Netherlands in the tough but flexible criteria of Article 104c. However, the government realised it would be unable to influence this policy, or stop others from engaging. This was demonstrated by over 90\% of the plenary sessions of Heads of State and Government and Maastricht being spent on other aspects of the negotiations, such as social policy, with EMU not featuring greatly in the discussions.\textsuperscript{169}

Attainment of the opt-out was of prime importance to Major, but raised the possibility of a two-speed or multi-speed Europe from the outset, irrespective of the fact that not all Member States might achieve the necessary convergence criteria to take part in Stage 3. By focusing so exclusively on the opt-out, the government’s ability to keep abreast of other areas of the negotiations was reduced. This was particularly true during the endgame of the negotiations, and at Maastricht itself, when issues were being constantly traded. This specific fear was expressed by BoE officials in particular, but even if the government had focused on the broader aspects of the negotiations then it would have been very difficult for it to bring any influence to bear. This was because it was not a major player at the negotiating table as it had taken an early decision to distance itself from the path to EMU. Equally, it would not have been able to reverse decisions it was unhappy with, including the EMU timetable. It had been the main French objective, and if the UK had countered this then it would not have achieved
French acquiescence on other aspects of the negotiations which were primary UK objectives, such as CFSP.

Correspondingly, the inherent weakness of the UK hand in the EMU talks limited the ability of the government to influence the negotiations. This view was backed-up by a former BoE official who noted that:

...the government's political stance weakened considerably the ability of UK negotiators to convince their counterparts from other countries of the merits of UK proposals.\footnote{170}

This did not appear to bother the government, partly because of the Chancellor's scepticism towards the whole process. His view was based on a consideration that it would be difficult for EMU to be reached by 1999, while he believed the government would take a definite decision not to participate in EMU. The Prime Minister's 'wait and see' approach would have been transformed into a definite stance against EMU. Distrust and distaste for the whole monetary project by Lamont was emphasised by his refusal to sign the Treaty on European Union in February 1992 because he did not consider it worthy of signing as it firmly stated a single currency would be established - a development he was opposed to. This resulted in the Financial Secretary to the Treasury, Francis Maude, signing it instead.\footnote{171}

The government's negative stance towards EMU effected BoE efforts to persuade Central Banks of the merits of UK proposals, as well as to the efforts of Treasury and Foreign and Commonwealth Office (FCO) negotiators. Perversely, these very negotiators had a greater ability to engage than the teams which lead on EPU. The Wicks-Kerr team were more aware of the government's objectives than was the case on EPU, where there tended to be a mindfulness only of what it did not want (which, we may infer, was practically everything). Because EMU was a Treasury negotiation, with very little influence from outside departments other than the FCO, it was far easier to resolve a Whitehall line. In contrast, if policy needed clarification on EPU, ten or more departments could have a viewpoint. This resulted in a slower decision-making process and, because so many government Ministers were involved on EPU, when they met to discuss IGC issues they often ended up focusing on non-IGC issues which they considered to
be more important. The possibility for this happened far less on EMU, but because
the political tone of the government was against the project, the EMU negotiators
were just as handicapped.

Among the negotiators, the Treasury had a greater say than the BoE. The latter
was important on ESCB and ECB issues, while also playing a role in the Monetary
Committee. But a lot of the detail which they discussed, and which ended up in
the Treaty, had been the product of pre-IGC resolution. At personal representative
meetings BoE influence was non-existent. It did not hold court, with their having
been a bilateral BoE-Treasury decision prior to the IGC that the former would not
attend. In comparison, the Bundesbank did attend. This demonstrated the
differing power structures within the two countries, while the Länder also had
representatives at the negotiating table during the EPU negotiations. Within the
BoE some concern was expressed that its withdrawal from the personal
representatives meeting may have caused some negotiating problems. The fact of
the matter was that even if the BoE had been present, it would have been
extremely unlikely it would have influenced matters. It had not even won the
battles in London, such as the supervisory functions of the ECB, where it favoured
a more proactive role, rather than the ECB being 'empowered' at the Council of
 Ministers discretion in the future. Indeed, the BoE’s own ‘independent’ status
within the Monetary Committee or Central Bank negotiations was subject to
mediation with the Treasury, where the latter was not just ‘informed’ of the work
undertaken but was also ‘consulted’ on how it should proceed. This compared
with the BoE’s work in the Delors Committee when the Treasury had just been
‘informed’ (see chapter 8).

The fact that London obtained an opt-out of such a high quality (including
issues such as the ‘ways and means’ facility, which could have been forgotten)
was highly dependent on the support of Bonn, which had the strongest overall
influence on the talks. The Treaty was written largely on its terms, monetary
rigour taking precedence over economic integration, with the ECB designed to be
as independent as the Bundesbank. Its strength and influence in the negotiations
assisted the UK at the June Luxembourg European Council, when Major was not
‘ambushed’, as Thatcher had been at Rome the previous October. Support from
Kohl was secured at a bilateral meeting at Chequers on 9 June, with the relationship proving to be of crucial importance in both IGCs. This was highlighted by Major's desire to gain Kohl's support on the concept of decoupling the EMU and EPU negotiations. The concept of linking the two had been instigated by the Kohl-Mitterrand letter to the extraordinary Dublin European Council of April 1990, and thereafter through a letter by Kohl to Santer prior to the June 1991 Luxembourg European Council. Notwithstanding the talks in Bonn on 10 November, the government was not able to decouple the negotiations. This very desire demonstrated the government was happy with the EMU text, while not being able to bargain on it in favour of a more suitable agreement on EPU.

In sum, the EMU negotiations can be viewed as a negative win for the UK as the government obtained an opt-out, but would have preferred a general provision. It equally managed to obtain certain technical provisions, such as the inclusion of 'gross errors' in Article 104c(2), while was influential on the 'no-bail' out clause of Article 104b. The government's decision to distance itself from the negotiations reduced its overall influence on the EMU debate. But while the text was written on largely German terms, it is doubtful whether more active UK involvement would have diluted German influence, as it was the key country in the monetary debate. Overall, UK participation in EMU broadly fulfilled the government's objectives, which matched the hollow 'victory' it achieved on social policy, while in comparison, the CFSP negotiations resulted in a text which included significant UK concessions. At a domestic level, the government managed the interface between the negotiations at the Community level and MPs' views. The topical nature of the subject, combined with the UK's opposition to a single currency having been evident since the Delors Report, meant the government could not, and did not need to, distance itself from backbench opinion as unity existed throughout the Party. In contrast, the government did not keep backbench MPs informed on all aspects of the social policy and co-decision debates, though this was influenced by focus being attached to the single currency during the June Parliamentary debate. The end product of the negotiations was the transformation of John Major into an international statesman, which itself
Economic and Monetary Union negotiations

represented a personal victory for himself and broader success for the Conservative Party. As the conclusion demonstrates, this achievement was both a crucial factor in ensuring the longevity of the Conservative Party in government, and at the same time the seed of John Major's downfall.

• Notes

7. Interview: former BoE official.
10. Interview: former HM Treasury Minister.
11. HM Treasury (1991) 'Economic and Monetary Union - Beyond Stage I'.
17. Spain (1991a) 'The ECU and the ECSB during Stage two'.
18. European Council (1990c) 'Conclusions of the Presidency, Rome European Council, 27 and 28 October'.
20. Correspondence and Interview: former BoE officials.
24. Spain (1991a) 'The ECU and the ECSB during Stage two'.
27. Germany (1991c) "EMU."
28. Interview: HM Treasury official
30. Interview: Sir Peter Middleton.
31. Interview: former BoE official.
32. Correspondence: former BoE official.
35. Interview: Nicholas Macpherson.
36. Luxembourg (1991a) 'Non-Paper by the Luxembourg Presidency concerning the draft articles 2 to 4 BIS and 102A to 104A of the Treaty establishing the EEC, amended with a view to the creation of Economic and Monetary Union'.
37. Interview: former BoE official.
44. Interview: Norman Lamont.
45. House of Commons Official Report, vol.193, 26/6/1991, c.1011-. During the debate Thatcher advocated that a particularly tough line should be taken on EMU (c.1030-5). Also 'She makes her stand', The Economist, 29/6/1991, p.27.
51. Interview: Tristan Garel-Jones.
54. Netherlands (1991e) 'Draft Treaty on Economic and Monetary Union by the Dutch Presidency'.
55. FT, 30/10/1991.
56. FT, 30/10/1991, p.22.
59. This point was outlined in a letter by Wim Kok, which accompanied the Dutch draft. Europe, No.5599, 30/10/1991, pp.7-9. The above point is noted on p.8, para.2.
60. Interview: Nicholas Macpherson.
61. Interview: Poul Christoffersen.
63. Interview: Paul Gray.
64. Interview: Paul Gray.
68. Interview: Paul Gray.
69. Interview: Nicholas Macpherson.
70. Interview: Paul Gray.
71. Netherlands (1991e) 'Draft Treaty on Economic and Monetary Union by the Dutch Presidency'. Article 109f(3) stated: 'On the basis of these recommendations of the Council and of the opinion of the EP, the European Council: shall assess whether it is appropriate for the Community to enter into the third stage of economic and monetary union; shall formulate a conclusion on the date for the beginning of the third stage'.
73. Ibid.
74. Ibid., p.8.
75. Interview: Nicholas Macpherson.
76. Interview: Francis Maude.
77. Interview: Norman Lamont.
78. Interview: Nicholas Macpherson.
79. FT, 7-8/12/1991, p.3.
Germany’s proposals also called for strict convergence conditions for Stages 2 to 3 (Article 8f(2)). The criteria were (1) a high proportion of price stability; (2) the reduction of national budgetary levels to a long-term tolerable level; and a narrowing of interest rates. In addition, the text advocated that movement from Stages 2 to 3 should be by unanimous vote (Article 8f(1)), and the Ecu should not be able to be devalued from 1994 onwards (Article 8e(3)). Germany (1991c) ‘EMU’.

95. Interview: former Luxembourg PermRep official.
97. Europe, No.5455, 20/3/1991, p.13. These points were outlined in a press conference after a meeting with the EP’s Committee on Economic and Monetary Affairs in Brussels.
102. Ibid.
104. Major later noted that while the draft text on monetary union had huge deficiencies, it did recognise many of the UK’s concerns. Major (1991c) Guildhall Speech, c.271.
109. Ibid.
113. It was, however, agreed that the report would be adopted under normal EC decision-making procedures with the European Council responsible for the final decision.
115. The meeting had failed to solve the debate over the minimum number of countries required to merge currencies as the Dutch proposal of 6 was opposed by those favouring 7 or 8.
121. Ibid., p.5.
122. Interview: former BoE official.
Section 3: Monetary Union

145. Ibid.
149. Interview: BoE official.
152. Interview: former BoE official.
154. Ibid.
156. Interview and correspondence: former BoE officials.
158. Interview: Paul Gray.
159. Interview: Paul Gray.
161. Interview: former BoE official.
162. Interview: Norman Lamont.
163. Ibid.
164. Ibid.
165. Interviews: Norman Lamont and Paul Gray.
166. Interview: Tristan Garel-Jones.
167. Interview: Norman Lamont.
168. Correspondence: former BoE official.
169. Interview: Paul Gray.
170. Correspondence: former BoE official.
171. Interview: Norman Lamont.
172. The UK's desire not to be ambushed at Luxembourg was conveyed by Major to Santer during a working lunch in Downing Street on 5/6/1990. FT, 6/6/1991, p.14.
176. *Europe*, No.5508, 8/6/1991, p.6. The concept of linkage was further emphasised in the joint communiqué issued by French, German and Spanish Foreign Ministers on 11/10/1991. It said that 'Economic and Monetary Union and Political Union form a whole'. France (1991d) 'Joint Communiqué by the French, German and Spanish Foreign Ministers'.
Section 4: Conclusion, Appendices & Bibliography
Chapter 10:

Conclusion

- Policy formulation
  - Cabinet and Departmental influence
  - Parliamentary and Interest group pressure
- Strategy
- Theoretical aspects
- Concluding observations
- Table 10.1: Government Ministers length of tenure by the end of 1991
- Table 10.2: Cabinet Ministers' Positions on Europe during IGC negotiations
- Table 10.3: Departmental Positions on Europe during IGC negotiations
- Table 10.4: Member States' Positions during IGC negotiations
- Table 10.5: UK Maastricht Negotiating Team
- Notes

If a house be divided against itself, that house cannot stand. (Mark 3:25)

...the Prime Minister's instinct was to accommodate rather than confront. He saw his first duty as holding his party together. Since the Eurosceptics were much the more assertive wing, the inevitable result was a slide of British European policy to the right and its subordination to the requirements of party management. The paramount need to keep the party united was evident as early as the Maastricht deal; and its urgency and compulsion grew with time. For a moment in 1991 it had seemed as though Britain could achieve a workable relationship 'at the heart of Europe'. But within a year or so the phrase had acquired an ironic ring. European policy had become the prisoner of domestic faction.

(Sir Percy Cradock)¹

Emotionally I am an agnostic on the subject of a united Europe. I've no long-term vision of a federal Europe and I don't wish to diminish the languages and cultures of the Member States...[I am] a European by logic, not emotion.

(John Major)²

Majorism? It doesn't exist. Perhaps some dictionary of slang one day will have it for confusion, lack of philosophy, despair, those sort of things.

(Lord MacAlpine)³

Margaret had driven the stagecoach at a furious pace. I always thought that when somebody tried to run the system more conventionally and when the coach was driving along at a rather more sedate pace, pieces would come off.

(Chris Patten)⁴
Conclusion

This thesis began with the premise that the UK's position in the Maastricht Treaty negotiations was primarily shaped by domestic political factors, particularly the Prime Minister's desire to maintain Conservative Party unity, which took precedence over European affairs. Analysis has been selective, dealing with three detailed case studies: social policy, CFSP, EMU and a further chapter on Political Union. The research has been of an empirical nature, grounded in the methods of contemporary history, which have demonstrated their value as a means of explaining government negotiating preferences during the IGC, as well as highlighting mistaken assumptions. As Reynolds says, these are «...more appropriate to the interpretation of international politics than the proffered alternatives».

Certain themes have consistently occurred, notably the unpredictable manner in which the negotiations were conducted, especially those on EPU. It has also been made clear that the government tended not to be forthcoming in expressing clearly-defined preferences, a product both of Major's style of Cabinet management and his inability to clarify points of detail.

The following pages will examine dominant themes which shaped UK negotiating tactics, first of all by analysing policy formulation. This will include the influence of Cabinet and government departments, the internal pressure of Conservative MPs at Westminster and external pressure from other actors. Secondly, attention is given to the government's negotiating strategy, particularly whether individual dossiers were perceived as part of an overall game plan. Thirdly, theoretical aspects are analysed. In conclusion, the UK's role in the negotiations and the wider impact of this study on future research on intergovernmental conferences are addressed.

• Policy formulation

Cabinet and Departmental influence

Major's elevation to Prime Minister produced a dramatic change in the manner of Cabinet decision-making, borne out of his unwillingness and inability to impose policy on colleagues whom he had recently been dependent upon for his move from No.11 to No.10 Downing Street. Meetings were more consensual affairs, Ministers being given greater leeway to conduct departmental policy, with the
FCO regaining some of the ground it had lost under Thatcher. Michael Howard became an influential figure. He had been appointed to the Department for Employment eleven months earlier and consequently had a more commanding grasp of that portfolio than other Ministers at the commencement of the negotiations (see table 10.1). Within Cabinet, policy was debated for longer periods of time, with decisions tending to be backward looking rather than forward looking. This was principally because the Prime Minister did not want to bounce his counterparts into decisions they had not previously considered, which also signalled the fragility of both the Cabinet and Parliamentary Party. Michael Portillo informs us that:

As a brilliant handler of people, it must have appeared to him that pursuing the middle way, and being affable to both sides, offered the best prospect of holding the party together.

This state of affairs contrasted with the 1985 IGC when Thatcher, buoyed by economic recovery and election victory, was a dominant force within Cabinet, while not suffering from equivalent backbench divisions.

---

### Table 10.1:

**Government Ministers length of tenure at the end of 1991**

<table>
<thead>
<tr>
<th>Name</th>
<th>Department/Position</th>
<th>Complete months in post</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lord Mackay</td>
<td>Lord Chancellor</td>
<td>51</td>
</tr>
<tr>
<td>2. Tom King</td>
<td>Defence</td>
<td>28</td>
</tr>
<tr>
<td>3. John Wakeham</td>
<td>Energy</td>
<td>28</td>
</tr>
<tr>
<td>4. Antony Newton</td>
<td>Social Security</td>
<td>28</td>
</tr>
<tr>
<td>5. John Gummer</td>
<td>Agriculture</td>
<td>28</td>
</tr>
<tr>
<td>6. Peter Brooke</td>
<td>Northern Ireland</td>
<td>28</td>
</tr>
<tr>
<td>7. Douglas Hurd</td>
<td>Foreign Office</td>
<td>26</td>
</tr>
<tr>
<td>8. Michael Howard</td>
<td>Employment</td>
<td>24</td>
</tr>
<tr>
<td>9. David Hunt</td>
<td>Wales</td>
<td>20</td>
</tr>
<tr>
<td>10. Peter Lilley</td>
<td>Trade and Industry</td>
<td>18</td>
</tr>
<tr>
<td>11. Kenneth Clarke</td>
<td>Education</td>
<td>14</td>
</tr>
<tr>
<td>12. John Macgregor</td>
<td>Leader H/Commons</td>
<td>14</td>
</tr>
<tr>
<td>13. William Waldegrave</td>
<td>Health</td>
<td>14</td>
</tr>
<tr>
<td>14. John Major</td>
<td>Prime Minister</td>
<td>13</td>
</tr>
<tr>
<td>15. Norman Lamont</td>
<td>Treasury</td>
<td>13</td>
</tr>
<tr>
<td>17. Chris Patten</td>
<td>Chlr of Duchy of Lancaster</td>
<td>13</td>
</tr>
<tr>
<td>18. Michael Heseltine</td>
<td>Environment</td>
<td>13</td>
</tr>
<tr>
<td>19. Lord Waddington</td>
<td>Leader H/Lords</td>
<td>13</td>
</tr>
<tr>
<td>20. Malcolm Rifkind</td>
<td>Transport</td>
<td>13</td>
</tr>
<tr>
<td>21. Ian Lang</td>
<td>Scotland</td>
<td>13</td>
</tr>
<tr>
<td>22. David Mellor</td>
<td>Treasury (Chief Secretary)</td>
<td>13</td>
</tr>
</tbody>
</table>
As IGC issues were not straightforward, Major was inclined to refer them to the Ministerial Sub-Committee on European Questions (OPD(E)) [see appendix 2]. This development was also the result of Cabinet being overloaded with other topics, including the poll tax, while the more imminent general election question loomed over all government policy. The end product of these factors was that the IGC proved not to be the top Ministerial priority. This affected the manner in which policy was resolved at the highest level. Whereas Cabinet was united in its desire for the UK to obtain a single currency opt-out, decisions involving wider consultation were not taken at an early stage on complex matters. Negotiators were not provided with a full set of tactical instructions, only being made aware of general preferences which outlined what the government was against rather than how objectives could be obtained. This reflected Major’s inability to take firm decisions and a broader desire not to confront difficult topics. He straddled the centre ground of the Party, not wanting to commit himself both to particular policies and factions, a direct product of his Whippish instincts of managerialism. But a consequence of this absence of control, direction, and fundamentally ideology, was the devolution of significant power to Cabinet colleagues who were able to fashion policy in accordance with their own views. Nicholson notes that:

The Conservative government in power in the 1990s was marked by an almost total lack of leadership...cohesion unravelled, groups and factions sprang up - of which the anti-European, led by Bill Cash, were one of the more prominent...Individual departments ambled in various directions, for the lack of leadership arose first from a lack of vision, of any clear picture of where the Conservative Party wished to lead the nation, even of why it was in power at all.10

In the course of the IGC the key Ministers were John Major, Douglas Hurd, Chris Patten (being Major’s primary confidant), Norman Lamont and Michael Howard. Where Major and Hurd could resolve policy with little influence coming from other Cabinet Ministers, or the wider Parliamentary Party, then clear and precise objectives were conveyed to UK negotiators. Hence, the government actively engaged in CFSP discussions from an early point in the IGC, culminating in the October Anglo-Italian declaration, while Cabinet supported an extension of the European Parliament’s power via the co-decision procedure. As chapter 5 noted, this was not perceived as a significant issue in terms of domestic politics.
Yet, where policy was subject to wider Cabinet influence, the resolution of
differences became a more complex matter, which in turn hindered clear policy
preferences, and therefore the government was more of an 'Awkward Partner'.

By transforming Cabinet into a more consensual body, Major provided
individual Ministers with increased power. Skilful colleagues could therefore
translate highly-crafted departmental preferences into government policy.
Significantly, while seventeen Cabinet Ministers were either Europhiles or had
neutral views on Europe, four of the remaining five Eurosceptic Ministers
controlled portfolios directly relevant to the IGC (see table 10.2). By contrast, the
vast majority of Europhiles were based in departments which were not crucial to
IGC policy (see table 10.3). The return of the Europhile Heseltine also did not
affect policy. Constrained by the burden of replacing the poll tax, as well as his
own unpopularity amongst Cabinet Ministers (through precipitating Thatcher's
downfall), he was not able to act as a warrior for Major on the European front.

The Eurosceptic quartet of Baker, Howard, Lamont, and to a lesser extent
Lilley, led government departments influential in the formation of UK European
policy. Cabinet rank brought with it the resources of paper gathering and research
experience, providing Ministers with the ability to add an appropriate gloss to
information relevant to their policy areas. Ministers dealing with specific
portfolios (for example, Howard with social policy) could display a strong
command of detail relevant to their particular field of competence, but were less
sure-footed with issues which involved a wider reference. Hence, while UK
acceptance of the co-decision procedure contradicted the natural Eurosceptic
instincts of Baker, Howard, Lamont and Lilley, their insufficient knowledge of
this policy area meant they did not raise objections within Cabinet. Maastricht
therefore produced an agreement which contradicted the specific preferences of
many domestic UK Ministers. Acceptance was possible because those
individual Ministers were unable to challenge a powerful foreign policy executive
(Hurd and Major) on points they were less sure-footed, which added further
weight to the concept of a two-level game taking place.

Consequently, the two-level model represented a situation whereby UK
negotiators at Maastricht recognised agreement was better than no agreement and
were accordingly prepared to offer some flexibility on their domestic position in order to obtain a conclusion, and secondly that the standing of those very negotiators was high enough for them to carry through the accepted deal at the domestic level.\textsuperscript{14} In conducting such a strategy UK negotiators were able to play within the rules of the game, whereby they were aware of the strategies of other national negotiators and the choices available to necessitate an agreement, as well as the effect such a deal would have on other aspects of the negotiations.\textsuperscript{15} Consequently, while topics such as co-decision and CFSP may have been compartmentalised for the benefit of the negotiations, the very fact that the Foreign Office was the lead department meant it had a wider understanding of the Treaty negotiations as a whole, what was necessary to establish an overall package agreement, and the importance of demonstrating a willingness to reach a settlement - hence acceptance of co-decision at the very beginning of the Maastricht European Council was deemed a confidence building measure on behalf of London, particularly as it was likely to be accepted at some stage in the negotiations. In a similar manner, Sir Michael Butler notes that during negotiations over the British budget problem in 1984, the UK agreed to a method of adjustment based on the VAT share/expenditure share gap because ‘...it seemed certain to get accepted in the end and Mrs Thatcher decided to make the concession in her speech on the first day as a sign of her desire to settle’.\textsuperscript{16}

By contrast, despite the Foreign Office’s remit encompassing the majority of IGC policy, including CFSP, co-decision, and to a lesser extent EMU and social policy, it was not able to determine UK preferences on the latter two because the Treasury and Department for Employment took particular responsibility in this connection. Two-level game models are therefore less effective when domestic Ministers of a high standing are unwilling to strike deals which involve compromise. Domestic pressures are consequently central to the effectiveness of a two-level game, with London not being prepared to be flexible on EMU and social policy. These departments were, of course, led by Eurosceptic Ministers who were less interested in the wider aspects of the negotiations, and less aware of the need to compromise on some topics so as to establish an acceptable package deal. Thus, as a former government Minister noted:
Conclusion

My own feeling was that the Prime Minister would have settled for less on social policy, but was pressurised by Howard who had done more work on the effect of minimum wages and had some very effective debates in the Commons with Labour. So he was in a strong position within the Party, while his knowledge of the subject and the lack of familiarity by everyone else meant that he was able to exert a great deal of influence.\textsuperscript{17}

Within these departments, and the DTI also, it is significant that junior Ministers too tended to be Eurosceptics which further stiffened stances adopted by Howard, Lamont and Lilley, while exerting a broader influence on Cabinet policy. As chapter 6 noted, Edward Leigh from the DTI met the Prime Minister in September 1991 to set out the concerns of fourteen junior Ministers.\textsuperscript{18} Portillo further informs us that he invited Major to dinner prior to Maastricht, and ‘...urged him to consider not signing any agreement’.\textsuperscript{19} The effect of such pressure was to constrain the government in the choices it could make on certain topics as the negotiations progressed, thereby limiting the flexibility of UK negotiators. This became particularly apparent on social policy, where Howard threatened resignation if Major accepted the inclusion of a Social Chapter within the Treaty.\textsuperscript{20} Policy decisions were therefore dominated by short-term goals of Cabinet and Ministerial unity, with no overall sense of ideological direction. This was directly influenced by Major’s own consideration that the previous government had suffered from Thatcher’s obsession with ideological pursuits, and that the required antidote was a leader who managed rather than directed. As Portillo noted:

\textit{For him the art of politics involves flexibility and manoeuvre….He must have felt that the Party wanted a leader who was the opposite of her, and what had characterised her downfall was the dogma of her policies on Europe and the poll tax. His belief must have been buttressed further as he soared to an approval rating in the polls of 63 per cent.}\textsuperscript{21}

Major was conscious that he was \textit{primes inter pares} rather than someone who towered over the rest of his colleagues. Such domestic constraints accordingly shaped the manner in which the government negotiated with its partners. On issues such as CFSP and co-decision, where wider Ministerial attention was not specifically directed and Cabinet colleagues were prepared to entrust to Major and Hurd the responsibility of negotiating, decision-taking was not so determined by Cabinet opinion.
Table 10.2: Cabinet Ministers’ Positions on Europe during IGC negotiations

<table>
<thead>
<tr>
<th>Relevance to IGC policy-making (arranged in alphabetical order)</th>
<th>‘Pro’</th>
<th>‘Neutral’</th>
<th>‘Anti’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crucial</strong></td>
<td>Douglas Hurd (Foreign Secretary)</td>
<td>John Major (PM)</td>
<td>Michael Howard (Employment)</td>
</tr>
<tr>
<td></td>
<td>Chris Patten (Chlr of Duchy of Lancaster)</td>
<td></td>
<td>Norman Lamont (Chancellor)</td>
</tr>
<tr>
<td><strong>Important</strong></td>
<td>Tom King (Defence)</td>
<td></td>
<td>Kenneth Baker (Home Secretary)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Peter Lilley (Trade and Industry)</td>
</tr>
<tr>
<td><strong>Some Interest</strong></td>
<td>John Gummer (Agriculture)</td>
<td></td>
<td>Peter Brooke (N. Ireland)</td>
</tr>
<tr>
<td></td>
<td>Michael Heseltine (Environment)</td>
<td></td>
<td>Lord Mackay (Lord Chancellor)</td>
</tr>
<tr>
<td></td>
<td>John MacGregor (Leader H/Commons)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Periphery</strong></td>
<td>Ian Lang (Scotland)</td>
<td></td>
<td>David Mellor (Chief Secretary)</td>
</tr>
<tr>
<td></td>
<td>Malcolm Rifkind (Transport)</td>
<td></td>
<td>Antony Newton (Social Security)</td>
</tr>
<tr>
<td></td>
<td>William Waldegrave (Health)</td>
<td></td>
<td>John Wakeham (Energy)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Authors interpretation from interviews and correspondence.
<table>
<thead>
<tr>
<th>Important Departments</th>
<th>‘Pro’</th>
<th>‘Neutral’</th>
<th>‘Anti’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture, Fisheries and Food</strong></td>
<td>John Gummer (Secretary of State)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chancellor of the Duchy of Lancaster</strong></td>
<td>Chris Patten (Chllr of Duchy of Lancaster)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office of the Minister for the Civil Service</strong></td>
<td>John Major (PM)</td>
<td>Tim Renton (Minister of State)</td>
<td></td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td>Tom King (Secretary of State)</td>
<td>Alan Clark (Minister of State)</td>
<td>Archie Hamilton (Minister of State)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>Kenneth Clarke (Secretary of State)</td>
<td></td>
<td>Tim Eggar (Minister of State)</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td>Michael Howard (Secretary of State)</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>John Wakeham (Energy)</td>
<td></td>
<td>Eric Forth (Parliamentary Under-Secretary)</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Michael Heseltine (Secretary of State)</td>
<td>Sir George Young (Minister of State)</td>
<td>Michael Portillo (Minister of State)</td>
</tr>
<tr>
<td><strong>Foreign and Commonwealth Office</strong></td>
<td>Douglas Hurd (Foreign Secretary)</td>
<td>Douglas Hogg (Minister of State)</td>
<td>Lynda Chalker (Minister of State)</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>William Waldegrave (Secretary of State)</td>
<td>Virginia Bottomley (Minister of State)</td>
<td></td>
</tr>
<tr>
<td><strong>Home Office</strong></td>
<td>John Patten (Minister of State)</td>
<td></td>
<td>Kenneth Baker (Home Secretary)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Angela Rumbold (Minister of State)</td>
</tr>
<tr>
<td>Departments of State and Ministers (arranged in alphabetical order)</td>
<td>‘Pro’</td>
<td>‘Neutral’</td>
<td>‘Anti’</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------</td>
<td>-----------</td>
<td>--------</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td></td>
<td>Lord Mackay (Lord Chancellor)</td>
<td></td>
</tr>
<tr>
<td>Northern Ireland Office</td>
<td></td>
<td>Peter Brooke (N. Ireland)</td>
<td>Brian Mawhinney (Minister of State)</td>
</tr>
<tr>
<td>Privy Council Office</td>
<td></td>
<td>John MacGregor (Leader H/Commons)</td>
<td></td>
</tr>
<tr>
<td>Scottish Office</td>
<td></td>
<td>Ian Lang (Scotland)</td>
<td></td>
</tr>
<tr>
<td>Social Security</td>
<td></td>
<td>Antony Newton (Secretary of State)</td>
<td>Michael Forsyth (Minister of State)</td>
</tr>
<tr>
<td>Trade and Industry</td>
<td></td>
<td>Tim Sainsbury (Minister of State)</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td>Roger Freeman (Minister of State)</td>
<td></td>
</tr>
<tr>
<td>Treasury</td>
<td></td>
<td>David Mellor (Chief Secretary)</td>
<td></td>
</tr>
<tr>
<td>Welsh Office</td>
<td></td>
<td>John Maples (Economic Secretary)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>18</td>
<td>16</td>
</tr>
</tbody>
</table>

304
Conclusion

Parliamentary and Interest group pressure

In contrast to the influence which Cabinet and junior Ministerial colleagues exercised upon the government’s negotiating position, backbench opinion was not integral to the formation of that position. The absence of a negotiating document ensured that Eurosceptic MPs did not organise themselves in opposition to a specific policy direction. Relevant Parliamentary debates took place in December 1990, and June and November 1991, with a further debate after the Maastricht European Council in December 1991. Apart from Question Time within the Commons, with its tendency to focus on domestic rather than foreign affairs as ‘MPs realise there are few votes involved in foreign policy questions’, the government’s position was also scrutinised through Ministerial and official appearance before both the House of Commons and House of Lords Select Committees. Yet, backbench MPs were genuinely unaware of the government’s negotiating strategy. This was partly the result of misfortune, such as all the oral evidence being submitted to the House of Lords Select Committee’s analysis of the Luxembourg Presidency’s work taking place prior to the publication of the June draft. More pertinently, these Committees rarely influence government policy, despite being at the pinnacle of internal Parliamentary pressure. Dickie highlights that the Commons Select Committee on Foreign Affairs has provided MPs with ‘.... few occasions when their questioning or their recommendations have affected Government policy’, with its lack of ‘political clout’ resulting in some MPs, such as Peter Temple-Morris, withdrawing from it. Public opinion proved to be a further influence on policy-making, with MPs more concerned on the defence debate about the domestic process of reviewing UK force structure in the post-cold war environment.

At a more substantive level the government embarked on a policy of misinformation towards backbench MPs. This included placing the June Luxembourg text in the House of Commons library on the afternoon of the scheduled Parliamentary debate, thereby ensuring that the government’s negotiating position was not critically analysed. Herein lay a stark contradiction in government policy, with it advocating an increased role for national parliaments during the IGC, and yet retaining information from MPs with regard to negotiating
documents, including its own draft proposals on national parliaments. Thus, Downing Street was not prepared to give Westminster control over European policy. Nicholson stressed that:

The border between irony and farce was finally crossed when it became clear that strenuous efforts had been made by the government to prevent MPs from seeing its own draft declaration for national parliaments.28

During the debate MPs were primarily concerned with non-substantive issues, including discussion over the federal goal, while much success was made of the pillar structure.29 By contrast, the cardinal topic of co-decision did not figure, a development influenced by Ministerial tough talking being aimed at appeasing Eurosceptic voices.30 In pursuing such a strategy the government was aided by the inability of the Labour Party to provide detailed scrutiny, with the Shadow Foreign Secretary, Gerald Kaufman, being particularly ineffectual.31 The later November Parliamentary debate was equally notable for its absence of rigorous discussion, with the Prime Minister only committing himself to vague principles.32

This lack of backbench scrutiny arose partly because MPs lacked the technical ability to analyse the complicated and detailed documents which emerged during the negotiations. As draft Treaty texts were not placed in the Palace of Westminster libraries, it was surprising that no attempt was made to develop transnational contacts to ensure MPs were kept more fully informed of the negotiations. One reason for this lay in the general lack of unity amongst Conservative Eurosceptics during the 1991 period, which sharply contrasted the cohesiveness that became apparent from 1992 onwards.33 Rebels tended to be divided on subject preferences, with Teddy Taylor favouring economic independence rather than European integration, while Bill Cash opposed the further loss of Westminster’s legislative sovereignty. Most were sceptical about EMU but, as chapter 9 pointed out, the government was also not prepared to commit itself to a single currency. Thus, there was very little room for disagreement on this subject, while MPs were generally prepared to trust the government to pursue a satisfactory negotiating outcome.34 For instance, the prominent Eurosceptic MP Jonathan Aitken stressed at the start of the 1991 debate of the Queen’s Speech that:
...we would be wise to trust our negotiators... The Prime Minister and the
Foreign Secretary are good Europeans, but also sound British
parliamentarians. They will be shrewd judges of what would be acceptable
to the House and the country and what would not. I do not share the fears
of some of my Eurosceptic friends that a giant sell-out is being secretly
prepared.35

This demonstrated that Hurd and Major's high standing provided them with a
greater ability to strike deals at the Community level and then sell them to
domestic politicians. Aitken's statement accordingly provides further weight to a
two-level game taking place on particular negotiating topics. In addition, it also
emphasised that Eurosceptic MPs were not united behind a common cause, or
within a common group. In the course of 1991 certain hard-line right-wing
elements of the Conservative Party appeared to by dying from lack of support.
The Monday Club, which advocated the halting of immigration, lost numerous
members, including Sir George Gardiner and Julian Amery, while other right-wing
MPs, such as Teresa Gorman, were not attracted to join.36 Other groups with an
interest in European affairs (though not all Eurosceptic) included the 92 Group;
No Turning Back Group; Conservative Way Forward; Bow Group; Lollards; One
Nation Group; Blue Chip; Fresh Start; and the European Reform Group (ERG).37
In addition, the more famous of the Eurosceptic groupings, the Bruges Group,
appeared to be in a state of disarray. Its chairman, Lord Harris of High Cross,
announced his resignation on 10 September 199138 as a means of distancing
himself from its ultra-Thatcherite views, which many MPs regarded as causing
damage to the government. This signified that Major's more consensual style of
government had spread into the wider echelons of the Parliamentary Party.
Pragmatism rather than radicalism became the order of the day. Thus, it was no
surprise that the largest Eurosceptic grouping, encompassing some 70 MPs, was
the more conciliatory ERG. Led by Jonathan Aitken, it did not attempt to strike
out at the government in the public manner of the Bruges Group, a factor
influenced by the former solely comprising MPs, while the latter consisted of
members from outside and within Westminster. Therefore, it was easier for
managers of the ERG to construct a line of unity in contrast to the Bruges Group.
But, a more significant factor was that these organisations lacked a high profile
leader who could unite Eurosceptic MPs, a task which in the wake of Maastricht was taken on by Norman Tebbit and Margaret Thatcher. As Cradock notes:

She said John Major had done 'brilliantly' at Maastricht. But she later explained that that did not mean that she approved of the outcome. Out of office fewer constraints operated and before very long she was the acknowledged centre of Euroscepticism, the high priestess of a heretical but increasingly influential sect. Her adherents, many of them former ministers in her cabinets, strengthened and sharpened the core of anti-European Conservatives...

The dispassionate role of MPs on Europe throughout 1991 was also influenced by the overriding goal of party unity with regard to the forthcoming general election. Concerned about the possibility of defeat, MPs were aware that the Conservative Party's most effective weapon was the Prime Minister himself. Consequently, the successful completion of the IGC, in conjunction with Major's elevation to the figure of international statesman as a result of the Gulf War, was perceived as an electoral asset. At a basic level, ideology was subsumed by the financial and status considerations of losing one's Parliamentary seat. At a more tactical level, many MPs were kept in check by the government's effective use of the Whipping system within Westminster, exercised by the Chief Whip, Richard Ryder. Major himself held a number of breakfast meetings at No.10 with Norman Tebbit as part of an effort to keep him in support of the new government. This ability to manage the Party was demonstrated by the deliberate and calculated removal of the Eurosceptic Bill Cash as chairman of the Conservative backbench committee on European affairs, to be replaced by Sir Norman Fowler, and the replacement of the Eurosceptic Sir George Gardiner as Chairman of the '92' Group by Cyril Townsend. At the same time patronage could be dispensed to those who were loyal: Aitken's support for the Maastricht agreement was rewarded by his first Ministerial post.

Neither can it be said that the government's negotiating position was determined by pressure group influence. Just as inside Westminster, lobby group attention was primarily directed at EMU and social policy. Virtually no attention was directed towards topics such as CFSP and co-decision, which too mirrored Parliamentary positions. Within the aforementioned two topics, stark divisions were apparent, with City opinion, especially that of the British Invisibles Exports
Council (BIEC), particularly apparent on EMU. It advocated the Hard Ecu which the government eventually adopted as its negotiating position. Crucially, however, it offered a proposal which the government could accept, while it did not overtly challenge the government’s opposition to EMU. The BIEC’s proposal was borne out of both a need to provide clarification on Stage 2 of the Delors plan, and a realisation that the UK would be frozen out of the debate if it did not advance a suitable proposal. Within government this overture was readily adopted by Major and Hurd, which hinted at the preparedness of the former for more open policy-making.

By contrast, the government was not so amenable to interest group policy advancements on social policy. Here, the CBI’s role was notable. Centrist and pro-European, it championed the views of big business. As early as 1985 it advocated UK membership of the ERM, which was a direct reflection of its members views. However, on social policy its views were less well founded, although it was evident that the same voices who had fought for ERM entry would be unlikely to adopt an anti-European pose on this policy portfolio. A majority of its members operated in many EC Member States and therefore tended to have if not global, then certainly European working standards. Thus, the benefit of labour market regulations peculiar to the UK was less clear. These views eventually resulted in the CBI participating in the Social Partners’ Agreement, which it perceived as an insurance policy against the government’s self-imposed hesitancy to commit. This took Whitehall by surprise, it constraining the choices the government was able to make during the endgame of the negotiations. As a negotiating development, it was also indicative of interest groups within nations pushing for the same negotiating outcome so as to reduce differing domestic agendas.

Thus, while the government was able to more-or-less manage the views of MPs within Westminster through a process of regulations and promises of future loyalty payments, it was less well equipped to determine policy outside Westminster. On EMU it was faced with a set of preferences which it found particularly palatable, while no significant body pressurised the UK to pursue an opt-out strategy. In contrast, differing predispositions were more starkly apparent.
Conclusion

within the social policy debate, where the government was ultimately faced with a Conservative leaning interest group advocating a policy which proved anathema to Cabinet arithmetic. But while this strategy did not directly influence government policy through a pro-Social Chapter stance, it indirectly constrained negotiators’ ability to obtain a preference for a limited, but defined, extension of competences, and retention of the veto. In broader terms, one possible explanation of why the Social Partners Agreement surprised government managers is that their attention was primarily directly towards maintaining Party unity. This, in itself, demonstrated the general trend throughout 1991 for government to pander to the interests of a select few, and consequently an inability to confront strategic decisions representing an activist form of policy-making.

• Strategy

The effect of these pressures was for the government to advance mostly negative views in the IGC, which provided Major with greater time to resolve differences within the Parliamentary Party. He was aware that from the moment he entered Downing Street ‘...there was a split in the ground, and that the Conservative Party had a foot on either side of that split and it was growing wider on European policy’.

Faced with other time pressures, not least the Gulf War, crisis in the former Yugoslavia, and the domestic burden of replacing the poll tax and establishing a winning strategy for the forthcoming general election, Major stayed out of the IGC ring for the vast majority of the negotiations. Officials, in particular Sir John Kerr, were left to resolve negotiating preferences, albeit hamstrung by the lack of clarity surrounding these preferences. On EMU, Sir Nigel Wicks faced a less difficult situation: he was aware of the government’s strategy, but as it advocated a UK opt-out he was less able to influence the wider aspects of the negotiations, for London had effectively disengaged. Notwithstanding a presence at European Council meetings, Ministerial involvement did not become crucial until the final weeks of the negotiations, when Major in particular attempted both to square Cabinet opinion (by chairing an enlarged version of OPD(E)) and determine the room for manoeuvre at the EC level through various bilateral meetings.
Apart from the general wish to prolong the resolution of differences, certain tactics can be unpicked from the IGC. In the first instance, the government was aware that the foregoing issues meant it would be unable to construct a broad alliance with any Member State. Alliances were sought on individual topics, with the Netherlands and Italy providing support on the question of defence and Portugal on the role of national Parliaments. But herein lay a central flaw in the UK’s traditional relationship with its continental counterparts. Whereas other Member States too pursued goal orientated strategies, with the Franco-German axis and Benelux partnership being exceptions, the UK tended to wipe the slate clean after the resolution of individual topics. Thus, once an objective had been secured, the established alliance was put aside in favour of finding new partners for the forthcoming battle. While such a strategy did not backfire in the course of 1991, it could be said that it helped to lay the foundations of problems encountered in 1996-97. Second, a consequence of this method of seeking individual alliances was that the government did not advocate the explicit policy of trade off between individual subjects on the EPU negotiations, or between EPU and EMU. London was, however, aware that being perceived to be flexible on one issue would implicitly help the resolution of more difficult problems, hence accounting for Major’s opening gambit at Maastricht being an acceptance of co-decision.

Third, in the face of these overall preferences, the government embarked upon the deliberate cultivation of a friendship with Germany. This proved to be of greater value than Major’s personal diplomacy with other Member States, bilateral meetings which failed to close the negotiating gap prior to Maastricht. Although not perceived as a means of aligning on individual IGC topics, Major realised that Kohl would be more disposed to support London’s preferences if there existed a natural warmth in Anglo-German relations. This proved to be crucial in postponing the resolution of differences at the June Luxembourg European Council, while Bonn’s opinion effectively determined the fate of the Dutch text in September. At Maastricht Kohl was important in the resolution of the UK opt-out on EMU and the attainment of the Agreement on Social Policy, and accordingly ‘the UK’s relationship with Germany was crucial to the outcome at Maastricht’.
Conclusion

However, as noted above, the UK's tendency to seek allies on individual topics meant that this was in effect an artificial relationship in terms of traditional British European diplomacy, and consequently it was no surprise that strains emerged in the wake of Maastricht. Major became increasingly hostage to a Eurosceptic Conservative Party, and as Cradock notes, 'After Maastricht the Anglo-German axis...was not quite the irresistible force that it had been'.55 The advancement of policy preferences was therefore dependent on the domestic political environment, and were both inflated and at the same time played down depending on the time period in question. Equally, the government deliberately 'fed' the Parliamentary Party certain topics, thus accentuating the 'federal goal' and at the same time minimising the implication of the co-decision procedure. Some policies were launched for maximum effect, most notably the Anglo-Italian declaration on CFSP. Where the Prime Minister was less able to construct a consensus within Cabinet, imbalances effected the resolution of differences. Consequently, no alternatives were offered on social policy.

Finally, short-term objectives shaped long-term developments. Lamont spoke of government policy being dictated by '...too much short-termism, too much reacting to events, and not enough shaping of events. We give the impression of being in office but not in power'.56 The deal at Maastricht, which would later be perceived as '...the high point for moderate pro-Europeanism on the British side',57 was dominated by Major's overriding desire to keep the Conservative Party united. He realised that the attainment of policies, most notably the Social Chapter, would irreversibly split the Party.58 The consequence of this was a threat to walk away from the meeting without a deal,59 rather than any challenge to rebellious Ministers, because conversely pressure did not directly emanate from backbench MPs. Hence, while Howard was not part of the UK negotiating team at Maastricht (see table 10.5 at end of chapter) his views influenced strongly the Prime Minister's stance. For Major, a preparedness to compromise also represented his desire for the issue to be relegated from the front pages until the 1996 Treaty review. In the meantime he hoped that it would be possible to craft a strategy which could unite the Party, including the EMU opt-out and a commitment to subsidiarity, and hence Maastricht was a means of buying time.
both on the European and domestic front. However, despite the deal being reported with glee by the domestic press\(^6\) as well as commanding overwhelming support in the Commons - even among Eurosceptics\(^6\) it actually involved substantial shifts from London’s opening gambit at the commencement of the negotiations\(^6\) (see table 10.4).,

Greater UK flexibility was immediately apparent at Maastricht\(^6\) with the government’s agreement to extend the EP’s powers through the co-decision procedure. Otherwise, acceptance of Article J.4.1’s commitment that ‘the common foreign and security policy shall include all questions related to the security of the union, including the eventual framing of a common defence policy, which might in time lead to a common defence’, represented a significant concession on the UK’s pre-IGC position against a common defence. In addition, Article J.4.6 created the possibility of an examination of CFSP provisions in 1998 (as provided for in Article N.2), on the basis of the 1996 Treaty review. On EMU, the Treaty confirmed the irreversibility of the process by setting a deadline of 1 January 1999, thereby contradicting UK preferences.\(^6\)

London, however, won notable victories, including the establishment of the pillar structure and the placement of CFSP and JHA within intergovernmental frameworks, although a paper QMV provision was provided for on the former, while a system of policy transfer to the first pillar was created in Article K.9 on the latter. On EMU it obtained the inclusion of ‘gross errors’ in Article 104c(2), ensuring that the excessive deficit procedure should only occasionally come into being by taking account of cyclical developments. Elsewhere, a commitment to subsidiarity was granted within the Treaty and not the preamble, with the further replacement of the federal goal by ‘an ever closer union’, although this was an anticipated development for all parties. Crucially, the Treaty also provided for a Social Policy Agreement to be attached to the Treaty, backed up by a Social Protocol.\(^6\) This allowed the other eleven Member States to take decisions using Community institutions and apply them as far as they were concerned, although it was met with mixed reactions at both the domestic and EC level, with UNICE fearing that the UK’s non-participation removed an important brake on maximalist Member States.\(^6\) The UK also obtained the surprise inclusion of the Barber
Conclusion

Protocol which government lawyers thought unlikely. It stressed that employers could offer unequal pensions for men and women for work performed prior to 17 May 1990, when the European Court of Justice ruling in the case of Barber v Guardian Royle Exchange had adjudged that pension was part of pay and that men and women should be paid the same for equal amounts of work. Consequently, it provided that allowing women to retire on full pension at the age of 60 was unfair to men.

Success was in large part a result of Major being the best briefed leader at Maastricht, with the possible exception of Lubbers. Major's fixation with negotiating detail, illustrated by concern over the placement of commas, semicolons and colons, contrasted with the style of other leaders who accepted grand policy advancements as a means of furthering European integration, although they too were motivated by short-term goals. But, this action resulted in certain notable UK victories, such as the inclusion of 'gross errors' in Article 104c(2), the 'ways and means' facility within the EMU opt-out text, and the Barber Protocol. It would, however, be wrong to suggest that the UK has traditionally exhibited a tendency to pursue details first rather than later in all of its international diplomacy. Rather, such a course of action has most recently been used with regard to the Community, while in contrast the UK has been prepared to commit itself to the USA. Of course, the former involves acts of law which impinge on UK citizens in a manner that direct alliances with the US do not, but it nonetheless remains symptomatic of the nation's inability to commit itself fully to the Community. Here, a determining strategy has tended to be domestic political constraints, but whereas in the 1960s and 1970s the Conservatives were the Party of Europe, by the 1990s they were the Party divided by Europe.

Major's success at Maastricht was first and foremost a means of maintaining Party unity. UK negotiators regarded it was a very good outcome for the UK, with the Prime Minister applauded for his negotiating role. Significantly, the Council meeting demonstrated Major's style of diplomacy, which sharply contrasted with Thatcher's more adversarial approach. A FCO official at Maastricht commented that 'He had a very good way of negotiating. He was listened to with respect, he did not cave in on issues, and yet he did not hector the
The effect of this style, and the government’s acceptance of points such as co-decision, was for it to win on crunch topics, in terms of domestic affairs, most notably social policy. Accordingly, while London had essentially put forward negative proposals throughout the IGC, with it being less awkward on CFSP, at Maastricht it managed to obtain a Treaty which we can speculate Thatcher would not have been able to obtain. Her more abrasive style of diplomacy would have unlikely brought Germany on-side. In the wake of Maastricht Thatcher publicly noted that she would not have signed such a Treaty, her abstention in the Parliamentary debate on 18-19 December 1991 noting her disapproval.

Despite her perception that the Treaty was not a success for the UK, the government nevertheless obtained support for the deal it negotiated by a majority of 86 (339 votes to 253) in the debate. Seven Conservatives voted against the government, including former Conservative Party Chairman Norman Tebbit and John Biffen. Yet, in the pursuit of that deal Major sowed the apples of discord for the Conservative Party. The EMU opt-out did not hold the Party together as Major had envisaged, while the social policy opt-out was later challenged by the November 1996 European Court of Justice ruling that the 48-hour working week was applicable to the UK. By attempting to appease all factions he unconsciously provided both the Europhiles and to a greater extent the Eurosceptics with the motivation to press him to adopt their own policies. Sir Teddy Taylor informs us that during a meeting at No.10 Major stressed that

...between ourselves, I just want to assure you that my feelings on the EU are exactly the same as yours....But then I (Taylor) found other people saying that they had been given the same assurance, people who are of the, should I say Euro-wild part of the party.

Thus, ‘...the Prime Minister’s preferred tactic of holding the party together seemed to give as much ground as possible to both sides of the argument. Whenever he spoke he was acutely anxious to ensure that he could offer different messages to different audiences and get away with it’. But, by doing so he ‘Unwittingly, he encouraged them to rock the boat’.
### Table 10.4 Member States’ Positions during IGC negotiations

<table>
<thead>
<tr>
<th>Pillar Structure</th>
<th>Unitarian Structure</th>
<th>More powers for the EP</th>
<th>Interior policy/JHA</th>
<th>Majority voting for Foreign Policy</th>
<th>Defence: NATO or EC</th>
<th>Federal goal</th>
<th>New competences</th>
<th>Single Currency</th>
<th>Extended EC role in social affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Belgium</strong></td>
<td>No</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>Denmark</strong></td>
<td>Yes</td>
<td>No</td>
<td>Against</td>
<td>Reluctant</td>
<td>Against</td>
<td>NATO</td>
<td>Reluctant For/Limited</td>
<td>For, tough convergence criteria</td>
<td>For</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>Yes</td>
<td>No</td>
<td>Reluctant</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>Prepared to accept</td>
<td>For/Limited</td>
<td>For</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>Accept</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>NATO (strong EC)</td>
<td>For, concerned about costs</td>
<td>For, tough convergence criteria</td>
<td>For</td>
</tr>
<tr>
<td><strong>Greece</strong></td>
<td>Accept</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>Accept</td>
<td>Accept</td>
<td>Against</td>
<td>For</td>
<td>Against</td>
<td>Neutral</td>
<td>Not enthusiastic For/Limited</td>
<td>For, desired cohesion money</td>
<td>Ambivalent</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>Accept</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>NATO (originally EC)</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td>Accept</td>
<td>Accept</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For/Limited</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>No</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For/Limited</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>Yes</td>
<td>No</td>
<td>For/minor concessions</td>
<td>For</td>
<td>Against</td>
<td>NATO</td>
<td>Prepared to accept</td>
<td>For, concerned about costs</td>
<td>For</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>Accept</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For/Limited</td>
<td>For, concerned about costs</td>
<td>For</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>Yes</td>
<td>No</td>
<td>Against</td>
<td>Against</td>
<td>NATO</td>
<td>Against</td>
<td>Unenthusiastic</td>
<td>Parliament must decide (opt-in/opt-out formula)</td>
<td>Against</td>
</tr>
<tr>
<td><strong>Commission</strong></td>
<td>No</td>
<td>Yes</td>
<td>For/Limited</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
<tr>
<td><strong>EP</strong></td>
<td>No</td>
<td>Yes</td>
<td>For</td>
<td>For</td>
<td>For</td>
<td>EC</td>
<td>For</td>
<td>For</td>
<td>For</td>
</tr>
</tbody>
</table>

*Conclusion*
• Theoretical aspects

As a contemporary historical study this thesis did not set out to test the validity of a particular theory of European integration. Chapter 1 highlighted various interpretative perspectives, of which it was argued that a domestic politics approach was the more suitable for understanding the means by which UK preferences were shaped, including the influence and personality of government Ministers. The thesis maintained that this approach was particularly pertinent to IGC negotiations, with policy being directed towards European Council meetings for resolution by Heads of State and Government whose purpose is to champion national interests. Consequently, a Member State’s aim it is to steer the eventual package deal in the direction of the national interest. But while the domestic politics approach, focusing on the internal national factors which shape government policy, explained certain negotiating outcomes for the UK, such as social policy, it did not fully account for UK involvement on CFSP or co-decision.

To that end, the thesis employed the model of a two-level game as a means of supplanting and refining the domestic politics approach. This concept of negotiators having to refine choices between two tables (one on the domestic front and another on the international front), is equally pertinent to IGC negotiations, whereby negotiators are often in close contact with their counterparts. Crucially, a two-level model has an inherent concept of flexibility, something which is not as relevant to the domestic politics approach, as negotiating preferences purely resemble the sum of the influences exerted on government, with preferences primarily being altered at the domestic level. By contrast, in a two-level model, pressures from the Community (international) level create a situation whereby national negotiators have to balance both domestic and Community interests, with there often existing a loyalty to both groups. In such a scenario, governments often alter existing positions so as to establish a compromise package deal, and therefore acknowledge that agreement is better than no agreement. Movement at the Community table is, however, dependent on the environment which exists at the domestic table, including the authority empowered in the negotiator and key Ministerial preferences. To that extent, both concepts help explain why the UK was not prepared to compromise on social policy (domestic politics), but was
Conclusion

prepared to alter its negotiating position on co-decision and CFSP (two-level game). But in conducting such a strategy, no theoretical paper walls have been erected only to be subsequently smashed down through empirical analysis. Nevertheless, certain points emanate from this study which throw light on theoretical assumptions.

In the first instance, the one theme which has underpinned the thesis is the unpredictable nature of IGC bargaining. The negotiations at times appeared to resemble crisis diplomacy, with one particular decision shifting the polarity of consensus. A key example was Luxembourg's initial decision to favour a unitarian structure being refuted on the grounds of legal advice, and the dramatic failure of the Netherlands text on 30 September 1991. The surprising factor is that while the latter was an acknowledged federalist nation, it was not an innocent at European diplomacy. The Dutch were well versed in the subtleties of Community negotiations, although it is true that the pursuit of this path was a political rather than diplomatic decision. Yet, at the other end of the spectrum the UK was unprepared for the announcement of the Social Partners Agreement. Despite having the best system of interdepartmental co-ordination within the Community, and armed with arguably the most skilful negotiator in Brussels, Sir John Kerr, the government, in particular the FCO, misinterpreted events. This further demonstrated the lack of predictability pertaining to IGC diplomacy, particularly that argued by Moravcsik. Indeed, even at the very end of the negotiations UK diplomats considered the chance of agreement at Maastricht as fifty/fifty, while the attainment of the Barber Protocol was a complete surprise. Unpredictability was the direct result of the speed with which the negotiations progressed. On the EMU dossier, a Bank of England official commented that he regularly did not have time to digest information because it was constantly being superseded (often the next day) by other proposals. Where information had to be conveyed to colleagues, this was either done via the telephone or through bracketing comments attached to specific texts. Member States were equally dependent on the Presidency to provide guidance and direction based on consensus. They therefore did not have direct influence in the setting of agendas.
Secondly, IGCs are very different from other EC decision-making procedures, such as single market policy. Dealing ostensibly in high level politics, Member States champion national interests and policy adjustments are primarily dictated by domestic concerns. The outcome of these negotiations generally have a higher profile both domestically and internationally, with individual negotiating positions scrutinised through Parliamentary debates. Within the UK this led to the advancement of non-rational policy preferences, with the government defending the symbolic need to remove the federal goal while at the same time conceding significant ground on CFSP and the EP. If these issues were to be ranked in terms of the cost of depleting Westminster’s powers, then the government should have been prepared to concede on the federal goal, while unwilling to accept co-decision for the EP or the possible ‘eventual framing of a common defence policy, which might in time lead to a common defence’. The very fact that this was not the case sheds important light on existing theoretical studies, in particular Moravcsik’s perception of IGC negotiations, while at the same time laying emphasis on both the influence of domestic politics and the general difficulty of creating an overarching theoretical basis for IGC negotiations whereby Member States’ positions are predictable.

Moravcsik’s refinement of his initial analysis of the intertwinement of domestic politics and IGC negotiations via intergovernmental institutionalism, was the liberal intergovernmentalist approach. Based on three general elements - including governments as rational actors, national preference formation, and interstate negotiation - it does not mirror the empirical evidence of the Maastricht Treaty negotiations from the perspective of the UK. The suggestion that a Member States’ formation of preferences is dependent on pressures from particular bodies as ‘groups articulate preferences; governments aggregate them’, is an account which is not supported by the empirical evidence presented in this thesis. First of all, the very subject nature of the IGC meant that pressure group influence was not apparent on all subjects. Whereas social policy and EMU attracted pressure group interest, this was not the case for CFSP and co-decision. Thus, in terms of subject construction, IGC negotiations pose problems for predictive theories because the topics which they cover often differ substantially.
Conclusion

London’s negotiating position was not explicitly determined by specific interest groups, such as the CBI, while a united front was not apparent among the business lobby with regard to social policy. The IoD did not share the opinion of the CBI, while within the CBI it was clear that multinational companies were the driving force behind the Social Partners Agreement. Instead, as previously noted, government preferences were dependent upon views expressed within government itself, though backbench MPs exerted no real influence upon policy.

Moreover, Moravcsik’s perception that government’s advocate preferences dependent on the views of interested parties did not reflect the UK’s involvement in the IGCs. Government did not formulate preferences, primarily because of Major’s desire to ‘wait and see’ what room for manoeuvre existed both within Cabinet and within the Community. To that end, policy was constantly being refined in the course of the negotiations, with conclusions only being formed during the endgame. Accordingly, it is not necessarily possible to determine the position of a Member State by analysing the influence exerted upon it by interest groups. Apart from the very fact that such a strategy suggests that interest group demands will influence a Member States’ preferences, it categorically requires a certain rationality on the part of government to weigh up the relative costs and benefits of particular policies and make sensible judgements. But, as noted, London was not always rational, with policy being determined by symbolic attachments rather than material gain.

This therefore suggests that the government did not adopt a purposeful position in the negotiations. Policy preferences were not part of an overall strategy because Cabinet was reactive in its method of decision-making rather than forward looking.\(^9\) As previously noted, meetings were basically a general round-up of issues raised, with no sense that their purpose was to decide on points.\(^2\) Where decisions were taken, they tended to be the product of pacifying individual Ministers, while the capacity of Hurd and Major to adopt a free hand on CFSP and co-decision was the direct product of other Ministers perceiving themselves not able to influence policy through an insufficiency of knowledge. Hence, rationality did not always enter into London’s method of decision-making, which was subservient to symbolic gestures. Positive engagement was dependent on the
ability of skilful negotiators and Hurd and Major's ability to construct openings at both the domestic and Community level.

Here it is possible to suggest that UK negotiators participated on individual dossiers, particularly CFSP, in what Putnam refers to as a 'two-level' game, whereby the eventual outcome was determined by both domestic and EC politics. Yet, the very ability for this to happen was purely dependent on the national level, and not the Community level. Freedom of manoeuvre on CFSP was contingent on Foreign Office control, with little external influence. It was also significant that it was not a symbolic issue in UK politics where the emblems of the pillar structure and federal goal dominated. Thus, domestic political considerations were the dominating factor in shaping UK preferences. But, these were virtually limited to concepts of Cabinet arithmetic, and to very much a lesser extent Parliamentary pressure, while external Parliamentary pressure did not shackle the government.

- **Concluding observations**

This thesis has demonstrated the way in which the UK participated in key parts of the Maastricht Treaty negotiations. Broadly, it has stressed that the government's overall position was negative, traced with certain areas of positive engagement. The end product was agreement on a Treaty regarded as a considerable success for the UK, and a personal achievement for the Prime Minister. Yet, as Cradock notes:

'...it was a success in a prolonged rearguard action. It allowed us to remain at the table with a voice on future plans. It kept some of our options open....The Maastricht terms bought some time; but this was at the expense of a greater impatience with British negativism among European governments and growing Euroscepticism at home. In the end Britain was left with no clear strategy; and significant sections of its politically active classes acquired a stake in dangerously negative developments on the Continent, in the hope of the collapse of monetary union and the failure of the European venture'.

Less than six months later the Conservative Party was hit by seismic events which both divided it and challenged the agreement Major negotiated at Maastricht. While the Conservative Party won the general election, the very divisions within it
Conclusion

were notably highlighted when the then Party Chairman, Chris Patten, lost his Bath Parliamentary seat. Incredibly, this was immediately acknowledged by some Conservative MPs as ‘Tory gain at Bath’. The fact that such splits did not emerge in the course of 1991 owed much to the inability of the Eurosceptic wing of the Conservative Party to unite behind a common aim, and the masterly manner in which the government managed backbench MPs. They did not influence policy-making, which instead was the reserve of Ministers. But the general inability of specific preferences to be advanced crippled the efforts of UK negotiators.

Consequently, the dominant factor of domestic political circumstances, particularly those within Cabinet, shaped UK policy. This thesis has demonstrated that it was not possible to predict eventual outcomes, because negotiating positions altered often as a result of symbolic rather than substantive issues. It is equally likely that domestic political circumstances will be the predominant factor in shaping future UK preferences, while it is unlikely that predictive theoretical assumptions can ever create an all-consuming structure able to map IGC negotiating preferences.
### Table 10.5: UK Maastricht Negotiating Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Major</td>
<td>Prime Minister</td>
<td>EPU &amp; EMU</td>
</tr>
<tr>
<td>Douglas Hurd</td>
<td>Foreign Secretary</td>
<td>EPU</td>
</tr>
<tr>
<td>Norman Lamont</td>
<td>Chancellor</td>
<td>EMU</td>
</tr>
<tr>
<td>Tristan Garel-Jones</td>
<td>FCO Minister of State</td>
<td>EPU</td>
</tr>
<tr>
<td>Sir John Kerr</td>
<td>EPU Personal Representative</td>
<td>EPU &amp; EMU</td>
</tr>
<tr>
<td>Sir Nigel Wicks</td>
<td>EMU Personal Representative</td>
<td>EMU</td>
</tr>
<tr>
<td>David Hadley</td>
<td>Head of Cabinet Office European Secretariat</td>
<td>EPU</td>
</tr>
<tr>
<td>David Bostock</td>
<td>Under Secretary &amp; Head of EC Group HM Treasury</td>
<td>EMU</td>
</tr>
<tr>
<td>Martin Eaton</td>
<td>FCO Deputy Legal Adviser</td>
<td>EPU &amp; EMU</td>
</tr>
<tr>
<td>Michael Jay</td>
<td>FCO Assistant Under-Secretary of State for EC</td>
<td>EPU</td>
</tr>
<tr>
<td>Stephen Wall</td>
<td>John Major’s Private Secretary</td>
<td>EPU</td>
</tr>
<tr>
<td>Michael Arthur</td>
<td>Head of EC Department (Internal) FCO</td>
<td>EPU</td>
</tr>
<tr>
<td>John de Fonblanque</td>
<td>UK Antici</td>
<td>EPU</td>
</tr>
<tr>
<td>Sarah Hogg</td>
<td>Head of No.10 Policy Unit</td>
<td>EPU</td>
</tr>
<tr>
<td>Gus O’Donnell</td>
<td>John Major’s Press Secretary</td>
<td>EPU &amp; EMU</td>
</tr>
</tbody>
</table>

**Crucial actors at Maastricht** | **Important actors at Maastricht**
Notes


2. John Major, quoted in Michael Portillo, ‘Between the phobes and the philes’, *The Spectator*, 25 October 1997, Vol.279, No.8830, p.46. The text comes from Anthony Seldon (1997) *Major: A Political Life*. No page number of the quote is given by Portillo. As Seldon’s biography was not available at the time of publication it has not been used in this thesis, although the text is included in the bibliography as an acknowledgement of its value to future research on this subject. Extracts of Seldon’s text were, however, abridged in *The Times* on 2/10/1997, 3/10/1997, and 4/10/1997. See footnote 2 below.


4. Chris Patten, Ibid., programme 1, part 1, p.4 of transcript.


7. ‘Between the phobes and the philes’, op cit., p.46.

8. While Thatcher may have been a dominant figure within Cabinet, the majority of her fellow Ministers could not always considered to be Thatcherite supporters. But the crucial factor was that she operated Cabinet decision-making in a more direct manner, with individual Ministers not able to exercise overwhelming influence. Moreover, she had the experience of being Prime Minister since 1979 and was fully aware of the ways in which she could exercise her power. In contrast, Major was more naive about his abilities, while he crucially suffered from a willingness and ability to craft a dominant strategy.


12. Major’s more open pursuit of policy-making and preparedness to consult wider bodies of opinion was noted by Anthony Seldon in his extract from his biography of Major. See Anthony Seldon, ‘Why Major agreed to tackle gay rights’, *The Times*, 4/10/1997, p.15. Also see footnote 2 above.


17. Interview: former Treasury Minister.


19. ‘Between the phobes and the philes’, op cit., p.46.


21. ‘Between the phobes and the philes’, op cit., p.46.

22. Major also addressed Parliament outlining the achievements at Maastricht on 11 December 1991.


26. Ibid., p.294.


Conclusion


33. For an insight into the Eurosceptic cause see Gorman (1993) *The Bastards*, and Spicer (1992) *A Treaty Too Far*. Also Simon Heffer, *The Spectator*, 13/6/1992, pp.8-10. Heffer notes: 'Many Tory MPs feel the Maastricht deal was a con trick, and that their leaders, wittingly or unwittingly, did the coning' p.8. Major was adept at methods of party management, his Parliamentary career having progressed through the Whips office.


45. Interview: Poul Christoffersen.


47. For instance, the CBI was later critical of the Eurosceptic influence within the Conservative Party during 1996. See Keith Harper, 'CBI calls on Prime Minister to curb Eurosceptic wing', *The Guardian*, 22/5/1996, p.17.

48. For example, see Putnam and Bayne (1987) *Hanging Together: Co-operation and Conflict in the Seven-Power Summits*, p.10.

49. Interview: Poul Christoffersen.


Conclusion

as major fights over charter', Daily Express, 10/12/1991; Gordon Greig and Steve Doughty, 'Major turns up the heat', Daily Mail, 10/12/1991; and Philip Stephens, 'Major approaches moment of truth on British concessions to partners', FT, 10/12/1991.


64. 'Single currency by 1999 despite UK objections', FT, 10/12/1991.

65. Charles Moore, 'Mr Major discovers the joys of being anti-social', The Daily Telegraph, 12/12/1991.


68. Interview: FCO official.


72. Interview: FCO official.

73. Twenty-four Conservative MPs in total either abstained or did not vote, including: Sir Richard Body; Chris Butler; William Cash; John Carlisle; Derek Conway; James Cran; Julian Critchley; Sir Nicholas Fairbairn; Sir John Farr; Christopher Gill; Teresa Gorman; Neil Hamilton; Gerald Howarth; Tim Jannman; Toby Jessel; Iain Mills; David Mudd; Cecil Parkinson; Keith Raffan; Nicholas Ridley; Michael Spicer; Margaret Thatcher; Ann Winterton; and Nicholas Winterton.


76. The other five MPs who voted against the government were: Nick Budgen; Tony Favell; Richard Shephard; John Browne; and Bill Walker.

77. 'A Pyrrhic Victory', The Spectator, 14/12/1991, p.5.


80. 'Between the phobes and the philes', op cit., p.46.

81. For example, see Bulmer (1983) 'Domestic Politics and European Community Policy-Making' and Bulmer (1992b) 'Britain and European Integration'.


Conclusion


89. Ibid., p.480.

90. Ibid., p.483.

91. Private interview.

92. Ibid.


94. Cradock (1997) *In Pursuit of British Interests*, pp.139-140

95. Major stuck by the Maastricht Treaty, commenting that it was not possible to retreat from international agreements

Appendices

- 1: Members of the Cabinet, 1990-91
- 2: Ministerial Sub-Committee on European Questions
- 3: Personal Representatives for EPU IGC
- 4: Friends of the Presidency Group
- 5: Personal Representatives for EMU IGC
- 6: EMU IGC Participants
- 7: Central Bank Governors
- 8: Heads of State and Government
- 9: Ministers of Foreign Affairs
- 10: Ministers of Finance
- 11: Ministers of Defence
- 12: Declared supporters for the candidates in the Conservative Party Leadership Election, November 1990
- 13: Interview Methods and List of Interviewees
- 15: European Institutional Dimension
- 17: Chronology of Main Events: 1990-1991
Appendix 1:

Members of the Cabinet, 1990-91

<table>
<thead>
<tr>
<th>Position</th>
<th>1990-91</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM</td>
<td>Margaret Thatcher</td>
</tr>
<tr>
<td>Chancellor Exchequer</td>
<td>John Major</td>
</tr>
<tr>
<td>Foreign Secretary</td>
<td>Douglas Hurd</td>
</tr>
<tr>
<td>Home Secretary</td>
<td>David Waddington</td>
</tr>
<tr>
<td>Leader H/Commons</td>
<td>John MacGregor</td>
</tr>
<tr>
<td>Leader H/Lords</td>
<td>Lord Belstead</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td>Lord Mackay</td>
</tr>
<tr>
<td>Chlr of Duchy of Lancaster</td>
<td>Kenneth Baker</td>
</tr>
<tr>
<td>Defence</td>
<td>Tom King</td>
</tr>
<tr>
<td>Agriculture</td>
<td>John Gummer</td>
</tr>
<tr>
<td>Education</td>
<td>Kenneth Clarke</td>
</tr>
<tr>
<td>Scotland</td>
<td>Malcolm Rifkind</td>
</tr>
<tr>
<td>Transport</td>
<td>Cecil Parkinson</td>
</tr>
<tr>
<td>Energy</td>
<td>John Wakeham</td>
</tr>
<tr>
<td>Social Security</td>
<td>Antony Newton</td>
</tr>
<tr>
<td>Environment</td>
<td>Chris Patten</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Peter Brooke</td>
</tr>
<tr>
<td>Employment</td>
<td>Michael Howard</td>
</tr>
<tr>
<td>Trade and Industry</td>
<td>Peter Lilley</td>
</tr>
<tr>
<td>Wales</td>
<td>David Hunt</td>
</tr>
<tr>
<td>Health</td>
<td>William Waldegrave</td>
</tr>
<tr>
<td>Chief Secretary</td>
<td>Norman Lamont</td>
</tr>
<tr>
<td></td>
<td>Cabinet formed on 1 November 1990 after resignation of Sir Geoffrey Howe.</td>
</tr>
</tbody>
</table>
Appendix 2:

Ministerial Sub-Committee on European Questions (OPD)E)

Secretary of State for Foreign and Commonwealth Affairs (chairman): Douglas HURD
Chancellor of the Exchequer: Norman LAMONT
Secretary of State for the Home Department: Kenneth BAKER
President of the Board of Trade: Peter LILLEY
Secretary of State for Defence: Tom KING
Lord President of the Council: John MACGREGOR
Secretary of State for the Environment: Michael HESELTINE
Chancellor of the Duchy of Lancaster: Chris PATTEN
Minister of Agriculture, Fisheries and Food: John GUMMER
Secretary of State for Scotland: Ian LANG
Secretary of State for Northern Ireland: Peter BROOKE
Secretary of State for Employment: Michael HOWARD
Secretary of State for Wales: David HUNT
Secretary of State for Transport: Malcolm RIFKIND
Minister without Portfolio:2
Attorney General: Sir Patrick MAYHEW*
Parliamentary Secretary, Treasury: Richard RYDER*
Minister of State, Foreign and Commonwealth Office: Tristan GAREL-JONES*

The Lord Advocate (Lord Fraser of Carmyllie, QC) also received papers. He and other Ministers are invited to attend as and when required.
The UK Permanent Representative to the EU (Sir John Kerr) also attended.

1 Based on the government formed by John Major in November 1990. The list is based on the one drawn up by the Cabinet Office in 1994 when there existed a Minister without Portfolio. Prior to 1994 details of Ministerial Committees of the Cabinet were not officially published, though some details were published in the Financial Times, on 20 May 1992. John Major stated in a House of Commons written answer on 6 June 1991 that there were four Standing Committees of the Cabinet: a Defence and Overseas Policy Committee and an Economic Affairs Committee under his chairmanship; a Home and Social Affairs Committee under the chairmanship of the Lord Privy Seal; and a Legislation Committee under the chairmanship of the Lord President of the Council. He announced that Sub-Committees of the Standing Committees would be continued or established as appropriate. However, the membership and terms of reference of the Standing Committees and Sub-Committees would remain confidential. John Major, House of Commons Official Report, vol.192, c.280 written.
It is, therefore, possible that the details for OPD(E) during 1991 are not completely correct, despite the fact that the information has been verified through interviews.

2 In 1991 there was no Minister without Portfolio.
* Non-Cabinet members.

Appendix 3:

Personal Representatives for EPU IGC

Belgium                      Philippe de SCHOUTHEETE*  
Denmark                     Gunnar RIBERHOLDT1          
France                      Pierre de BOISSIEU2         
Germany                     Jürgen TRUMPF*            
Greece                      Alexandre VAYENAS*         
Ireland                     John H.F. CAMPBELL*3        
Italy                       Rocco CANGELOSI4           
Luxembourg                  Joseph WEYLAND* (chairman during first 6 months of 1991) 
The Netherlands             Pieter C. NIEMAN* (chairman during last 6 months of 1991) 
Portugal                    José César PAULOURO DAS NEVAS*  
Spain                       Carlos WESTENDORP Y CABEZA*5  
United Kingdom              Sir John KERR*               

* The European Commission was represented by the Secretary General, David Williamson, and Jacques Delors Deputy Chef de Cabinet, François Lamoureux.  
1 Envoy to Organisation for Economic Co-operation and Development. Permanent Representative was Jacob Ryter.  
2 Quai d’Orsay’s Director of Economic Affairs. Assisted by the Permanent Representative, Jean Vidal.  
3 During the negotiations he was replaced as Permanent Representative by Padraic MacKeman.  
4 Minister Plenipotentiary for Foreign Affairs in Italian Permanent Representation. He was assisted by the Permanent Representative, Frederico Di Roberto.  
5 In the course of the negotiations he was named Secretary of State for Foreign Affairs and was replaced as Permanent Representative by Camilo Barcia Garcia-Vilamil.
Appendix 4: Friends of the Presidency Group

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Dirk WOUTERS: Counsellor*</td>
</tr>
<tr>
<td>Denmark</td>
<td>Ole SAMSING: Counsellor1</td>
</tr>
<tr>
<td>France</td>
<td>Yves DOUTRIAUX: Counsellor*</td>
</tr>
<tr>
<td>Germany</td>
<td>Werner WENDT: Counsellor*</td>
</tr>
<tr>
<td>Greece</td>
<td>Tassos KRIEKOUKIS: First Counsellor*</td>
</tr>
<tr>
<td>Ireland</td>
<td>David COONEY: First Secretary*</td>
</tr>
<tr>
<td>Italy</td>
<td>Roberto SPINNELLI First Counsellor, later replaced by Vincenzo Grassi, First Secretary2</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Jim CLOOS: Deputy Permanent Representative*</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Gustaff M. BORCHARDT: Counsellor3</td>
</tr>
<tr>
<td>Portugal</td>
<td>João de VALLÉRA: Minister Plenipotentiary4</td>
</tr>
<tr>
<td>Spain</td>
<td>Miguel Angel NAVARRO PORTERA: Counsellor*</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>John de FONBLANQUE: Counsellor for Political and Institutional affairs*</td>
</tr>
<tr>
<td>Council Secretariat</td>
<td>Paul Skytte CHRISTOFFERSEN: Director of Secretary-General’s Private Office*</td>
</tr>
</tbody>
</table>

* Also a member of the Antici Group.
1 Denmark’s Antici was Lars Mitek Pedersen who was a First Secretary.
2 Italy’s Antici was Roberto Spinelli.
3 The Netherlands Antici was J.L.I. van Hoorn who was a Counsellor.
4 Portugal’s Antici was José Joaquim Freitas Ferraz, who was a First Secretary.
## Appendix 5: Personal Representatives for EMU IGC

<table>
<thead>
<tr>
<th>Country</th>
<th>Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Bernard SNOY: Chef de Cabinet of Finance Ministry</td>
</tr>
<tr>
<td>Denmark</td>
<td>Jens THOMSEN: State Secretary for Finance</td>
</tr>
<tr>
<td>France</td>
<td>Jean Claude TRICHERT: Treasury Director</td>
</tr>
<tr>
<td>Germany</td>
<td>Dr Horst KÖHLER: State Secretary for Federal Ministry of Finance</td>
</tr>
<tr>
<td>Greece</td>
<td>John PAPADAKIS: Chairman of Economic Advisors, Ministry of National Economy</td>
</tr>
<tr>
<td>Ireland</td>
<td>Maurice O'CONNELL: Second Secretary-General, Department of Finance</td>
</tr>
<tr>
<td>Italy</td>
<td>Mario DRAGHI: Treasury Director General</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Yves MERSCH: Treasury Director (chairman during first 6 months of 1991)</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Cees MAAS: Treasurer-General (chairman during last 6 months of 1991)</td>
</tr>
<tr>
<td>Portugal</td>
<td>Vitor GASPAR: Director General of Cabinet of Economic Studies</td>
</tr>
<tr>
<td>Spain</td>
<td>Manuel CONTE: Director General in Treasury for Politics and Finance</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Sir Nigel WICKS: Second Permanent Secretary, HM Treasury</td>
</tr>
<tr>
<td>European Commission</td>
<td>Giovanni RAVASIO: Director General</td>
</tr>
</tbody>
</table>

**Also present**

- Erik HOFFMEYER, Chairman of the Committee of Governors of the Central Banks
- Dr Gunter BAER, Secretary-General of the Committee of Governors
- Andreas KEES, Secretary-General of the Monetary Committee
Appendix 6:

EMU IGC Participants

(Information taken from the list of delegations at the reunion of personal representatives on 15 January 1991 for the IGC on EMU)

Belgium

Bernard SNOY, Chef de Cabinet of Ministry of Finance.
Philippe de SCHOUTHEETE, Permanent Representative.
H. VERWILST, Chef de Cabinet of Ministry of Economic Affairs
Gregoire BROUHNS, Administrator General of the Treasury, Ministry of Finance.
Dominic SERVAIS, Counsellor in the Belgium Permanent Representation to the EC, representing the National Bank of Belgium.

Denmark

Jens THOMSEN, State-Secretary, Ministry of Economic Affairs.
Gunnar RIBERHOLDT, Ambassador to the OECD and negotiator on EPU.
Ib KATZNELSON, Under-Secretary in the Ministry of Finance.
Jorn HOLDT, Financial Counsellor in the Danish Permanent Representation.
Benny ANDERSEN, Head of Section, Danish National Bank.
Marie HANSEN, Head of Section, Ministry of Economic Affairs.

France

Jean Claude TRICHET, Director of the Treasury.
Pierre de BOISSIEU, Quay D'Orsay's Director of Economic Affairs.
Jean VIDAL, Permanent Representative.
Patrice VIAL, Director of Forecasts.
Xavier MUSCA, Treasury Administrator.
Michel THEROND, Finance Counsellor, French Permanent Representation.

Germany

Dr Horst KÖHLER, State Secretary, Federal Ministry of Finance.
Dr Jürgen TRUMPF, Permanent Representative to the EC.
Dr Alois JELONEK, Director of Ministry in the Foreign Office.
Dr Bernhard MOLITOR, Director of Ministry for Federal Ministry of Economics.
Dr Günter GROSCHE, Senior Civil Servant in Federal Ministry of Finances.
Hubert SCHULTE, Administrative Director of Hamburg Finance Office.
Dr Detlev GANTENBERG, Representative of Bavarian State Ministry of Finance.

Greece

John PAPADAKIS, Chairman of Economic Advisors, Ministry of National Economy.
John DRYMOUSSIS, Ministry of National Economy.
Panayotis IOAKIMIDIS, Ministry of National Economy.
Mr VLACHOS, Secretary-General, Ministry of Economics.
Jean KOUTSOUKOS, Economic and Financial Counsellor, Permanent Representation to the EC.
Appendix 6

Ireland
Maurice O’CONNELL, Second Secretary-General, Department of Finance.
John CAMPBELL, Permanent Representative to the EC.
Michael G. TUTTY, Assistant Secretary-General, Department of Finance.
N. O’MURCHU, Principal Officer, Department of Finance.
B. MORAN, Department of Foreign Affairs.
T. GRIMES, Central Bank of Ireland.
Sean CONNOLLY, Finance Counsellor, Permanent Representation to the EC.

Italy
Mario DRAGHI, Director-General, Ministry of the Treasury.
Frederico DI ROBERTO, Permanent Representative to the EC.
Augusto ZODDA, Principal Treasury Manager.
Nunzio GUGLIELMINO, Principal Treasury Manager
Fabrizio GHISELLINI, Principal Treasury Manager.
Francesco PAPADIA, Director, Bank of Italy.

Luxembourg
Yves MERSCH, Director of the Treasury, Ministry of the Treasury.
Joseph WELYLAND, Permanent Representative to the EC.
Gaston REINESCH, Member of Government Commission.
Mr SCHMIT, Counsellor in the Permanent Representation.
Mr KAMPHAUS, Ministry of Finance.
Jean-Pierre LAHURE, First Counsellor, Finance, Permanent Representation to the EC.

Netherlands
Cees MAAS, Treasurer-General, Ministry of Finance.
Pieter NIEMAN, Permanent Representative to the EC.
W.T. Van BALLEKOM, Counsellor, Finance, Permanent Representation to the EC. Bernard TER HAAR, Ministry of Finance, Chair of Working Group.
L.M. VAN ULDEN, Ministry of Foreign Affairs.

Portugal
Vitor GASPAR, Director-General of Office for Economic Studies, Ministry of Finance.
Teresa MOURA, Sub-Director General in Foreign Ministry.
Carlos S. COSTA, Permanent Representative to the EC.
João DE VALLERA, Minister Plenipotentiary, Political and Institutional Affairs, Portuguese Permanent Representation to the EC.

Spain
Manuel CONTE, Director-General of the Treasury.
Carlos WESTENDORP Y. CABEZA, Permanent Representative.¹
Eduardo AGUILAR, Sub-Director General, Treasury, Politics and Finance.
Joaquín DE LA HERRÁN, Economic and Commercial Affairs Counsellor, Permanent Representation to the EC.

¹In the course of the negotiations he was named Secretary of State for Foreign Affairs and was replaced by the deputy permanent representative, Francisco Javir Elorza Cavengt.
Appendix 6

United Kingdom
Sir Nigel WICKS, Second Permanent Secretary, HM Treasury.
Sir John KERR, Permanent Representative to the EC.
David BOSTOCK, Under Secretary, EC Group, HM Treasury.
Robert BONNEY, Counsellor, Economics and Finance, UK Permanent Representation to the EC.

European Commission
Giovanni RAVASIO, Director General, Directorate-General II, Economic and Financial Affairs.
François LAMOUREUX, Deputy Chef de Cabinet of President of the European Commission, Jacques Delors.
Joly DIXON, Member of Jacques Delors Cabinet.
Jean-François PONS, Director, Directorate D: Monetary Matters, Directorate-General II, Economic and Financial Affairs.
Jörn PIPKORN, Juridical Counsellor.
## Appendix 7:

### Central Bank Governors

<table>
<thead>
<tr>
<th>Country</th>
<th>Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Alfons VERPLAETSE</td>
</tr>
<tr>
<td>Denmark</td>
<td>Eric HOFFMEYER</td>
</tr>
<tr>
<td>France</td>
<td>Jacques de LASORIÈRE</td>
</tr>
<tr>
<td>Germany</td>
<td>Karl-Otto PÖHL</td>
</tr>
<tr>
<td>Greece</td>
<td>Demetrios CHALIKIAS</td>
</tr>
<tr>
<td>Ireland</td>
<td>M.F. DOYLE</td>
</tr>
<tr>
<td>Italy</td>
<td>Carlo CAMPI</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Pierre JAANS</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Willem DUISENBERG</td>
</tr>
<tr>
<td>Portugal</td>
<td>Jose Alberto Tavares MOREIRA</td>
</tr>
<tr>
<td>Spain</td>
<td>Mariano RUBIO</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Robin LEIGH-PEMBERTON</td>
</tr>
</tbody>
</table>
Appendix 8:

Heads of State and Government

<table>
<thead>
<tr>
<th>Country</th>
<th>Name and Term Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Wilfried MARTENS (9 May 1988-6 March 1992)</td>
</tr>
<tr>
<td>Denmark</td>
<td>Poul SCHLÜTER (31 May 1988-14 January 1993)</td>
</tr>
<tr>
<td>France</td>
<td>François MITTERRAND (1981-1985)</td>
</tr>
<tr>
<td>Germany</td>
<td>Helmut KOHL (11 March 1987-)</td>
</tr>
<tr>
<td>Greece</td>
<td>Constantine MITSOTAKIS (11 April 1990-13 October 1993)</td>
</tr>
<tr>
<td>Italy</td>
<td>Giulio ANDREOTTI (22 July 1989-28 June 1992)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Ruud LUBBERS (1982-22 August 1994)</td>
</tr>
<tr>
<td>Portugal</td>
<td>Aníbal Cavaco SILVA (18 August 1987-28 October 1995)</td>
</tr>
<tr>
<td>Spain</td>
<td>Felipe GONZALEZ MARQUEZ (1982-5 May 1996)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>John MAJOR (28 November 1990-May 1997)</td>
</tr>
</tbody>
</table>
Appendix 9:

Ministers of Foreign Affairs

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Mark EYSKENS</td>
</tr>
<tr>
<td>Denmark</td>
<td>Uffe ELLEMAN-JENSEN</td>
</tr>
<tr>
<td>France</td>
<td>Roland DUMAS</td>
</tr>
<tr>
<td>Germany</td>
<td>Hans-Dietrich GENSCHER</td>
</tr>
<tr>
<td>Greece</td>
<td>Antonis SAMARAS</td>
</tr>
<tr>
<td>Ireland</td>
<td>Gerard COLLINS</td>
</tr>
<tr>
<td>Italy</td>
<td>Gianni De MICHELIS</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Jacques F POOS</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Hans van den BROEK</td>
</tr>
<tr>
<td>Portugal</td>
<td>Joao de Deus Salvador PINHEIRO</td>
</tr>
<tr>
<td>Spain Francisco</td>
<td>Fernandez ORDONEZ</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Douglas HURD</td>
</tr>
</tbody>
</table>
### Appendix 10:

#### Ministers of Finance

<table>
<thead>
<tr>
<th>Country</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Philippe MAYSTADT</td>
</tr>
<tr>
<td>Denmark</td>
<td>Henning Dyremose</td>
</tr>
<tr>
<td>France</td>
<td>Pierre BÉRÉGOVOY</td>
</tr>
<tr>
<td>Germany</td>
<td>Horst KÖHLER</td>
</tr>
<tr>
<td>Greece</td>
<td>Eythymios CHRISTODOUKOU</td>
</tr>
<tr>
<td>Ireland</td>
<td>Albert REYNOLDS</td>
</tr>
<tr>
<td>Italy</td>
<td>Guido CARLI</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Jean-Claude JUNCKER</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Wim KOK</td>
</tr>
<tr>
<td>Portugal</td>
<td>Luis Miguel COUCEIRO; from 31 October 1991 Jorge Braga</td>
</tr>
<tr>
<td>Spain</td>
<td>Pedro PEREZ</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Norman LAMONT</td>
</tr>
</tbody>
</table>
Appendix 11:

Ministers of Defence

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Guy COÈME</td>
</tr>
<tr>
<td>Denmark</td>
<td>Knud ENGGAARD</td>
</tr>
<tr>
<td>France</td>
<td>J.P. CHEVÈNEMENT (resigned 29 January 1991), P. JOXE</td>
</tr>
<tr>
<td>Germany</td>
<td>Dr Gerhard STOLTENBERG</td>
</tr>
<tr>
<td>Greece</td>
<td>I. VARVITSIOTIS</td>
</tr>
<tr>
<td>Ireland</td>
<td>Vincent BRADY</td>
</tr>
<tr>
<td>Italy</td>
<td>Virginio ROGNONI</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Jacques POOS</td>
</tr>
<tr>
<td>Netherlands</td>
<td>A.L. ter BEEK</td>
</tr>
<tr>
<td>Portugal</td>
<td>Joaquim Fernando NOGUEIRA</td>
</tr>
<tr>
<td>Spain</td>
<td>N. SERRA, replaced 13 March by J. GARCIA V.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Tom KING</td>
</tr>
</tbody>
</table>
Appendix 12:

Declared supporters for the candidates in the Conservative Party Leadership Election, November 1990

- For Michael Heseltine

1. Julian Amery
2. Spencer Batiste
3. Anthony Beaumont-Dark
4. William Benyon
5. Sir Antony Buck
6. John Carlisle
7. Lord Carrington
8. Paul Channon
9. Derek Conway
10. Patrick Cormack
11. Julian Critchley
12. Quentin Davies
13. Tim Devlin
14. Den Dover
15. Sir Peter Emery
16. David Evans
17. Keith Hampson
18. Alan Haselhurst
19. Christopher Hawkins
20. Jerry Hayes
21. Sir Barney Hayhoe
22. Kenneth Hind
23. Sir Geoffrey Howe
24. David Howell
25. David Hunt
26. Sir Ian Gilmour
27. Sir Philip Goodhart
28. Ian Grist
29. Dame Jill Knight
30. Michael Knowles
31. David Knox
32. Michael Latham
33. Nigel Lawson
34. John Lee
35. Edward Leigh
36. Sir Neil Macfarlane
37. Tony Marlow
38. Michael Mates
39. Michael Morris
40. Sir Charles Morrison
41. Anthony Nelson
42. David Nicholson
43. Emma Nicholson
44. James Pawsey
45. Elizabeth Peacock
46. Barry Porter
47. William Powell
48. Sir David Price
49. Lord Prior
50. Keith Raffan
51. Lord Rippon
52. Sir Wyn Roberts
53. Peter Rost
54. Lord St John of Fawsley
55. Nicholas Soames
56. Robin Squire
57. Ivor Stanbrook
58. Sir Peter Tapsell
59. Peter Temple-Morris
60. Patrick Thompson
61. Malcolm Thornton
62. David Trippier
63. Peter Walker
64. Sir Dennis Walters
65. Charles Wardle
66. Kenneth Warren
67. Bowen Wells
68. Jerry Wiggin

---

Appendix 12

• For Douglas Hurd
1. Tony Baldry
2. Henry Bellingham
3. Peter Bottomley
4. Virginia Bottomley
5. Julian Brazier
6. Peter Brooke
7. Nicholas Budgen
8. Kenneth Carlisle
9. Mathew Carrington
10. Lynda Chalker
11. Kenneth Clarke
12. Michael Fallon
13. Tristan Garel-Jones
14. Jeremy Hanley
15. David Heathcoat-Amory
16. Douglas Hogg
17. Lord Home
18. Sir Peter Hordern
19. Alan Howarth
20. Andrew Hunter

21. Robert Key
22. Tom King
23. Andrew Mackay
24. Richard Needham
25. Stevan Norris
26. Chris Patten
27. John Patten
28. Timothy Raison
29. Malcolm Rifkind
30. Nicholas Scott
31. Sir Giles Shaw
32. Ian Taylor
33. Peter Viggers
34. William Waldergrave
35. Sir John Wheeler
36. Lord Whitelaw
37. Ann Widdecombe
38. Tim Yeo

• For John Major
1. Jonathan Aitken
2. James Arbuthnot
3. Jeffrey Archer
4. Jacques Arnold
5. Robert Atkins
6. Nicholas Bennett
7. Andrew Bowden
8. Graham Bright
9. Alan Clark
10. Anthony Coombs
11. David Davis
12. Lord James Douglas-Hamilton
13. Tony Favell
14. Barry Field
15. Michael Forsyth
16. Eric Forth
17. Cецел Franks
18. Roger Freeman
19. John Gummer
20. William Hague
21. Archie Hamilton
22. Robert Hayward
23. Terence Higgins
24. Michael Howard
25. Robert Hughes
26. Michael Jack
27. Robert Jackson
28. Roger King
29. Norman Lamont

30. Ian Lang
31. Peter Lilley
32. Sir Nichols Lyell
33. John MacGregor
34. David Maclean
35. John Maples
36. David Martin
37. Francis Maude
38. David Mellor
39. Andrew Mitchell
40. John Moore
41. Malcolm Moss
42. Gerry Neale
43. Michael Nenbert
44. Tony Newton
45. Michael Portillo
46. Angela Rumbold
47. Richard Ryder
48. Gillian Shephard
49. Andrew Stewart
50. Norman Tebbit
51. Margaret Thatcher
52. Peter Thurnham
53. David Waddington
54. John Wakeham
55. Bill Walker
56. John Watts
57. Ann Winterton
58. Nicholas Winterton

343
Appendix 13:

Interview Methods and List of Interviews

- Facts and figures

The strategy employed for conducting the research was to contact three distinct groups of people. First, UK policy-makers during Margaret Thatcher’s period as Prime Minister. This was a small group and consisted of people such as Cecil Parkinson, Nigel Lawson, Sir Michael Butler and Sir David Hannay. Second, those concerned with the conduct of policy during the IGC at either an official or Ministerial level, such as Sir Stephen Wall and Norman Lamont. Finally, those involved in the debate at the EC level, including officials from the Commission, European Parliament, European Council Secretariat, and Member States representatives to the Community. For this group the interviews were conducted in Brussels during September 1996 and April 1997.

When requesting interviews, letters were sent out in batches of five or ten to avoid being swamped. The 63 people who assisted represented 58% of the total number of 92 letters sent out. All but 3 interviews were conducted prior to May 1997, when the Labour Party entered government, while requests were not usually made to those members of the 1996-April 1997 Cabinet who had held either relevant Cabinet or Ministerial posts during the IGC. It was considered they would not assist with research which effected their code of confidentiality, and otherwise they were likely to be too busy with either government work or trying to win the General Election (these considerations were confirmed by some rejections). Of the 29 people who refused to be interviewed, 6 had been Cabinet members during the IGC, while 1 was a Cabinet Member during 1997, albeit on the periphery. Rejection was principally due to time constraints, letters noting how they were ‘swamped’ with similar requests. In addition, 5 ex-Ministers of State refused as they either did not have specific subject knowledge or made a point of not discussing their work. One further rebuff came from an ordinary Conservative MP who had held a prominent backbench position.

At official level both geography and a change of government in 1997 affected the response rate. Regarding the former, 1 relevant UK official was posted too far away to be of assistance, but did recommend a substitute. Thus, it was not deemed necessary to carry out research via correspondence. In comparison, 1 official from the BoE who was prepared to assist prior to May 1997 suddenly found himself caught up in a whirlwind of activity as a result of the Chancellor’s announcement on the future of banking supervision. Consequently, assistance with Ph.D research was no longer deemed important. Rejection letters were also received from 12 other officials: 6 Treasury and 2 Department for Employment officials. This was based on four factors. First, I had
already spoken to enough people and they would be unlikely to add to existing views. Second, diary commitments made it impossible to accommodate all requests. Third, they did not wish to draw on confidential material. This was the particular view of those requested to assist with research on social policy. Finally, certain individuals adopted an invariable rule to decline all such requests for assistance. 2 further rebuffs were received from former Council Secretariat and Bundesbank officials, both being too busy to assist.

• Strategy
The specific questions for each interview depended on the position of the interviewee and the point in time interviewed. Generally, those based in the UK were asked to elaborate on policy co-ordination, relations with other UK officials and Ministers, relations with EC actors, and their perception of events at specific time periods throughout the negotiations. Those interviewed towards the end of the research were often asked to verify previous points. Non-UK officials interviewed in Brussels were asked to comment on specific claims UK officials made in previous interviews, while being invited to comment on their perception of the UK’s ‘engagement’ in the discussions. Questions were generally sent in advance to all interviewees, providing a basis for the interview, thereby creating a ‘semi-structured interview’. Otherwise, certain interviews were not based on pre-established questions, the interviewee only knowing the general area of research through correspondence, therefore producing an ‘unstructured interview’. The latter primarily represented those which took place at short notice, often on the advice of another interviewee. No structured interviews were carried out as the research did not suit such a process. As the research involved analysing varying policy sectors, as well as conducting interviews with people involved at differing time periods, and from distinct countries, a structured interview was not deemed appropriate. Semi-structured interviews, with pre-specified questions, provided an ability to probe into areas of analysis which would have otherwise prejudice a structured interview. This allowed for the discussion of some general points which I had wanted to talk about, but more importantly provided an ability for the conversation to range into quite opposite areas which often produced much valuable information.

The 52 interviews took place between February 1996 and July 1997. Of those interviewed, 50 were conducted in person and 2 via the telephone. The latter were divided between semi-structured and unstructured. Personal interviews ranged in length from half an hour to three hours, and of that group 34 were semi-structured. Additional correspondence was conducted with 12 of the 34 semi-structured interviews. This was a means of clarifying issues raised during the interview, and/or commenting on interview transcripts. Alterations tended to be concentrated on minor points: dates, names, and places. 9 unstructured tape-recorded interviews were conducted, correspondence being carried out with 2 members of this group. The great advantage of using a tape recorder was the ability to devote full attention to the interview, thereby not missing important points through note-taking. Transcription was, however, a problematic process because a one hour interview could take
as long as six hours to transcribe, which greatly lengthened the research process. But, the very recording of an interviewee’s words guarded against any substitution of personal preferences.

Otherwise, 5 interviews were not taped, either because the interviewee stated they did not wish to be recorded, or a conscious decision by myself that the interviewee would be more willing to talk freely without the presence of a tape recorder. This ensured a detailed account of particular issues was provided. Of this group, 1 interview was semi-structured and 4 unstructured, with 1 member of the latter contacted via additional correspondence to provide further comments. The absence of a tape recorder meant note-taking was the only means to record the interviewee’s views. This proved to be a distracting process which tended to break interview rhythm ensuring it was not possible to pick up on every point raised. Hence, it was sometimes impossible to focus on the unspoken body language crucial to the interpretation of an event. Indeed, an interviewee’s silence could often be more revealing than detailed account. Notes from non-taped interviews were written up immediately after the interview had taken place when the views of the interviewee were still fresh in the mind.

Straddling the two groups of taped and non-taped interviews were 2 partially-taped interviews. These interviews, both of which were unstructured, initially commenced taped, but I decided more information would be forthcoming if the interviewee’s views were not recorded. Additionally, correspondence was conducted with 11 further individuals, of which 1 was contacted with subsequent questions. The very nature of correspondence meant a ‘structure’ was evident, respondents’ answers depending on questions sent. To that extent, participants were asked both broad and detailed questions, ranging from those relating to their overall perception of the negotiations and the UK’s role within them, and their own position within their particular department and wider consultation groups. The vast majority of information provided was obtained at an early stage of the research, essentially producing background information. However, on occasion it resulted in detailed comments on chapters or papers which had been written and, therefore, provided clarification of views held by other interviewees.

**Use of interview material**

While a detailed account has been provided of those interviewed, with the full consent of the interviewee, agreement was on the basis that all information which was to be directly quotable had to be previously cleared. This was based on a statement of intent which the interviewee was asked to sign. This created a personal dilemma because the directly cleared material has in some instances resulted in a reduction in the tone of original comment. Therefore, direct quotes have been used on certain occasions throughout the thesis to provide an accurate account of particular views. Occasionally, comments have been altered at the interviewee’s request. While this might be interpreted as not providing an independent interpretation, it was deemed in certain instances a quote with a direct source provided a stronger argument than anonymity. But where significant disagreement existed over a particular point then the original viewpoint was used with an
anonymous citation. Anonymity was applied when it was impossible to obtain agreement of the interviewee in time for the completion of the thesis, while the issue was sometimes not deemed to be of enough importance for it to trouble the interviewee for prior clearance. This, therefore, explains the differentiation between the various citations for interviews used in the thesis.
Appendix 13

• List of Interviewees
(Unless otherwise stated their position refers to their job occupied during IGC)


BORCHARDT, Gustaff, Netherlands member of Friends of the Presidency Group during the 1991 IGC. Unstructured partially tape recorded interview on 18 September 1996 (Brussels).


CAPELLA, Chris, G6 officer dealing with social affairs during the 1991 IGC. Unstructured tape recorded interview on 17 September 1996 (Brussels).

CHRISTOFFERSEN, Poul, Director of Private Office of General Secretariat of the Council and Denmark’s Permanent Representative to the EU. Semi-structured tape recorded interview on 18 September 1996 (Brussels).


CLOOS, Jim, Luxembourg Deputy Permanent Representative to the European Community during the 1991 IGC. Semi-structured tape recorded interview on 24 September 1996 (Brussels).


COYNE, David, Member of the Cabinet of European Commissioner, Sir Leon Brittan, during the 1991 IGC. Unstructured tape recorded interview on 10 September 1996 (Brussels).


Appendix 13


GILLESPIE, Michael, Head of European Communities Unit, Home Office, 1991-. Unstructured interview on 27 February 1997 (London).


HADLEY, David, Deputy Secretary and Head of the European Secretariat, Cabinet Office, 1989-93. Semi-structured tape recorded interview on 2 April 1996 (Surrey), and correspondence on 7 February 1997, 6 March 1997, and 21 April 1997.

HALLETT, Edward, Head of West and Southern European Research Unit, Research and Analysis Department, Foreign and Commonwealth Office. Unstructured interview on 13 May 1996.


Appendix 13


LUBBERS, Ruud, Prime Minister of the Netherlands, Correspondence on 19 June 1997.


MALLABY, Sir Christopher, United Kingdom Ambassador to Bonn, 1988-92. Correspondence on 26 February 1996.


MILLAN, Bruce, Member Commission of the European Communities, 1989-1995. Correspondence on 2 May 1996.

MILLAR, Peter, Director, NATO, Ministry of Defence, 1990-1993. Correspondence on 10 November 1996 (Cyprus).

NEEMAN, Pieter, Netherlands Permanent Representative to the European Community. Semi-structured tape recorded interview on 21 April 1997 (the Netherlands). Additional information was obtained through a copy of a letter by Nieman to Van Hulten, a graduate student at Centre for European Policy Studies (not dated).


PARRY, Dr Emyr Jones, Head of European Community Department (External), Foreign and Commonwealth Office, 1989-1993. Correspondence on 7 August 1996.

PIRIS, Jean-Claude, Director-General of the Council Secretariat Legal Service. Unstructured interview on 18 September 1996.


SCHOUTHEETE DE TERVARENT, Philippe de, Permanent Representative of Belgium to the European Union. Semi-structured tape recorded interview on 10 September 1996 (Brussels).


TAYLOR, Sir Teddy, Conservative MP. Correspondence on 17 April 1996.

TIBBELS, Richard, Member of the WEU Secretariat who dealt with 1991 IGC. Semi-structured tape recorded interview on 19 September 1996 (Brussels) and correspondence on 6 March 1997.

VAN SOLINGE, Alain, Head of Unit dealing with institutional matters in Secretariat General of the European Commission during 1991 IGC. Unstructured tape recorded interview on 19 September 1996 (Brussels).


WESTCOTT, Nicholas, Desk Officer, European Community Department (Internal), Foreign and Commonwealth Office during 1991 IGC. Unstructured tape recorded interview on 10 October 1996 (London) and correspondence on 7 February 1997.


WILLIAMSON, David, Secretary General, Commission of the European Communities since 1987. Semi-structured tape recorded interview on 11 September 1996 (Brussels).

Appendix 14:

Questionnaire of Conservative MPs and members of the government, 1990-91

• Strategy and use of material

The following questionnaire consisted of a survey of 270 Conservative MPs and members of the government who sat in Parliament during the 1990-1991 session, including those members of the government who sat in the House of Lords. The survey which was undertaken in September 1996 is, however, not a complete sample of all Conservative MPs because some members subsequently died, such as Sir Nicholas Fairbairn, while it proved impossible to contact all of those who had not been re-elected or chose to retire at the 1992 General Election. In addition, a questionnaire was not sent to the Prime Minister because it was considered he would not have responded. This viewpoint was illustrated by only 2 Cabinet Ministers completing a questionnaire.

The questionnaires were divided between four groups: 21 Cabinet Ministers, 25 Ministers of State, 37 Parliamentary Under-Secretaries of State, and 187 Backbench MPs. Individual questionnaires were not numbered because this would have compromised the anonymity considered essential for obtaining a response. The four groupings were, however, divided through the use of different coloured paper for each sample. This ensured it was possible to obtain information regarding the views of different sectors of the Conservative Party, thereby creating an opportunity for comparisons. The combined response rate was 72 out of 270, which equated to 27%. Replies from individual groupings ranged from a low of 9.52% for Cabinet Ministers to a high of 32% for Ministers of State. Of the 198 who did not return a completed questionnaire, 74 sent letters of rejection. Of them, the majority made it a general rule not to participate in questionnaires because their YES/NO nature did not allow for detailed replies. In addition, a great number of rejection letters were also due to time constraints, individuals being swamped with such requests.

Nevertheless, the 72 replies provided a further source of valuable information concerning the Maastricht Treaty negotiations. But, they have not been used as the cornerstone of the thesis. Rather, they have helped to clarify existing information obtained during the research process, such as interview material and official documentation. The reason for such primary evidence not being used as the backbone of the thesis was the product of two factors. First, it was considered that questionnaire responses would not provide a sufficiently accurate account of UK MPs and government Ministers’ perceptions of the IGC negotiations. This was because the questionnaires did not represent a proportional random sample, but instead a broad swathe. Indeed, the understanding from the outset was that questionnaires would only provide a means of either
Appendix 14

contradicting or reiterating evidence obtained from sources such as interviews. Second, as no attempt was made to number the questionnaires, it is possible that an imbalance amongst responses was obtained from certain groupings of the Conservative Party, such as Eurosceptics, thus creating biased opinions. The information provided does, however, demonstrate general concerns amongst the individual groupings and thereby further enriches the thesis. In the course of compiling the information not all replies included a complete answer to all questions. Many individuals ranked only their top two or three issues on specific questions, while others missed out questions altogether. This has resulted in differing response rates within individual groupings. At a further level, response rates for Cabinet Ministers were not compiled in terms of percentage when only 1 Minister responded to a question.
(A) CUMULATIVE RESPONSE (270 sent. 72 replied).

(1) Rank in order of importance the factors which you think were influential in Mrs Thatcher's downfall as Prime Minister: (1 = most important)

First (response rate: 72/270 = 27%)
- Lack of a constructive position in Europe 4 = 6%
- Splits within the Cabinet due to a dominant style of government 8 = 11%
- Dissent within the Parliamentary Party 11 = 15%
- Domestic disputes such as the Community Charge 19 = 26%
- Fear of losing the next General Election 21 = 40%
- Other (please specify) 1 = 2%

Cabinet Changes.

Second (response rate: 65/270 = 24%)
- Lack of a constructive position in Europe 5 = 8%
- Splits within the Cabinet due to a dominant style of government 10 = 15%
- Dissent within the Parliamentary Party 6 = 9%
- Domestic disputes such as the Community Charge 22 = 34%
- Fear of losing the next General Election 19 = 29%
- Other (please specify) 3 = 5%

Aloofness to her backbench colleagues. Got to big for her boots - folie de grandeur. Divided views in Cabinet on Europe.

Third (response rate: 55/270 = 20%)
- Lack of a constructive position in Europe 6 = 11%
- Splits within the Cabinet due to a dominant style of government 16 = 29%
- Dissent within the Parliamentary Party 13 = 24%
- Domestic disputes such as the Community Charge 10 = 18%
- Fear of losing the next General Election 8 = 14%
- Other (please specify) 2 = 4%

She had been PM too long. Been there too long.
### Appendix 14 (Questionnaire A)

(A) CUMULATIVE RESPONSE (270 sent. 72 replied).

**Fourth**  
(response rate: 49/270 = 18%)  
- Lack of a constructive position in Europe  
  6 = 2%  
- Splits within the Cabinet due to a dominant style of government  
  14 = 28%  
- Dissent within the Parliamentary Party  
  15 = 31%  
- Domestic disputes such as the Community Charge  
  12 = 25%  
- Fear of losing the next General Election  
  2 = 4%  
- Other (please specify)

**Fifth**  
(response rate: 41/270 = 15%)  
- Lack of a constructive position in Europe  
  19 = 47%  
- Splits within the Cabinet due to a dominant style of government  
  7 = 17%  
- Dissent within the Parliamentary Party  
  8 = 20%  
- Domestic disputes such as the Community Charge  
  1 = 2%  
- Fear of losing the next General Election  
  1 = 2%  
- Other (please specify)  
  1 = 2%

Campaign to undermine her by a small group of pro-EC individuals.

(2) Do you think that there has been greater or less consensus within the Cabinet under John Major’s premiership than under Margaret Thatcher’s, and has that resulted in more or less effective decision making?  
(response rate: 64/270 = 24%)

<table>
<thead>
<tr>
<th>Greater consensus</th>
<th>Less consensus</th>
<th>Other (specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 = 70%</td>
<td>15 = 24%</td>
<td>4 = 6%</td>
</tr>
</tbody>
</table>

Neither

<table>
<thead>
<tr>
<th>More effective</th>
<th>Less effective</th>
<th>Other (specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 = 31%</td>
<td>36 = 61%</td>
<td>5 = 8%</td>
</tr>
</tbody>
</table>

No change.

(3) Do you think that the UK was more or less constructive in its role in the European Community (Union) under John Major’s premiership in 1990-1991 than under that of Margaret Thatcher?  
(response rate: 66/270 = 66%)

<table>
<thead>
<tr>
<th>More constructive</th>
<th>Less constructive</th>
<th>Other (specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 = 66%</td>
<td>16 = 24%</td>
<td>9 = 14%</td>
</tr>
</tbody>
</table>

Loaded question. Little difference. Less influential. More pliable. Little difference. No real difference - the problems and people were the same.
(A) CUMULATIVE RESPONSE (270 sent. 72 replied).

(4) Do you think that backbench MPs were consulted more under John Major's premiership in 1990-1991 than under that of Margaret Thatcher? (response rate: 68/270 = 25%)

- More consultation 49 = 72%
- Less consultation 5 = 7%
- Other (specify) 14 = 21%


(5) Do you think that the close relationship between John Major and Helmut Kohl was crucial to the UK obtaining the opt-outs on EMU and social policy at the Maastricht European Council in December 1991? (response rate: 66/270 = 24%)

- Crucial 37 = 56%
- Not crucial 23 = 35%
- Other (specify) 6 = 9%

Opt-outs are a total sham. The ECJ is able to overthow them.

Don't know. A deal was done and Major got the opt-outs for a promise that he would use his best endeavours to push the treaty through. Don't know. Of some help.

(6) Of the following issues could you rank in order of importance which you considered most damaging to the UK?

First (response rate: 64/270 = 24%)

- Social Chapter 8 = 13%
- Federal goal 33 = 52%
- Co-decision process 1 = 1%
- Introduction of a single currency 12 = 19%
- stronger powers for the European Parliament 1 = 2%
- stronger powers for the European Commission 5 = 8%
- Majority voting for Foreign Policy 3 = 5%
- Other, please specify 1 = 1%

Second (response rate: 61/270 = 23%)

- Social Chapter 8 = 13%
- Federal goal 14 = 23%
- Co-decision process 1 = 1%
- Introduction of a single currency 19 = 31%
- stronger powers for the European Parliament 8 = 13%
- stronger powers for the European Commission 8 = 13%
- Majority voting for Foreign Policy 4 = 7%
- Other, please specify

Third (response rate: 58/270 = 21%)

- Social Chapter 19 = 33%
- Federal goal 3 = 5%
- Co-decision process 1 = 2%
- Introduction of a single currency 7 = 12%
- stronger powers for the European Parliament 5 = 8%
- stronger powers for the European Commission 12 = 21%
- Majority voting for Foreign Policy 10 = 17%
- Other, please specify 1 = 2%
- Powers of European Court.
### Appendix 14 (Questionnaire A)

#### (A) CUMULATIVE RESPONSE (270 sent. 72 replied).

**Fourth (response rate: 54/270 = 20%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter</td>
<td>13 = 24%</td>
<td>- stronger powers for the European Parliament</td>
</tr>
<tr>
<td>Federal goal</td>
<td>2 = 4%</td>
<td>- stronger powers for the European Commission</td>
</tr>
<tr>
<td>Co-decision process</td>
<td>10 = 19%</td>
<td>- Majority voting for Foreign Policy</td>
</tr>
<tr>
<td>Introduction of a single currency</td>
<td>3 = 5%</td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>

**First (response rate: 63/270 = 23%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>12 = 19%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>12 = 19%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>3 = 5%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td></td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>

**Second (response rate: 58/270 = 21%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>15 = 26%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>8 = 14%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>8 = 14%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>5 = 9%</td>
<td>- Other, please specify</td>
</tr>
<tr>
<td>Reduction of powers of European Court</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Third (response rate: 52/270 = 19%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>15 = 29%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>12 = 23%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>3 = 5%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>2 = 4%</td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>

(7) Of the following issues could you rank in order of importance which you considered most important to be obtained at the Maastricht European Council?

**First (response rate: 63/270 = 23%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>12 = 19%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>12 = 19%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>3 = 5%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td></td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>

**Second (response rate: 58/270 = 21%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>15 = 26%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>8 = 14%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>8 = 14%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>5 = 9%</td>
<td>- Other, please specify</td>
</tr>
<tr>
<td>Reduction of powers of European Court</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Third (response rate: 52/270 = 19%)**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>15 = 29%</td>
<td>- Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>12 = 23%</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>3 = 5%</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>2 = 4%</td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>
(A) CUMULATIVE RESPONSE (270 sent. 72 replied).

Fourth (response rate: 45/270 = 17%)
- Social Chapter opt-out 6 = 13%
- Commitment to subsidiarity 9 = 20%
- Pillar Treaty structure 9 = 22%
- No incorporation of WEU into the EU 3 = 7%
- Non-binding commitment to 3rd stage of EMU 4 = 9%
- Retention of existing institutional balance 9 = 20%
- Deletion of commitment to a federal goal 5 = 11%
- Other, please specify

(8) Do you think that the Maastricht European Council was a negotiating success for the UK? (response rate: 65/270 = 24%)
Yes 43 = 66%
No 22 = 34%
Other (specify)

(9) Do you think that the position that the government, and in particular John Major, adopted at Maastricht was influenced by backbench pressure? (response rate: 69/270)
Yes 51 = 74%
No 17 = 25%
Other (specify) 1 = 1%
A bit.
(B) RESPONSES FROM BACKBENCH MPs (187 questionnaires sent, 54 replied. Response rate = 29%).

(1) Rank in order of importance the factors which you think were influential in Mrs Thatcher’s downfall as Prime Minister?

<table>
<thead>
<tr>
<th>First (response rate: 54/187 = 29%)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of a constructive position in Europe</td>
<td>4 = 7%</td>
</tr>
<tr>
<td>Splits within the Cabinet due to a dominant style of government</td>
<td>5 = 9%</td>
</tr>
<tr>
<td>Dissent within the Parliamentary Party</td>
<td>10 = 19%</td>
</tr>
<tr>
<td>Domestic disputes such as the Community Charge</td>
<td>13 = 24%</td>
</tr>
<tr>
<td>Fear of losing the next General Election</td>
<td>21 = 39%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>1 = 2% (Cabinet changes)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second (response rate: 49/187 = 26%)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of a constructive position in Europe</td>
<td>5 = 10%</td>
</tr>
<tr>
<td>Splits within the Cabinet due to a dominant style of government</td>
<td>8 = 16%</td>
</tr>
<tr>
<td>Dissent within the Parliamentary Party</td>
<td>5 = 10%</td>
</tr>
<tr>
<td>Domestic disputes such as the Community Charge</td>
<td>15 = 31%</td>
</tr>
<tr>
<td>Fear of losing the next General Election</td>
<td>13 = 27%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>3 = 6% (Aloofness to her backbench colleagues. Got to big for her boots - folie de grandeur. Divided views in Cabinet on Europe)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third (response rate: 43/187 = 23%)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of a constructive position in Europe</td>
<td>4 = 9%</td>
</tr>
<tr>
<td>Splits within the Cabinet due to a dominant style of government</td>
<td>14 = 32%</td>
</tr>
<tr>
<td>Dissent within the Parliamentary Party</td>
<td>8 = 19%</td>
</tr>
<tr>
<td>Domestic disputes such as the Community Charge</td>
<td>9 = 21%</td>
</tr>
<tr>
<td>Fear of losing the next General Election</td>
<td>6 = 14%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>2 = 5% (She had been PM too long. Been there too long)</td>
</tr>
</tbody>
</table>
Appendix 14 (Questionnaire B)

(B) RESPONSES FROM BACKBENCH MPs (187 questionnaires sent, 54 replied. Response rate = 29%).

Fourth  (response rate: 39/187 = 21%)
- Lack of a constructive position in Europe 4 = 10%
- Splits within the Cabinet due to a dominant style of government 10 = 26%
- Dissent within the Parliamentary Party 13 = 33%
- Domestic disputes such as the Community Charge 10 = 26%
- Fear of losing the next General Election 2 = 5%
- Other (please specify)

Fifth  (response rate: 32/187 = 17%)
- Lack of a constructive position in Europe 14 = 33%
- Splits within the Cabinet due to a dominant style of government 5 = 16%
- Dissent within the Parliamentary Party 7 = 22%
- Domestic disputes such as the Community Charge 1 = 3%
- Fear of losing the next General Election 4 = 12%
- Other (please specify) 1 = 3% (Campaign to undermine her by a small pro EC group)

(2) Do you think that there has been greater or less consensus within the Cabinet under John Major's premiership than under Margaret Thatcher's, and has that resulted in more or less effective decision making?

(response rate: 47/187 = 25%)
Greater consensus 33 = 70% Less consensus 13 = 28% Other (specify) 1 = 2% (Neither)

(response rate: 45/187 = 24%)
More effective 14 = 31% Less effective 30 = 67% Other (specify) 1 = 2% (No change)

(3) Do you think that the UK was more or less constructive in its role in the European Community (Union) under John Major’s premiership in 1990-1991 than under that of Margaret Thatcher?

(response rate: 49/187 = 26%)
More constructive 33 = 67% Less constructive 10 = 21% Other (specify) 6 = 12%

(Loaded question. Little difference. Less influential. More pliable. Little difference. No real difference - the problems and people were the same)
(B) RESPONSES FROM BACKBENCH MPs (187 questionnaires sent. 54 replied. Response rate = 29%).

(4) Do you think that backbench MPs were consulted more under John Major's premiership in 1990-1991 than under that of Margaret Thatcher?
(response rate: 52/187 = 28%)
More consultation 39 = 75% Less consultation 3 = 6% Other (specify) 10 = 19%

(5) Do you think that the close relationship between John Major and Helmut Kohl was crucial to the UK obtaining the opt-outs on EMU and social policy at the Maastricht European Council in December 1991?
(response rate: 50/187 = 27%)
Crucial 28 = 56% Not crucial 16 = 32% Other (specify) 6 = 12%
(Opt-outs are a total sham. The ECJ is able to overthrow them. Don't know. A deal was done and Major got the opt-outs for a promise that he would use his best endeavours to push the treaty through. Don’t know. Of some help)

(6) Of the following issues could you rank in order of importance which you considered most damaging to the UK?
First (response rate: 46/187 = 25%)
- Social Chapter 6 = 13% - stronger powers for the European Parliament 1 = 2%
- Federal goal 22 = 48% - stronger powers for the European Commission 4 = 9%
- Co-decision process 1 = 2% - Majority voting for Foreign Policy 3 = 7%
- Introduction of a single currency 9 = 19% - Other, please specify

Second (response rate: 44/187 = 24%)
- Social Chapter 4 = 9% - stronger powers for the European Parliament 6 = 13%
- Federal goal 12 = 27% - stronger powers for the European Commission 6 = 13%
- Co-decision process - Majority voting for Foreign Policy 3 = 8%
- Introduction of a single currency 13 = 30% - Other, please specify

Third (response rate: 43/187 = 23%)
- Social Chapter 14 = 32% - stronger powers for the European Parliament 2 = 5%
- Federal goal 3 = 7% - stronger powers for the European Commission 9 = 21%
- Co-decision process - Majority voting for Foreign Policy 9 = 21%
- Introduction of a single currency 5 = 12% - Other, please specify 1 = 2% (Powers of European Court).
### (B) RESPONSES FROM BACKBENCH MPs (187 questionnaires sent, 54 replied. Response rate = 29%).

#### Fourth (response rate: 43/187 = 23%)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter</td>
<td>12 = 28%</td>
<td>Stronger powers for the European Parliament</td>
</tr>
<tr>
<td>Federal goal</td>
<td>2 = 5%</td>
<td>Stronger powers for the European Commission</td>
</tr>
<tr>
<td>Co-decision process</td>
<td>10 = 23%</td>
<td>Majority voting for Foreign Policy</td>
</tr>
<tr>
<td>Introduction of a single currency</td>
<td>1 = 2%</td>
<td>Other, please specify</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### (7) Of the following issues could you rank in order of importance which you considered most important to be obtained at the Maastricht European Council?

#### First (response rate: 49/187 = 26%)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>9 = 18%</td>
<td>Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>10 = 20%</td>
<td>Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>2 = 4%</td>
<td>Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>3 = 7%</td>
<td>Other, please specify</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Second (response rate: 44/187 = 24%)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>10 = 23%</td>
<td>Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>7 = 16%</td>
<td>Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>6 = 13%</td>
<td>Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>3 = 7%</td>
<td>Other, please specify</td>
</tr>
<tr>
<td>Reduction of powers of European Court.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Third (response rate: 40/187 = 21%)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Chapter opt-out</td>
<td>13 = 32%</td>
<td>Non-binding commitment to 3rd stage of EMU</td>
</tr>
<tr>
<td>Commitment to subsidiarity</td>
<td>9 = 22%</td>
<td>Retention of existing institutional balance</td>
</tr>
<tr>
<td>Pillar Treaty structure</td>
<td>3 = 8%</td>
<td>Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>No incorporation of WEU into the EU</td>
<td>1 = 3%</td>
<td>Other, please specify</td>
</tr>
</tbody>
</table>
### (B) RESPONSES FROM BACKBENCH MPs (187 questionnaires sent. 54 replied. Response rate = 29%).

#### Fourth (response rate: 35/187 = 19%)
- Social Chapter opt-out 3 = 9%
- Commitment to subsidiarity 7 = 20%
- Pillar Treaty structure 8 = 22%
- No incorporation of WEU into the EU 3 = 9%
- Non-binding commitment to 3rd stage of EMU 4 = 11%
- Retention of existing institutional balance 7 = 20%
- Deletion of commitment to a federal goal 3 = 9%
- Other, please specify

#### (8) Do you think that the Maastricht European Council was a negotiating success for the UK?
(response rate: 50/187 = 27%)
- Yes 31 = 62%
- No 19 = 38%
- Other (specify)

#### (9) Do you think that the position that the government, and in particular John Major, adopted at Maastricht was influenced by backbench pressure?
(response rate: 51/187 = 27%)
- Yes 38 = 74%
- No 12 = 24%
- Other (specify) 1 = 2% (A bit)
(C) RESPONSES FROM PARLIAMENTARY UNDER-SECRETARIES OF STATE (37 questionnaires sent. 8 replied. Response rate= 21.62%).

(1) Rank in order of importance the factors which you think were influential in Mrs Thatcher’s downfall as Prime Minister?

First (response rate: 8/37 = 22%)
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government 1 = 12.5%
- Dissent within the Parliamentary Party 1 = 12.5%
- Domestic disputes such as the Community Charge 4 = 50%
- Fear of losing the next General Election 2 = 25%
- Other (please specify)

Second (response rate: 7/37 = 18.9%)
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government 2 = 29%
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge 1 = 14%
- Fear of losing the next General Election 4 = 57%
- Other (please specify)

Third (response rate: 5/37 = 13.51%)
- Lack of a constructive position in Europe 1 = 20%
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party 3 = 60%
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election 1 = 20%
- Other (please specify)
(C) RESPONSES FROM PARLIAMENTARY UNDER-SECRETARIES OF STATE (37 questionnaires sent. 8 replied. Response rate = 21.62%).

Fourth (response rate: 5/37 = 13.51%)
- Lack of a constructive position in Europe
  - Splits within the Cabinet due to a dominant style of government 2 = 40%
  - Dissent within the Parliamentary Party 1 = 20%
  - Domestic disputes such as the Community Charge 1 = 20%
  - Fear of losing the next General Election
  - Other (please specify)

Fifth (response rate: 4/37 = 11%)
- Lack of a constructive position in Europe 3 = 75%
- Splits within the Cabinet due to a dominant style of government 1 = 25%
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify)

(2) Do you think that there has been greater or less consensus within the Cabinet under John Major's premiership than under Margaret Thatcher's, and has that resulted in more or less effective decision making?
(response rate: 8/37 = 22%)
Greater consensus 6 = 75% Less consensus Other (specify) 2 = 25%
(Much the same - Major has smaller majority. Same)

(response rate: 8/37 = 22%)
More effective 3 = 37.5% Less effective 2 = 25% Other (specify) 3 = 37.5%
(Much the same - Major has smaller majority. Extra Cabinet factors. Same)

(3) Do you think that the UK was more or less constructive in its role in the European Community (Union) under John Major's premiership in 1990-1991 than under that of Margaret Thatcher?
(response rate: 8/37 = 22%)
More constructive 3 = 37.5% Less constructive 4 = 50% Other (specify) 1 = 12.5% (Same)
(C) RESPONSES FROM PARLIAMENTARY UNDER-SECRETARIES OF STATE (37 questionnaires sent, 8 replied. Response rate= 21.62%).

(4) Do you think that backbench MPs were consulted more under John Major's premiership in 1990-1991 than under that of Margaret Thatcher?

(response rate: 7/37 = 18.9%)

- More consultation 5 = 72%
- Less consultation 1 = 14%
- Other (specify) 1 = 14% (Same)

(5) Do you think that the close relationship between John Major and Helmut Kohl was crucial to the UK obtaining the opt-outs on EMU and social policy at the Maastricht European Council in December 1991?

(response rate = 8/37 = 22%)

- Crucial 4 = 50%
- Not crucial 4 = 50%
- Other (specify)

(6) Of the following issues could you rank in order of importance which you considered most damaging to the UK?

First (response rate: 8/37 = 22%)

1. Social Chapter = 12.5%
2. Federal goal = 50%
3. Co-decision process = 25%
4. Introduction of a single currency = Other, please specify

Second (response rate: 7/37 = 18.9%)

1. Social Chapter = 14%
2. Federal goal = 29%
3. Co-decision process = 14%
4. Introduction of a single currency = Other, please specify

Third (response rate: 6/37 = 16%)

1. Social Chapter = 33%
2. Federal goal = 17%
3. Co-decision process = 17%
4. Introduction of a single currency = Other, please specify
(C) RESPONSES FROM PARLIAMENTARY UNDER-SECRETARIES OF STATE (37 questionnaires sent, 8 replied. Response rate= 21.62%)

Fourth (response rate: 6/37 = 16%)
- Social Chapter 1 = 17% - stronger powers for the European Parliament 2 = 33%
- Federal goal - stronger powers for the European Commission 3 = 50%
- Co-decision process - Majority voting for Foreign Policy
- Introduction of a single currency - Other, please specify

(7) Of the following issues could you rank in order of importance which you considered most important to be obtained at the Maastricht European Council?

First (response rate: 8/37 = 22%)
- Social Chapter opt-out 1 = 12.5% - Non-binding commitment to 3rd stage of EMU 1 = 12.5%
- Commitment to subsidiarity 1 = 12.5% - Retention of existing institutional balance 1 = 12.5%
- Pillar Treaty structure 1 = 12.5% - Deletion of commitment to a federal goal 3 = 37.5%
- No incorporation of WEU into the EU - Other, please specify

Second (response rate: 6/37 = 16%)
- Social Chapter opt-out 1 = 17% - Non-binding commitment to 3rd stage of EMU 1 = 17%
- Commitment to subsidiarity 1 = 17% - Retention of existing institutional balance
- Pillar Treaty structure 2 = 33% - Deletion of commitment to a federal goal
- No incorporation of WEU into the EU 1 = 17% - Other, please specify

Third (response rate 6/37 = 16%)
- Social Chapter opt-out 1 = 17% - Non-binding commitment to 3rd stage of EMU 2 = 33%
- Commitment to subsidiarity 2 = 33% - Retention of existing institutional balance
- Pillar Treaty structure - Deletion of commitment to a federal goal 1 = 17%
- No incorporation of WEU into the EU - Other, please specify
(C) RESPONSES FROM PARLIAMENTARY UNDER-SECRETARIES OF STATE (37 questionnaires sent. 8 replied. Response rate= 21.62%).

Fourth  (response rate: 5/37 = 14%)
- Social Chapter opt-out  3 = 60%  - Non-binding commitment to 3rd stage of EMU
- Commitment to subsidiarity  2 = 40%  - Retention of existing institutional balance
- Pillar Treaty structure  - Deletion of commitment to a federal goal
- No incorporation of WEU into the EU  - Other, please specify

(8) Do you think that the Maastricht European Council was a negotiating success for the UK?
(response rate: 7/37 = 19%)
Yes  6 = 86%  No  1 = 14%  Other (specify)

(9) Do you think that the position that the government, and in particular John Major, adopted at Maastricht was influenced by backbench pressure?
(response rate: 8/37 = 22%)
Yes  5 = 62.5%  No  3 = 37.5%  Other (specify)
(D) RESPONSES FROM MINISTERS OF STATE (25 questionnaires sent. 8 replied. Response rate = 32%).

(1) Rank in order of importance the factors which you think were influential in Mrs Thatcher's downfall as Prime Minister?

First (response rate: 8/25 = 32%)
- Lack of a constructive position in Europe 2 = 25%
- Splits within the Cabinet due to a dominant style of government 2 = 25%
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge 2 = 25%
- Fear of losing the next General Election 4 = 50%
- Other (please specify)

Second (response rate: 8/25 = 32%)
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party 1 = 12%
- Domestic disputes such as the Community Charge 5 = 63%
- Fear of losing the next General Election 2 = 25%
- Other (please specify)

Third (response rate: 6/25 = 24%)
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government 2 = 33%
- Dissent within the Parliamentary Party 2 = 33%
- Domestic disputes such as the Community Charge 1 = 17%
- Fear of losing the next General Election 1 = 17%
- Other (please specify)
### (D) RESPONSES FROM MINISTERS OF STATE  (25 questionnaires sent, 8 replied, Response rate = 32%).

#### Fourth  *(response rate: 4/25 = 16%)*
- Lack of a constructive position in Europe  
  2 = 50%  
- Splits within the Cabinet due to a dominant style of government  
  1 = 25%  
- Dissent within the Parliamentary Party  
  1 = 25%  
- Domestic disputes such as the Community Charge  
- Fear of losing the next General Election  
- Other (please specify)

#### Fifth  *(response rate: 4/25 = 16%)*
- Lack of a constructive position in Europe  
  2 = 50%  
- Splits within the Cabinet due to a dominant style of government  
  1 = 25%  
- Dissent within the Parliamentary Party  
- Domestic disputes such as the Community Charge  
- Fear of losing the next General Election  
- Other (please specify)  
  1 = 25%

(2) Do you think that there has been greater or less consensus within the Cabinet under John Major's premiership than under Margaret Thatcher's, and has that resulted in more or less effective decision making?

*(response rate: 7/25 = 28%)*

<table>
<thead>
<tr>
<th>Consensus Type</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater consensus</td>
<td>5/7 = 72%</td>
</tr>
<tr>
<td>Less consensus</td>
<td>1/7 = 14%</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1/7 = 14%</td>
</tr>
<tr>
<td>(Much the same)</td>
<td></td>
</tr>
</tbody>
</table>

*(response rate: 4/25 = 16%)*

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>More effective</td>
<td>1/4 = 25%</td>
</tr>
<tr>
<td>Less effective</td>
<td>2/4 = 50%</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1/4 = 25%</td>
</tr>
<tr>
<td>(Much the same)</td>
<td></td>
</tr>
</tbody>
</table>

(3) Do you think that the UK was more or less constructive in its role in the European Community (Union) under John Major's premiership in 1990-1991 than under that of Margaret Thatcher?

*(response rate: 7/25 = 28%)*

<table>
<thead>
<tr>
<th>Constructiveness</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>More constructive</td>
<td>5/7 = 72%</td>
</tr>
<tr>
<td>Less constructive</td>
<td>1/7 = 14%</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1/7 = 14%</td>
</tr>
<tr>
<td>(The same)</td>
<td></td>
</tr>
</tbody>
</table>
(D) RESPONSES FROM MINISTERS OF STATE (25 questionnaires sent, 8 replied. Response rate = 32%).

(4) Do you think that backbench MPs were consulted more under John Major’s premiership in 1990-1991 than under that of Margaret Thatcher?
(response rate: 7/25 = 28%)

More consultation 4/7 = 57%  
Less consultation 1/7 = 14%  
Other (specify) 2/7 = 29% (About the same. No difference)

(5) Do you think that the close relationship between John Major and Helmut Kohl was crucial to the UK obtaining the opt-outs on EMU and social policy at the Maastricht European Council in December 1991?
(response rate: 6/25 = 24%)

Crucial 4/6 = 67%  
Not crucial 2/6 = 33%  
Other (specify)

(6) Of the following issues could you rank in order of importance which you considered most damaging to the UK?

**First (response rate: 8/25 = 32%)**
- Social Chapter 1 = 12.5%  
- Federal goal 5 = 62.5%  
- Co-decision process 1 = 12.5%  
- Introduction of a single currency 1 = 12.5%  
  - stronger powers for the European Parliament 1 = 12.5%  
  - stronger powers for the European Commission 1 = 12.5%  
  - Majority voting for Foreign Policy 1 = 12.5%  
  - Other, please specify

**Second (response rate: 8/25 = 32%)**
- Social Chapter 3 = 37.5%  
- Federal goal 1 = 12.5%  
- Co-decision process 3 = 37.5%  
- Introduction of a single currency 3 = 37.5%  
  - stronger powers for the European Parliament 1 = 12.5%  
  - stronger powers for the European Commission 1 = 12.5%  
  - Majority voting for Foreign Policy 1 = 12.5%  
  - Other, please specify

**Third (response rate: 7/25 = 28%)**
- Social Chapter 1 = 14%  
- Federal goal 1 = 14%  
- Co-decision process 1 = 14%  
- Introduction of a single currency 1 = 14%  
  - stronger powers for the European Parliament 1 = 14%  
  - stronger powers for the European Commission 3 = 43%  
  - Majority voting for Foreign Policy 1 = 14%  
  - Other, please specify
(D) RESPONSES FROM MINISTERS OF STATE (25 questionnaires sent. 8 replied. Response rate = 32%).

Fourth (response rate: 7/25 = 28%)
- Social Chapter - stronger powers for the European Parliament 1 = 14%
- Federal goal - stronger powers for the European Commission 3 = 43%
- Co-decision process - Majority voting for Foreign Policy 1 = 14%
- Introduction of a single currency 2 = 29% - Other, please specify

(7) Of the following issues could you rank in order of importance which you considered most important to be obtained at the Maastricht European Council?

First (response rate: 5/25 = 20%)
- Social Chapter opt-out 2 = 40% - Non-binding commitment to 3rd stage of EMU 2 = 40%
- Commitment to subsidiarity 1 = 20% - Retention of existing institutional balance
- Pillar Treaty structure - Deletion of commitment to a federal goal
- No incorporation of WEU into the EU - Other, please specify

Second (response rate: 7/25 = 28%)
- Social Chapter opt-out 3 = 43% - Non-binding commitment to 3rd stage of EMU 1 = 14%
- Commitment to subsidiarity 2 = 29% - Retention of existing institutional balance
- Pillar Treaty structure - Deletion of commitment to a federal goal
- No incorporation of WEU into the EU - Other, please specify

Third (response rate: 5/25 = 20%)
- Social Chapter opt-out 1 = 20% - Non-binding commitment to 3rd stage of EMU 2 = 40%
- Commitment to subsidiarity - Retention of existing institutional balance
- Pillar Treaty structure - Deletion of commitment to a federal goal
- No incorporation of WEU into the EU - Other, please specify
(D) RESPONSES FROM MINISTERS OF STATE (25 questionnaires sent, 8 replied. Response rate = 32%).

Fourth (response rate: 4/25 = 16%)
- Social Chapter opt-out
- Commitment to subsidiarity
- Pillar Treaty structure 1 = 25%
- No incorporation of WEU into the EU
- Non-binding commitment to 3rd stage of EMU
- Retention of existing institutional balance 2 = 50%
- Deletion of commitment to a federal goal 1 = 25%
- Other, please specify

(8) Do you think that the Maastricht European Council was a negotiating success for the UK? (response rate: 6/25 = 24%)
Yes 4 = 67% No 2 = 33% Other (specify)

(9) Do you think that the position that the government, and in particular John Major, adopted at Maastricht was influenced by backbench pressure? (response rate: 8/25 = 32%)
Yes 6 = 75% No 2 = 25% Other (specify)
(E) RESPONSES FROM CABINET MINISTERS (21 questionnaires were sent, 2 replied. Response rate = 9.52%).

(1) Rank in order of importance the factors which you think were influential in Mrs Thatcher's downfall as Prime Minister?

First
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify) 2 = 100%

Second
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify)

Third
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify)

Fourth
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify)
(E) RESPONSES FROM CABINET MINISTERS (21 questionnaires sent. 2 replied. Response rate = 9.52%).

Fifth
- Lack of a constructive position in Europe
- Splits within the Cabinet due to a dominant style of government
- Dissent within the Parliamentary Party
- Domestic disputes such as the Community Charge
- Fear of losing the next General Election
- Other (please specify)

(2) Do you think that there has been greater or less consensus within the Cabinet under John Major’s premiership than under Margaret Thatcher’s, and has that resulted in more or less effective decision making?

Greater consensus 1 = 50% Less consensus 1 = 50% Other (specify)

More effective 2 = 100% Less effective Other (specify)

(3) Do you think that the UK was more or less constructive in its role in the European Community (Union) under John Major’s premiership in 1990-1991 than under that of Margaret Thatcher?

More constructive 1 = 50% Less constructive 1 = 50% Other (specify) 1 = 50% (About the same)

(4) Do you think that backbench MPs were consulted more under John Major’s premiership in 1990-1991 than under that of Margaret Thatcher?

More consultation 1 = 50% Less consultation Other (specify) 1 = 50% (About the same)

(5) Do you think that the close relationship between John Major and Helmut Kohl was crucial to the UK obtaining the opt-outs on EMU and social policy at the Maastricht European Council in December 1991?

Crucial 1 = 50% Not crucial 1 = 50% Other (specify)
### (E) RESPONSES FROM CABINET MINISTERS (21 questionnaires sent, 2 replied. Response rate = 9.52%).

(6) Of the following issues could you rank in order of importance which you considered most damaging to the UK?

**First**
- Social Chapter
- Federal goal
- Co-decision process
- Introduction of a single currency

- stronger powers for the European Parliament
- stronger powers for the European Commission
- Majority voting for Foreign Policy
- Other, please specify

2 = 100%

**Second**
- Social Chapter
- Federal goal
- Co-decision process
- Introduction of a single currency

- stronger powers for the European Parliament
- stronger powers for the European Commission
- Majority voting for Foreign Policy
- Other, please specify

2 = 100%

**Third**
- Social Chapter
- Federal goal
- Co-decision process
- Introduction of a single currency

2 = 100%

- stronger powers for the European Parliament
- stronger powers for the European Commission
- Majority voting for Foreign Policy
- Other, please specify

**Fourth**
- Social Chapter
- Federal goal
- Co-decision process
- Introduction of a single currency

- stronger powers for the European Parliament
- stronger powers for the European Commission
- Majority voting for Foreign Policy
- Other, please specify

1 = 50%
(E) RESPONSES FROM CABINET MINISTERS (21 questionnaires sent. 2 replied. Response rate = 9.52%).

(7) Of the following issues could you rank in order of importance which you considered most important to be obtained at the Maastricht European Council?

<table>
<thead>
<tr>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Social Chapter opt-out</td>
<td>- Social Chapter opt-out</td>
<td>- Social Chapter opt-out</td>
<td>- Social Chapter opt-out</td>
</tr>
<tr>
<td>- Commitment to subsidiarity</td>
<td>- Commitment to subsidiarity</td>
<td>- Commitment to subsidiarity</td>
<td>- Commitment to subsidiarity</td>
</tr>
<tr>
<td>- Pillar Treaty structure</td>
<td>- Pillar Treaty structure</td>
<td>- Pillar Treaty structure</td>
<td>- Pillar Treaty structure</td>
</tr>
<tr>
<td>- No incorporation of WEU into the EU</td>
<td>- No incorporation of WEU into the EU</td>
<td>- No incorporation of WEU into the EU</td>
<td>- No incorporation of WEU into the EU</td>
</tr>
<tr>
<td>- Non-binding commitment to 3rd stage of EMU 1</td>
<td>- Non-binding commitment to 3rd stage of EMU 1</td>
<td>- Non-binding commitment to 3rd stage of EMU 1</td>
<td>- Non-binding commitment to 3rd stage of EMU 1</td>
</tr>
<tr>
<td>- Retention of existing institutional balance</td>
<td>- Retention of existing institutional balance</td>
<td>- Retention of existing institutional balance</td>
<td>- Retention of existing institutional balance</td>
</tr>
<tr>
<td>- Deletion of commitment to a federal goal</td>
<td>- Deletion of commitment to a federal goal</td>
<td>- Deletion of commitment to a federal goal</td>
<td>- Deletion of commitment to a federal goal</td>
</tr>
<tr>
<td>- Other, please specify</td>
<td>- Other, please specify</td>
<td>- Other, please specify</td>
<td>- Other, please specify</td>
</tr>
</tbody>
</table>
(E) RESPONSES FROM CABINET MINISTERS (21 questionnaires sent. 2 replied. Response rate = 9.52%).

(8) Do you think that the Maastricht European Council was a negotiating success for the UK?
   Yes 2 = 100%
   No
   Other (specify)

(9) Do you think that the position that the government, and in particular John Major, adopted at Maastricht was influenced by backbench pressure?
   Yes 2 = 100%
   No
   Other (specify)
Appendix 15:

European Institutional Dimension
# Appendix 16:

## Schedule of Proceedings 1990-91

<table>
<thead>
<tr>
<th>Date</th>
<th>Primary Issues</th>
<th>Preparatory Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Political Union</td>
<td>Belgian Memorandum.</td>
</tr>
<tr>
<td>April</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Political Union</td>
<td>Kohl-Mitterrand letter to the Irish Presidency.</td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Political Union</td>
<td>Greek Memorandum - Contribution to the Discussions on Progress Towards Political Union.</td>
</tr>
<tr>
<td>July</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>13</td>
<td>Political Union</td>
<td>The Belgian Senate backed the European Parliament’s Martin Report and called for EPC’s integration into the EC system.</td>
</tr>
<tr>
<td>September</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>CFSP</td>
<td>Italian proposal on CFSP.</td>
</tr>
<tr>
<td>19</td>
<td>EMU</td>
<td>Deutsche Bundesbank’s Statement on Creating Economic and Monetary Union in Europe.</td>
</tr>
<tr>
<td>October</td>
<td></td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>EMU, Political Union</td>
<td>Memorandum from the Danish Government.</td>
</tr>
<tr>
<td>10</td>
<td>EMU</td>
<td>European Parliament’s Resolution on Economic and Monetary Union, based on a report presented by Fernard Herman (EPP, Belgium).</td>
</tr>
<tr>
<td>21</td>
<td>Political Union</td>
<td>European Commission opinion about the Intergovernmental Conference.</td>
</tr>
<tr>
<td>22</td>
<td>EMU</td>
<td>Report by Mr Guido Carli, Italian Treasury Minister and President-in-Office of the EcoFin Council, to the European Council.</td>
</tr>
<tr>
<td>26</td>
<td>Political Union</td>
<td>Dutch government policy document on European Political Union emphasised its desire for federalism.</td>
</tr>
<tr>
<td>27-28</td>
<td>European Council Conclusions</td>
<td>European Council, Conclusions of the Presidency, Rome.</td>
</tr>
<tr>
<td>November</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-16</td>
<td>Political Union, EMU</td>
<td>In Favour of a Federal Constitution for the European Union; document adopted at the eighth Congress of the European Peoples Party, Dublin.</td>
</tr>
<tr>
<td>16</td>
<td>Political Union</td>
<td>Italian Council’s Presidency report on the Institutional Conference on Political Union.</td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>30</td>
<td>Democratic legitimacy, Subsidiarity</td>
<td>Final Declaration of the Conference of the Parliaments of the European Community (Assizes), meeting in Rome on 27-30 November.</td>
</tr>
<tr>
<td>30</td>
<td>Political Union</td>
<td>Memorandum from the Portuguese Delegation - Political Union with a View to the Intergovernmental Conference.</td>
</tr>
<tr>
<td><strong>December</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>Political Union</td>
<td>Kohl-Mitterrand letter to Giulio Andreotti proposed that there should be an ‘organic’ link between the WEU and the EC.</td>
</tr>
<tr>
<td>12</td>
<td>Political Union</td>
<td>Letter to Giulio Andreotti from Ruud Lubbers and Hans van den Broek.</td>
</tr>
<tr>
<td>15</td>
<td>EMU</td>
<td>European Commission Draft Treaty amending the treaty establishing the European Economic Community with a view to achieving Economic and Monetary Union.</td>
</tr>
<tr>
<td>27</td>
<td>EMU</td>
<td>European Commission’s Comments on the Draft Treaty on Economic and Monetary Union.</td>
</tr>
<tr>
<td><strong>January</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07</td>
<td>Subsidiarity</td>
<td>Belgian Proposal on Subsidiarity - Note to the Presidency.</td>
</tr>
<tr>
<td>08</td>
<td>Subsidiarity</td>
<td>Presidency Non-Paper.</td>
</tr>
<tr>
<td>10</td>
<td>EMU, European Monetary Fund, Hard ECU</td>
<td>UK Government proposal. Economic and Monetary Union - Beyond Stage I: Possible Treaty Provisions and Statute for a European Monetary Fund.</td>
</tr>
<tr>
<td>25</td>
<td>Social Policy</td>
<td>Belgian Proposal on Social Policy.</td>
</tr>
<tr>
<td>27</td>
<td>EMU</td>
<td>French Draft Treaty on Economic and Monetary Union.</td>
</tr>
<tr>
<td>28</td>
<td>EMU</td>
<td>A Spanish Draft for the Second Phase of Economic and Monetary Union.</td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>February 01</td>
<td>EMU</td>
<td>European Commission explanatory memorandum concerning the Draft Treaty on European Economic and Monetary Union.</td>
</tr>
<tr>
<td>04</td>
<td>CFSP</td>
<td>Franco-German Proposals at the IGC on Political Union - Security Policy Co-operation in the framework of the common foreign and security policy of political union. The proposal advanced the development of an 'organic' relationship between the WEU and Political Union, while the development of a European security and defence identity would be represented by the creation of a European pillar within NATO.</td>
</tr>
<tr>
<td>05</td>
<td>CFSP</td>
<td>Italian Proposal on CFSP.</td>
</tr>
<tr>
<td>12</td>
<td>CFSP</td>
<td>Franco-German proposal: Security policy co-operation in the framework of the common foreign and security policy of political union.</td>
</tr>
<tr>
<td>19</td>
<td>CFSP</td>
<td>UK view on foreign policy outlined by Douglas Hurd during the Churchill Memorial Lecture, in Luxembourg. It noted that the UK wanted some kind of linkage between the European Council and the WEU. The plan stressed that it would be in the WEU that follow-up discussions on defence took place.</td>
</tr>
<tr>
<td>20</td>
<td>EMU</td>
<td>Non-Paper by the Luxembourg Presidency Concerning the Draft Articles 2 to 4 BIS and 102A to 104A of the Treaty establishing the EEC, amended with a view to the creation of EMU.</td>
</tr>
<tr>
<td>21</td>
<td>European Citizenship</td>
<td>Spanish Delegation’s Proposal to the IGC on Political Union - European Citizenship.</td>
</tr>
<tr>
<td>March 05</td>
<td>Economic and Social Cohesion</td>
<td>Economic and Social Cohesion in Political, Economic and Monetary Union: The Spanish Viewpoint.</td>
</tr>
<tr>
<td>05</td>
<td>Co-decision</td>
<td>European Commission contribution.</td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>07</td>
<td>External Competencies</td>
<td>European Commission contribution.</td>
</tr>
<tr>
<td>18</td>
<td>Social Policy</td>
<td>UNICE Contribution to the IGC on Political Union: General Considerations.</td>
</tr>
<tr>
<td>18</td>
<td>Social Policy</td>
<td>UNICE Contribution to the IGC on Political Union: Comments on Issues of Specific Concern.</td>
</tr>
<tr>
<td>20</td>
<td>EMU</td>
<td>An overall proposal by the German delegation.</td>
</tr>
<tr>
<td>22</td>
<td>Economic and Social Cohesion</td>
<td>Portuguese Delegation's contribution on Economic and Social Cohesion with a view to European Union.</td>
</tr>
<tr>
<td>10</td>
<td>Social Policy</td>
<td>Portuguese Delegation’s contribution on social policy.</td>
</tr>
<tr>
<td>12</td>
<td>Political Union</td>
<td>Luxembourg Draft Treaty - <em>Project of Articles</em>. The Luxembourg draft was based on a Greek temple model of integration, although aspects such as CFSP were provided with a more communitaire characteristic than that of EPC. This draft was not favoured by the mission and Member States such as Belgium and the Netherlands.</td>
</tr>
<tr>
<td>15</td>
<td>Co-decision</td>
<td>Luxembourg Presidency Co-decision Non-Paper.</td>
</tr>
<tr>
<td>15</td>
<td>CFSP</td>
<td>Luxembourg Presidency CFSP Paper.</td>
</tr>
<tr>
<td>19</td>
<td>Post Gulf War memo</td>
<td>Gulf War: Suggestions by the Community’s Presidency for a “Global Approach to an After-isis Scenario.” The text was produced at the end of an extraordinary meeting on political co-operation in Luxembourg.</td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>June 18</td>
<td>Political Union, EMU</td>
<td>Luxembourg Presidency's <em>Consolidated Draft</em> on Political Union, Economic and Monetary Union.</td>
</tr>
<tr>
<td></td>
<td>WEU</td>
<td>WEU Council of Ministers Communiqué - Vianden (Luxembourg).</td>
</tr>
<tr>
<td>July 07</td>
<td>Yugoslavia</td>
<td>Joint Declaration on Yugoslavia - The Brioni Agreement.</td>
</tr>
<tr>
<td>September 06</td>
<td>EMU</td>
<td>Dutch Presidency's Proposals on the Transitional Period and Conditions for the Transition to the Final Stages.</td>
</tr>
<tr>
<td></td>
<td>Political Union</td>
<td>The Dutch Draft Treaty - Towards European Union.</td>
</tr>
<tr>
<td></td>
<td>Political Union</td>
<td>Revised Dutch Draft Treaty called for enhanced powers for the European Parliament, a common foreign and security policy as well as an overall federal goal.</td>
</tr>
<tr>
<td></td>
<td>External Relations</td>
<td>The External Relations Part of the First Dutch Draft Treaty Proposal.</td>
</tr>
<tr>
<td>October 05</td>
<td>CFSP</td>
<td>Anglo-Italian Declaration on CFSP and Defence.</td>
</tr>
<tr>
<td>Date</td>
<td>Primary Issues</td>
<td>Preparatory Documents</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>CFSP</td>
<td>Joint Communiqué by the French, German and Spanish Foreign Ministers.</td>
</tr>
<tr>
<td>16</td>
<td>CFSP</td>
<td>Franco-German initiative on Foreign Security and Defence Policy.</td>
</tr>
<tr>
<td>28</td>
<td>EMU</td>
<td>Dutch Presidency’s Draft Treaty on Economic and Monetary Union.</td>
</tr>
<tr>
<td>November</td>
<td>European Security</td>
<td>The Alliance’s New Strategic Concept - agreed at Rome North Atlantic Council.</td>
</tr>
<tr>
<td>07-08</td>
<td>EMU</td>
<td>Revised version of EMU text presented by the Chairman of the EMU Working Group.</td>
</tr>
<tr>
<td>December</td>
<td>Political Union</td>
<td>Final Draft by the Dutch Presidency as modified by the Maastricht Summit.</td>
</tr>
<tr>
<td>10</td>
<td>EMU</td>
<td>The Treaty on Economic and Monetary Union.</td>
</tr>
</tbody>
</table>
### Appendix 17:

**Chronology of main European events throughout 1990-91**

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
<th>Place</th>
<th>Main Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>Irish Presidency: January-June 1990</td>
<td></td>
<td><strong>Irish Presidency: January-June 1990</strong></td>
</tr>
<tr>
<td>12</td>
<td>EcoFin Council</td>
<td></td>
<td>Implemented decisions concerning co-operation between Central Banks and on economic convergence policies.</td>
</tr>
<tr>
<td>April</td>
<td>Extraordinary European Council</td>
<td>Dublin</td>
<td>Foreign Ministers were asked to consider the progress of Political Union as a result of the Kohl-Mitterrand letter which had been sent to the Irish President of the Council, Charles Haughey, on 19 April. Margaret Thatcher spoke against the IGC that Kohl and Mitterrand wanted, while Portugal was also reluctant.</td>
</tr>
<tr>
<td>May</td>
<td></td>
<td>Brussels</td>
<td>Implementation of the Dublin summit mandate.</td>
</tr>
<tr>
<td>07</td>
<td></td>
<td></td>
<td>State Treaty signed between the Federal Republic of Germany and the German Democratic Republic establishing a monetary, economic and social union.</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td>Gymnich meeting at which the mandate was passed to the member states personal representatives.</td>
</tr>
<tr>
<td>19-10</td>
<td></td>
<td>Parknasilla</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 17

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
<th>Place</th>
<th>Main Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08</td>
<td>NATO Summit</td>
<td>Turnberry</td>
<td>NATO Foreign Ministers meeting at which the ‘Message from Turnberry’ was issued which noted the determination to grasp the opportunities resulting from the changes in Europe, and to extend friendship and co-operation to the Soviet Union and other European countries.</td>
</tr>
<tr>
<td>18-19</td>
<td>General Affairs Council</td>
<td>Luxembourg</td>
<td>Discussed a report from the 12 personal representatives and the Secretary General of the European Commission, David Williamson.</td>
</tr>
<tr>
<td>25-26</td>
<td>European Council</td>
<td>Dublin</td>
<td>Agreement on the establishment of a second IGC that concentrate on the political construction of Europe.</td>
</tr>
<tr>
<td>July</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Italian Presidency: July-December 1990</td>
<td></td>
<td>Stage I of EMU formally began which meant that limited monetary functions and the technical preparation for the Monetary Institute were carried out by the Committee of Central Bank Governors.</td>
</tr>
<tr>
<td>01</td>
<td></td>
<td></td>
<td>German Union Treaty entered force.</td>
</tr>
<tr>
<td>06</td>
<td>NATO Summit</td>
<td>London</td>
<td>London Summit Declaration on a Transformed North Atlantic Alliance. Major steps were announced to bring East-West confrontation to an end, including a fundamental review of NATO strategy and arms control initiatives.</td>
</tr>
<tr>
<td>16-17</td>
<td></td>
<td>Brussels</td>
<td>Establishment of Italian schedule and procedure.</td>
</tr>
<tr>
<td>August</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td></td>
<td></td>
<td>Iraq invade Kuwait.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------</td>
<td>-------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>September</td>
<td>EcoFin Council</td>
<td>Rome</td>
<td>Failure to reach agreement on the pace of European integration. Belgium, Denmark, France and Italy supported a fast-track approach as highlighted in the April '989 Delors Plan which would result in Stage 2 of EMU starting on 1 January 1993. The Netherlands, Germany and the UK favoured a slower pace of integration.</td>
</tr>
<tr>
<td>October</td>
<td>General Affairs Council</td>
<td>Asolo</td>
<td>Discussion centred on two documents from the personal representatives, namely the Franco-German CFSP initiative, and the ‘Asolo’ list on areas for common action on CFSP.</td>
</tr>
<tr>
<td>22-23</td>
<td>General Affairs Council</td>
<td>Rome</td>
<td>Agreement was reached on the Presidency document to the European Council.</td>
</tr>
<tr>
<td>27-28</td>
<td>General Affairs Council</td>
<td>Rome</td>
<td>Agreement was reached that Stage 2 of EMU would begin on 1 January 1994. That date was opted for after a long period of German indecision. The outcome of the vote for the date of Stage 2 was eleven to one, with Margaret Thatcher being the only dissenting voice.</td>
</tr>
<tr>
<td>November</td>
<td>CSCE Summit</td>
<td>Paris</td>
<td>Meeting of the Conference on Security and Co-operation in Europe, at which the 34 Heads of State and Government signed a Charter for a New Europe.</td>
</tr>
<tr>
<td>December</td>
<td>EcoFin Council</td>
<td>Milan</td>
<td>EC Central Bank Governors presented Finance Ministers with draft statutes for Eurofed.</td>
</tr>
<tr>
<td>10</td>
<td>WEU Meeting</td>
<td>Paris</td>
<td>WEU Ministerial meeting.</td>
</tr>
<tr>
<td>14-15</td>
<td>European Council</td>
<td>Rome</td>
<td>Established a broad framework for the negotiations by the IGC.</td>
</tr>
<tr>
<td>15</td>
<td>General Affairs Council</td>
<td>Rome</td>
<td>Opening of the IGC’s on Economic and Monetary Union and Political Union.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------</td>
<td>--------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>January</td>
<td><strong>Luxembourg Presidency: January-June 1991</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>General Affairs Council</td>
<td>Luxembourg</td>
<td>EC Foreign Ministers held and emergency meeting to discuss the Gulf crisis and attempted to meet the Iraqi Foreign Minister.</td>
</tr>
<tr>
<td>08</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>First meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>14</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Emergency Foreign Ministers meeting to discuss the Gulf crisis.</td>
</tr>
<tr>
<td>15</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>First meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>17</td>
<td>Foreign Ministers and WEU</td>
<td>Paris</td>
<td>Emergency meeting to discuss the outbreak of hostilities in the Gulf.</td>
</tr>
<tr>
<td>28</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>First Ministerial review of the IGC on EMU. Agreement that the Commission Working Paper would provide the basis for member states deliberations in the IGC on EMU.</td>
</tr>
<tr>
<td>29</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Second meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>31</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Second meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>February</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>EC Foreign Ministers discussed joint proposals presented by Hans-Dietrich Genscher and Roland Dumas. These proposals stated that the Heads of State and Government would decide which issues of Foreign Policy would become matters for common policy - under conditions requiring unanimous agreement. Such decisions would then be subject to majority voting in the Council of Ministers. The view was expressed that the WEU would be taken over by the EC in 1996-1997.</td>
</tr>
<tr>
<td>04</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Third meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-----------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>11</td>
<td>Bilateral</td>
<td>Bonn</td>
<td>John Major met Helmut Kohl which signified a new constructive spirit between the two countries.</td>
</tr>
<tr>
<td>15</td>
<td>WEU</td>
<td>Brussels</td>
<td>The Secretary General of the WEU, Willem van Eekelen, had a meeting with the President of the European Commission, Jacques Delors, at which he suggested that the WEU move from London to Brussels and fall under the aegis of the EC.</td>
</tr>
<tr>
<td>19</td>
<td>Extraordinary meeting on EPC</td>
<td>Luxembourg</td>
<td>Discussed post-war Middle East policy and aid to the Soviet Union.</td>
</tr>
<tr>
<td>19</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Third meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>20</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Fourth meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>22</td>
<td>Foreign and Defence Ministers</td>
<td>Paris</td>
<td>Meeting approved an interim report noting the WEU as a link between NATO and European integration.</td>
</tr>
<tr>
<td>24-25</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>Finance Ministers discussed a Luxembourg Presidency paper to give the European Commission a wide degree of control over national economic policy-making. Agreement was reached amongst Ministers (except UK) that rules concerning budgetary policies should be widened, while it was accepting sanctions should be imposed against any county which ran an excessive deficit.</td>
</tr>
<tr>
<td>26</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Fourth meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>28</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Fifth meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>March 04</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Discussed the IGC on Political Union and German plans to increase the powers of the European Parliament, which received limited support. Also discussed the situation in the Middle East after the Gulf War and decided to send a troika mission to Middle Eastern Capitals.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>07</td>
<td>Jacques Delors speech</td>
<td>London</td>
<td>In a speech at the Institute of Strategic Studies which proposed that the EC went beyond establishing a joint foreign and security policy and commit itself to a common European Defence policy.</td>
</tr>
<tr>
<td>13</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Sixth meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>14</td>
<td>Bilateral</td>
<td>Paris</td>
<td>Meeting between George Bush and François Mitterand.</td>
</tr>
<tr>
<td>16</td>
<td>Bilateral</td>
<td>Bermuda</td>
<td>Meeting between George Bush and John Major.</td>
</tr>
<tr>
<td>18</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>Discussed EMU, indirect tax harmonisation and allowances for travellers.</td>
</tr>
<tr>
<td>19</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Fifth meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>20</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Seventh meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>24</td>
<td>Bilateral</td>
<td>Camp David, USA</td>
<td>Meeting between George Bush, Giulio Andreotti and Gianni De Michelis.</td>
</tr>
<tr>
<td>26</td>
<td>General Affairs Council (Gymnich)</td>
<td>Senningen</td>
<td>Discussed the future of EC security policy.</td>
</tr>
<tr>
<td>27</td>
<td>Bilateral</td>
<td>Bonn</td>
<td>Meeting between Giulio Andreotti and Helmut Kohl.</td>
</tr>
<tr>
<td>April</td>
<td>Extraordinary European Council</td>
<td>Luxembourg</td>
<td>Meeting to discuss the situation in the Middle East. The summit backed John Major's proposed scheme to create 'safe havens' for the Kurds in Northern Iraq by stopping Iraqi aircraft flying in these areas as they would be threatened with retaliation from the coalition forces. The summit had originally been intended to improve EC foreign policy co-ordination due to the failure to present a united front during the Gulf crisis.</td>
</tr>
<tr>
<td>08</td>
<td>IGC Meeting on EMU</td>
<td>Luxembourg</td>
<td>Sixth Ministerial reunion of IGC on EMU.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------</td>
<td>----------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>08</td>
<td>EMU Negotiations</td>
<td>Luxembourg</td>
<td>Sixth meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>15</td>
<td>General Affairs Council</td>
<td>Luxembourg</td>
<td>Discussed Luxembourg draft treaties on Political Union.</td>
</tr>
<tr>
<td>23</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Seventh meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>28</td>
<td>General Affairs Council</td>
<td>Luxembourg</td>
<td>Foreign Ministers discussed defence policy and UK plan to protect the Kurds in Iraq with United Nations police.</td>
</tr>
<tr>
<td>29</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Eighth meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>May</td>
<td>EcoFin Council(informal)</td>
<td>Luxembourg</td>
<td>Finance Ministers and European Central Bank Governors held an informal meeting at which Jacques Delors proposed a formula which would give the UK an 'opt-out' from moves towards a single currency. Finance Ministers set in motion the moves from Stage 2 to 3 which would provide a catalyst for the definition of the main economic policy guidelines.</td>
</tr>
<tr>
<td>13-14</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Foreign Ministers discussed the IGC on Political Union, at which the UK rejected plans to extend majority voting on labour and social affairs issues.</td>
</tr>
<tr>
<td>June</td>
<td>General Affairs Council(Gymnic)</td>
<td>Dresden</td>
<td>Discussed Treaty structure.</td>
</tr>
<tr>
<td>03</td>
<td>EcoFin Council</td>
<td>Luxembourg</td>
<td>Eighth meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>03</td>
<td>EMU Negotiations</td>
<td>Luxembourg</td>
<td>Eighth meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>05</td>
<td>Bilateral</td>
<td>London</td>
<td>Meeting between Jacques Santer and John Major to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>---------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>06</td>
<td>Bilateral</td>
<td>Dublin</td>
<td>Meeting between Jacques Santer and Charles Haughey to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>06</td>
<td>NATO Summit</td>
<td>Copenhagen</td>
<td>Discussed the concept of a European Pillar for NATO.</td>
</tr>
<tr>
<td>09</td>
<td>Bilateral</td>
<td>Chequers, UK</td>
<td>Meeting between John Major and Helmut Kohl to discuss issues prior to the forthcoming Luxembourg European Council. The agenda included possible co-operation between the Conservative Party and the European Christian-Democrat Parties.</td>
</tr>
<tr>
<td>10</td>
<td>EcoFin Council</td>
<td>Luxembourg</td>
<td>Agreement on the role of the European Central Bank as a means of setting in motion the move from Stage 2 to 3, though it was agreed that no member states would be obliged to take part in Stage 3, while at the same time no member state could prevent the others from moving to stage 3.</td>
</tr>
<tr>
<td>12</td>
<td>Bilateral</td>
<td>Madrid</td>
<td>Meeting between Jacques Santer and Felipe Gonzalez to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>13</td>
<td>Bilateral</td>
<td>Lisbon</td>
<td>Meeting between Jacques Santer and Cavaco Silva to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>14</td>
<td>Bilateral</td>
<td>Athens</td>
<td>Meeting between Jacques Santer and Constantine Mitsotakis to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>14</td>
<td>Bilateral</td>
<td>Rome</td>
<td>Meeting between Jacques Santer and Giulio Andreotti to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>17</td>
<td>General Affairs Council</td>
<td>Luxembourg</td>
<td>Discussed common provisions, institutions and new competencies. At the meeting the Luxembourg Presidency introduced a revised draft treaty which talked of 'a union with a federal goal'. This was opposed by Douglas Hurd.</td>
</tr>
<tr>
<td>18</td>
<td>Bilateral</td>
<td>Brussels</td>
<td>Meeting between Jacques Santer and Wilfried Martens to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------</td>
<td>----------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>18</td>
<td>Bilateral</td>
<td>The Hague</td>
<td>Meeting between Jacques Santer and Ruud Lubbers to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>21</td>
<td>Bilateral</td>
<td>Copenhagen</td>
<td>Meeting between Jacques Santer and Poul Schlüter to discuss issues prior to the forthcoming Luxembourg European Council.</td>
</tr>
<tr>
<td>23</td>
<td>General Affairs Council (Conclave)</td>
<td>Luxembourg</td>
<td>Discussions focused on the <em>Luxembourg Consolidated Draft</em>.</td>
</tr>
<tr>
<td>24</td>
<td>EcoFin Council</td>
<td>Luxembourg</td>
<td></td>
</tr>
<tr>
<td>28-29</td>
<td>European Council</td>
<td>Luxembourg</td>
<td>Discussed the draft treaty put forward by Luxembourg, but postponed any decisions on contentious issues until the December 1991 EC Summit in Maastricht. The meeting emphasised the need for the Community to make progress on economic and monetary convergence as part of the first stage of EMU, with particular reference to price stability and sound public finance.</td>
</tr>
</tbody>
</table>

**Netherlands Presidency: July-December 1991**

<table>
<thead>
<tr>
<th>July</th>
<th>Meeting</th>
<th>Place</th>
<th>Main Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
<td>General Affairs Council</td>
<td>The Hague</td>
<td>Extraordinary Foreign Ministers meeting that examined developments in Yugoslavia. The meeting had been convened at the request of Roland Dumas.</td>
</tr>
<tr>
<td>08</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>Finance Ministers agreed to submit medium-term national economic strategies to the European Commission to help the process of economic convergence.</td>
</tr>
<tr>
<td>10</td>
<td>General Affairs Council</td>
<td>The Hague</td>
<td>Foreign Ministers reached formal agreement on sending EC observers to Yugoslavia to oversee the Brioni agreement.</td>
</tr>
<tr>
<td>23</td>
<td>Kohl-Mitterrand bilateral</td>
<td>Bad Wiessee (Bavaria)</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>29</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>EC Foreign Ministers met Yugoslav federal leaders.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------</td>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>August</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>Foreign Ministers</td>
<td>The Hague</td>
<td>Emergency meeting that discussed tensions between Serbia and Croatia.</td>
</tr>
<tr>
<td>20</td>
<td>Foreign Ministers</td>
<td>The Hague</td>
<td>Emergency meeting that discussed the overthrow of President Gorbachev.</td>
</tr>
<tr>
<td>27</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Extraordinary Foreign Ministers reached agreement on recognition of the independence of the Baltic Republics, and discussed the Yugoslav crisis. The meeting had been requested by Roland Dumas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>Monetary Committee</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>03</td>
<td>General Affairs Council</td>
<td>The Hague</td>
<td>Foreign Ministers appointed Lord Carrington chair of the peace conference on Yugoslavia.</td>
</tr>
<tr>
<td>06</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Discussed issues concerning the EC’s relationship with Eastern Europe.</td>
</tr>
<tr>
<td>09</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>Discussed the Dutch Presidency’s latest proposals on EMU.</td>
</tr>
<tr>
<td>11</td>
<td>Bilateral</td>
<td>Paris</td>
<td>Evening meeting between François Mitterrand and John Major.</td>
</tr>
<tr>
<td>18</td>
<td>Bilateral</td>
<td>The Hague</td>
<td>Meeting between Ruud Lubbers and John Major to discuss Dutch proposals for the IGC negotiations.</td>
</tr>
<tr>
<td>19</td>
<td>EC/WEU Foreign Ministers</td>
<td>The Hague</td>
<td>Discussed Dutch idea of sending a peace-keeping force to Yugoslavia.</td>
</tr>
<tr>
<td>21-22</td>
<td>EcoFin Council(informal)</td>
<td>Apeldoorn</td>
<td>Meeting made progress on EMU and agreed that the start of Stage 3 should be decided by unanimous agreement of all twelve Heads of State and Government rather than by majority voting.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------</td>
<td>---------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>22-23</td>
<td>Social Affairs Council (informal)</td>
<td>Ootmarsum</td>
<td>Meeting of EPU personal representative negotiators at which the Dutch Political Union draft treaty was rejected after a <em>tour de table</em>.</td>
</tr>
<tr>
<td>26</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Focused on Dutch Presidency draft treaty on Political Union, which ten member states rejected - only Belgium and the Netherlands supported it. Decision to send more observers to Yugoslavia, while the WEU Defence Ministers agreed to support the EC.</td>
</tr>
<tr>
<td>30</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>02</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>05-06</td>
<td>General Affairs Council (Gymnich)</td>
<td>Haarzuilen</td>
<td>Discussed foreign and security policy.</td>
</tr>
<tr>
<td>07</td>
<td>EcoFin Council</td>
<td>Luxembourg</td>
<td>Focused on moves to tight budgetary discipline.</td>
</tr>
<tr>
<td>10</td>
<td>European Parliament</td>
<td>Luxembourg</td>
<td>Voted to increase the number of German MEPs from 81 to 99 in order to account for reunification.</td>
</tr>
<tr>
<td>10-11</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>14</td>
<td>Social Affairs Council</td>
<td>Luxembourg</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>17-18</td>
<td>Bilateral</td>
<td>Viterbo, Rome</td>
<td>Franco-Italian summit.</td>
</tr>
<tr>
<td>18</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>28</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Discussed co-decision and economic and social cohesion.</td>
</tr>
<tr>
<td>29</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>----------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>29</td>
<td>WEU Meeting</td>
<td>Bonn WEU</td>
<td>WEU Foreign and Defence Ministers discussed the future role of the WEU.</td>
</tr>
<tr>
<td>30</td>
<td>Bilateral</td>
<td>Leipzig</td>
<td>Meeting between Hans-Dietrich Genscher and Douglas Hurd.</td>
</tr>
<tr>
<td>November 04-05</td>
<td>General Affairs Council</td>
<td>Brussels</td>
<td>Discussed social policy and JHA.</td>
</tr>
<tr>
<td>05</td>
<td>Internal Market Council</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>EMU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EMU personal representative negotiators.</td>
</tr>
<tr>
<td>06</td>
<td>EPU Negotiations</td>
<td>Brussels</td>
<td>Meeting of EPU personal representative negotiators.</td>
</tr>
<tr>
<td>7-8</td>
<td>NATO Summit</td>
<td>Rome</td>
<td>Discussed future relationship between NATO, WEU and EC. Issued Rome Declaration on Peace and Co-operation.</td>
</tr>
<tr>
<td>10</td>
<td>Bilateral</td>
<td>Bonn</td>
<td>Meeting between Helmut Kohl and John Major.</td>
</tr>
<tr>
<td>11</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Ministerial IGC on EMU</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>12-13</td>
<td>Special Foreign Ministers meeting on EPU (conclave)</td>
<td>Noordwijk</td>
<td>Discussed the Noordwijk draft. Four issues were still unresolved: social policy, majority voting on foreign policy, immigration policy and the single currency.</td>
</tr>
<tr>
<td>19</td>
<td>Bilateral</td>
<td>Brussels</td>
<td>Meeting between Charles Haughey and Jacques Delors.</td>
</tr>
<tr>
<td>19</td>
<td>Bilateral</td>
<td>Copenhagen</td>
<td>Meeting between Ruud Lubbers and Poul Schlüter for pre-Maastricht talks.</td>
</tr>
<tr>
<td>19</td>
<td>Bilateral</td>
<td>Rome</td>
<td>Meeting between Ruud Lubbers and Giulio Andreotti for pre-Maastricht talks.</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
<td>-----------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>22</td>
<td>Bilateral</td>
<td>London</td>
<td>Meeting between Ruud Lubbers and John Major for pre-Maastricht talks.</td>
</tr>
<tr>
<td>22</td>
<td>Bilateral</td>
<td>Dublin</td>
<td>Meeting between Ruud Lubbers and Charles Haughey for pre-Maastricht talks.</td>
</tr>
<tr>
<td>25</td>
<td>Bilateral</td>
<td>Brussels</td>
<td>Meeting between Ruud Lubbers and Wilfried Martens for pre-Maastricht talks.</td>
</tr>
<tr>
<td>25</td>
<td>Bilateral</td>
<td>Lisbon</td>
<td>Meeting between Ruud Lubbers and Cavaco Silva for pre-Maastricht talks.</td>
</tr>
<tr>
<td>25</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td>Discussed EMU treaty details</td>
</tr>
<tr>
<td>26</td>
<td>Christian Democrat meeting</td>
<td>Brussels</td>
<td>Heads of Government of Germany, Italy, Netherlands, Belgium, Luxembourg and Greece met for pre-Maastricht talks.</td>
</tr>
<tr>
<td>27</td>
<td>Bilateral</td>
<td>Bonn</td>
<td>Meeting between Helmut Kohl and John Major for pre-Maastricht talks.</td>
</tr>
<tr>
<td>28</td>
<td>Bilateral</td>
<td>Paris</td>
<td>Meeting between Ruud Lubbers and François Mitterrand for pre-Maastricht talks.</td>
</tr>
<tr>
<td>29</td>
<td>Bilateral</td>
<td>Luxembourg</td>
<td>Meeting between Ruud Lubbers and Jacques Santer for pre-Maastricht talks.</td>
</tr>
<tr>
<td>30</td>
<td>Bilateral</td>
<td>Brussels</td>
<td>Meeting between Ruud Lubbers and Jacques Delors.</td>
</tr>
<tr>
<td>December 01</td>
<td>Bilateral</td>
<td>London</td>
<td>Meeting between Ruud Lubbers and John Major for pre-Maastricht talks.</td>
</tr>
<tr>
<td>02</td>
<td>Bilateral</td>
<td>London</td>
<td>Meeting between François Mitterrand John Major for pre-Maastricht talks.</td>
</tr>
<tr>
<td>02</td>
<td>EPC Ministerial meeting</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>EcoFin Council</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Meeting</td>
<td>Place</td>
<td>Main Issues</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------</td>
<td>-----------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>02</td>
<td>Summit</td>
<td>Brussels</td>
<td>Meeting of EC leaders of Liberal, Democratic and Reformist Parties.</td>
</tr>
<tr>
<td>02-03</td>
<td>General Affairs Council (conclave)</td>
<td>Brussels</td>
<td>Discussed the issues to be submitted to the European Council for discussion.</td>
</tr>
<tr>
<td>03</td>
<td>Ministerial IGC on EMU</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>Social Affairs Council</td>
<td>Brussels</td>
<td></td>
</tr>
<tr>
<td>03-04</td>
<td>Summit</td>
<td>Brussels</td>
<td>Meeting of EC Socialist and Social-Democrat Parties.</td>
</tr>
<tr>
<td>04</td>
<td>Bilateral</td>
<td>Dublin</td>
<td>Meeting between John Major and Charles Haughey for pre-Maastricht talks.</td>
</tr>
<tr>
<td>09-10</td>
<td>European Council</td>
<td>Maastricht</td>
<td>Set a timetable for implementation of EPU and EMU agreements and provided for a new security and defence dimension to EC co-operation. The UK obtained an opt-out from stage 3 of EMU, and from the Social Chapter.</td>
</tr>
</tbody>
</table>
Bibliography


BIBLIOGRAPHY


BUSH, G. (1990) *NATO and the US Commitment to Europe*, Commencement Address at Oklahoma State University, 4 May.


Bibliography


DENMARK (1990) Memorandum from the Danish Government, 4 October.

Bibliography


Bibliography

EUROPEAN PARLIAMENT (1990c) 'Resolution on Economic and Monetary Union', 10 October 1990. Europe Documents, No.1660, 7 November 1990.
Bibliography


409
Bibliography


Bibliography


HM TREASURY (1989-90) *Explanatory Memorandum to House of Lords Select Committee on the European Communities*, HL3 Sub-Committee A Evidence.

Bibliography


HOFFMANN, S. (1989) 'What is at stake in the future of the nation state in Western Europe', *European Affairs*, Fall.


HOUSE OF LORDS (1989-90b) Select Committee on the European Communities, *Economic and Monetary Union and Political Union*, Volume II-Evidence, HLP 88-II.


Bibliography


Bibliography


415
Bibliography


Bibliography


Bibliography


Bibliography


MAJOR, J. (1993b) Outcome of the Danish Referendum, remarks made at the CBI Dinner, 18 May.


Bibliography


Bibliography


NEW STATESMAN (1978) 'Why James Callaghan wants to keep Cabinet committees secret', New Statesman, 10 November, pp.609-610.


Bibliography


Bibliography


424


Bibliography


SPAIN (1991c) 'Economic and Social Cohesion in Political, Economic and Monetary Union: The Spanish Viewpoint', 5 March.


Bibliography


428
Bibliography


