

How Thatcher's Bruges speech put Britain on the road to Brexit

She believed that the vision of a 'social Europe' was a bridge too far

David Willets, *The Financial Times*, August 31 2018

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As negotiations between the UK and the EU over Brexit enter their decisive phase, it is worth looking back 30 years to two crucial speeches which transformed the British debate on Europe.

On September 8 1988, Jacques Delors, the president of the European Commission, told the Trades Union Congress that Britain's labour movement should embrace a "uniquely European model of society" and support the commission in building a "platform of guaranteed social rights". European law would strengthen the power of the unions, after almost 10 years of a Conservative government in Britain battling to reduce it.

Margaret Thatcher's response came in her Bruges speech 12 days later. As prime minister, she was at the height of her power, a global figure whose reforms had boosted Britain's economy.

While proclaiming that Britain's "destiny is in Europe", Thatcher questioned the direction in which Mr Delors was taking what was then the European Community. Whereas the original Treaty of Rome was a "charter for economic liberty", Europe's new priorities — moving beyond the single market to develop a "social Europe" and a single currency — represented an attempt to "introduce collectivism and corporatism" and to "concentrate power at the centre of a European conglomerate".

Instead of distracting itself with "arcane institutional debates" or allowing itself to become "ossified by endless regulation", Thatcher said, Europe should focus on competitiveness through enterprise and deregulation. As the most memorable sentence of the Bruges speech put it: "We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at European level, with a European super-state exercising a new dominance from Brussels."

Although Thatcher did not use the word "socialist" in her Bruges speech — she saved it for the party conference a few weeks later — the clear implication was that supranationalism in Europe would lead to a socialist state. This was the turning point, the moment when she put Britain on the path to Brexit.

I worked in Thatcher's policy unit in the mid-1980s, when we were pushing for the single market in Europe. She was willing to concede more majority voting in the European Council as the only way to overcome pressures on individual governments to protect particular national industries. The single market, put in place by a British Conservative commissioner, Arthur Cockfield, remains, alongside EU competition policy, a high-point of market liberalism.

It seemed that Mr Delors was now willing to use the very power the British had unleashed — majority voting — to bring in new regulations to make the labour market less flexible and the unions stronger.

"The summer of 1988 marked Thatcher's epiphany on Europe," says Anthony Teasdale, who worked with Geoffrey Howe, her foreign secretary at the time. "She feared that the removal of non-tariff barriers to trade was being exploited to establish regulatory control at supranational level." Thatcher also saw President François Mitterrand of France re-elected in May 1988 on a strongly pro-European platform. She was wary of how Mitterrand was convincing West German chancellor Helmut Kohl to support moves towards a single currency.

Mr Delors, meanwhile, remarked that within 10 years, 80 per cent of all decisions on economic and social policy would be made by the European Community, with the commission forming a European government in "embryo".

For Thatcher, this was a bridge too far. She decided not to reappoint Cockfield as a commissioner and then used the Bruges speech to draw a line in the sand. Charles Powell, her foreign-policy adviser, who drafted much of the speech, has since said that the "pragmatism of her early years as prime minister" was giving way to a "conviction that any further integration was no longer compatible with our sovereign statehood".

This was the crossing of a Rubicon.

In her memoirs, Thatcher writes: "Not even I would have predicted the furore the Bruges speech unleashed."

But Europe's single market was to go on to become, as she had predicted only a few months before the shift announced in Bruges, "a major factor, possibly the major factor, in our competitive position in European and world markets into the 21st century".

Today, any assessment of the success of the Thatcherite reforms of the 1980s has to put the single market up there, alongside reforming industrial relations and privatisation, as crucial in raising the performance of the British economy by exposing it to market forces. Mr Delors did not go on to reverse Britain's labour market reforms, even though Tony Blair ended John Major's opt-out from the "social chapter" of the 1992 Maastricht treaty after becoming prime minister in 1997.

Britain now has record employment and even the most enthusiastic Brexiters are not proposing any major shift in labour-market regulation. Mr Major's other opt-outs — from the single currency and justice and home affairs — have been maintained. Britain has not been forced into a superstate. So the evidence of the past three decades supports Thatcher's initial optimistic embrace of the single market. Yet many Conservatives came to believe that the logic of supranationalism would lead to socialism, and that the sharing of sovereignty, even to create a market, was unacceptable as a matter of principle.

All of which confirms that Thatcher's Bruges speech did indeed play a crucial role in setting the UK on the path to Brexit.

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