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TUESDAY

24TH FEBRUARY 1970

DEBATE ON EEC WHITE PAPER: MR STEWART.

EUROPE: OUR POLICY IS STEADY - PROSPECTS IMPROVED - THE WHITE PAPER'S ASSUMPTIONS - PRECISION NOT POSSIBLE - NO CONSENSUS AMONG THE CRITICS - NO GOVERNMENT VACILLATION - THE TOTAL EFFECT - FOOD PRICES - LIVING STANDARDS COMPARED - THE INDUSTRIAL ADVANTAGES - EFFECT ON THE COMMONWEALTH - IF WE STAY OUT - THE POLITICAL ARGUMENTS - PUBLIC OPINION - CONCLUSION.

FOLLOWING IS MAIN TEXT OF MR STEWART'S OPENING TO THE DEBATE ON THE EEC WHITE PAPER IN THE HOUSE OF COMMONS TODAY TUESDAY:

EUROPE: OUR POLICY IS STEADY.

HER MAJESTY'S GOVERNMENT'S POLICY TOWARDS THE EUROPEAN ECONOMIC COMMUNITY HAS BEEN STEADILY BASED SINCE 1967: WE HAVE MADE OUR APPLICATION, IT STANDS, WE PRESS IT, WE DESIRE THAT NEGOTIATIONS SHOULD BE OPENED AND WE ARE ANXIOUS THAT THEY SHOULD SUCCEED.

WHILE HER MAJESTY'S GOVERNMENT'S POLICY HAS REMAINED UNCHANGED, THE SITUATION IN EUROPE HAS CHANGED CONSIDERABLY. COMPARING THE PRESENT SITUATION WITH 1967, THERE ARE DIFFERENT GOVERNMENTS IN FRANCE AND IN GERMANY. THERE HAVE BEEN CHANGES IN THE PARITY OF THE CURRENCIES IN FRANCE, IN GERMANY AND IN THIS COUNTRY. THERE HAS BEEN A TRANSFORMATION, VERY MUCH FOR THE BETTER, OF THE ECONOMIC SITUATION AND ECONOMIC STRENGTH OF THIS COUNTRY. LAST DECEMBER IN THE HAGUE THERE WAS A MEETING OF THE COUNTRIES OF THE COMMUNITY AT WHICH THEY ANNOUNCED THEIR INTENTION TO PROCEED WITH THE COMPLETION, STRENGTHENING AND ENLARGEMENT OF THE COMMUNITY. MORE RECENTLY, THE COUNTRIES OF THE COMMUNITY HAVE MADE A SETTLEMENT OF FINANCIAL ARRANGEMENTS FOR THE COMMON AGRICULTURAL POLICY WHICH LEAVES THE WAY CLEAR FOR THE OPENING OF NEGOTIATIONS, PROBABLY ABOUT THE MIDDLE OF THIS YEAR.

PROSPECTS IMPROVED.

THIS IS A SUBSTANTIAL CHANGE, A SUBSTANTIAL IMPROVEMENT FOR THE SUCCESS OF HER MAJESTY'S GOVERNMENT'S POLICY WHICH, I UNDERSTAND, HAS THE SUPPORT OF THE OPPOSITION, THE LIBERAL PARTY AND THE GREAT MAJORITY OF THIS HOUSE. I THINK IT RIGHT TO SAY THAT IT IS FORTUNATE THAT HER MAJESTY'S GOVERNMENT DID NOT FOLLOW ADVICE WHICH WE RECEIVED FROM CERTAIN QUARTERS TO PURSUE ALTERNATIVES TO ENTRY TO THE COMMON MARKET. IT WAS SUGGESTED AT ONE TIME THAT WE SHOULD CONSIDER SOME KIND OF TRADE ARRANGEMENT, NOT AS A PRELUDE, BUT AS AN ALTERNATIVE, TO ENTRY TO THE COMMUNITY. WE SET THAT ASIDE. AT ONE TIME IT WAS SUGGESTED, NOT WHOLLY WITHOUT SUPPORT ON THE BENCHES OPPOSITE, THAT WE SHOULD SEEK A PARTICULAR ARRANGEMENT WITH ONE MEMBER OF THE COMMUNITY WITHOUT REGARD TO THE FUTURE OF THE COMMUNITY ITSELF.

WE REJECTED BOTH THOSE TEMPTATIONS AND I BELIEVE THAT IN THE EVENT IT HAS BEEN SHOWN THAT WE WERE RIGHT TO TAKE THE VIEW THAT IF ONE WANTS TO ENTER THE COMMUNITY THE RIGHT WAY TO DO IT IS THROUGH THE FRONT DOOR, THROUGH AN AGREEMENT NEGOTIATED UNDER THE RELEVANT ARTICLE OF THE TREATY OF ROME. THIS IS THE VIEW TO WHICH THE GOVERNMENT HAVE STUCK THROUGHOUT AND WHICH WE ARE NOW ABLE

TO APPROACH WITH MUCH MORE CONFIDENCE AND HOPE THAN TWO YEARS AGO. IN 1967, OUR POLICY, WHICH HAD THE MASSIVE SUPPORT OF THE HOUSE, WAS TO OPEN NEGOTIATIONS. IT CLEARLY WOULD BE WRONG TO CHANGE THAT POLICY NOW THAT THE CONDITIONS ARE SO MUCH MORE FAVOURABLE.

WHITE PAPER: A SHORT-TERM ECONOMIC ASSESSMENT.

THE WHITE PAPER, OF WHICH WE ARE ASKED TO TAKE NOTE, REAFFIRMS THE POLICY OF OPENING NEGOTIATIONS. IT DOES NOT MAKE PRONOUNCEMENTS ON POLICY. IT REAFFIRMS, RIGHTLY, THAT ITEM OF POLICY. IT GOES NO FURTHER. IT IS NOT A STATEMENT OF POLICY BUT A RESPONSE TO THE REPEATED AND INDEED JUSTIFIABLE REQUESTS FOR AN ECONOMIC ASSESSMENT, SO FAR AS THAT WAS POSSIBLE, OF THE CONSEQUENCES TO THIS COUNTRY OF ENTERING THE COMMUNITY. IT IS WHAT THE WHITE PAPER IS, AS ITS TITLE STATES - AN ECONOMIC ASSESSMENT, AND NECESSARILY AN ASSESSMENT OF ECONOMIC RESULTS IN THE SHORT TERM.

IF ONE WERE TO LOOK AHEAD TO THE LONG PERIOD THAT WILL BE AFFECTED BY THE DECISION ONE WAY OR ANOTHER WHETHER THIS COUNTRY ENTERS THE COMMUNITY THAT WOULD DEFY ECONOMIC ANALYSIS.

THE WHITE PAPER'S ASSUMPTIONS.

THE ATTEMPT OF THE WHITE PAPER, THEREFORE, IS TO MAKE AN ECONOMIC ASSESSMENT FOR SUCH PERIOD OF TIME AHEAD AS IT IS REASONABLE TO TRY TO ASSESS THE FACTS AT ALL. EVEN SO, SUCH AN ASSESSMENT IS SUBJECT TO CERTAIN LIMITATIONS. FIRST, TO MAKE SUCH AN ASSESSMENT ONE HAS TO MAKE A WIDE RANGE OF ASSUMPTIONS. FOR EXAMPLE, WHAT ASSUMPTIONS CAN ONE MAKE ABOUT THE MOVEMENT OF FOOD PRICES BOTH WITHIN THE COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY AND WITHOUT AND THE MOVEMENT OF WORLD FOOD PRICES? IT IS POSSIBLE TO MAKE A NUMBER OF ASSUMPTIONS ABOUT THAT AND ANY ASSESSMENT OF THE COST MUST BE INFLUENCED BY THE ASSUMPTIONS THAT ONE MAKES.

SECOND, WHILE IT IS QUITE CLEAR THAT ENTRY INTO THE COMMUNITY WOULD HAVE AN EFFECT ON WHAT ONE MIGHT CALL FIRST-HAND FOOD PRICES ONE CANNOT MAKE A CERTAIN JUDGMENT AS TO WHAT WOULD BE THE EFFECT OF THOSE CHANGES IN FIRST-HAND FOOD PRICES ON RETAIL PRICES. THAT WOULD DEPEND ON THE REACTION OF THE RETAIL MARKET AND THE EFFICIENCY OF THE DISTRIBUTION OF FOOD IN THIS COUNTRY. HERE AGAIN, ONE CAN ONLY MAKE ASSUMPTIONS.

THIRD, ONE HAS TO MAKE CERTAIN ASSUMPTIONS TO WHAT WOULD BE THE RESPONSE BY UNITED KINGDOM SUPPLIERS AND BY FOREIGN SUPPLIERS TO CHANGES IN TARIFFS AND TO CHANGES IN COSTS. THERE IS AN ATTEMPT - AND AS FAR AS I CAN JUDGE AS GOOD AN ATTEMPT AS COULD BE MADE - IN THE WHITE PAPER TO DEAL WITH THESE ASSUMPTIONS ON THE BASIS OF VARYING ELASTICITIES BUT EVERYONE MUST ACCEPT THAT ONE IS HERE BASING ONE'S JUDGMENT ON A SERIES OF POSSIBLE ASSUMPTIONS.

PRECISION NOT POSSIBLE.

I THINK THEREFORE THAT THE JUDGMENT OF THE FINANCIAL TIMES WAS PROBABLY RIGHT WHEN IT POINTED OUT THAT IF ONE ATTEMPTS TO BE PRECISE AND TO TRY TO MEASURE TO THE LAST ONE MILLION POUNDS STERLING OR FIVE MILLION POUNDS STERLING WHAT THE COST WOULD BE, THE MORE PRECISE ONE ATTEMPTS TO BE THE FURTHER ONE WILL DEPART FROM THE TRUTH. THE MORE ONE ATTEMPTS TO GIVE A TRUTHFUL PICTURE THE LESS PRECISE NECESSARILY ONE MUST BE - (INTERRUPTION.) - HON MEMBERS WHO ARE OPPOSED TO THIS CAN TRY TO SPELL OUT THE ANSWER TODAY IF THEY CAN. IT WOULD CLEARLY HAVE BEEN A DECEPTION ON THE PART OF THE WHITE PAPER TO PRETEND THAT ANY ESTIMATE OF THE COST COULD HAVE BEEN MADE WITH A PRECISION WHICH THE FACTS DO NOT ALLOW BUT THOSE WHO

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CRITICISE THE WHITE PAPER MUST TRY TO SHOW THAT THEIR MORE HOSTILE ESTIMATES HAVE SOME SOLID BASIS IN FACT AND THEY WILL FIND SOME DIFFICULTY IN DOING SO.

FURTHER, IF WE ARE TO MAKE ANY REAL ESTIMATES WE HAVE NOT MERELY TO COMPARE THE POSITION IN THIS COUNTRY NOW WITH ITS POSITION IF, IN THE COMPARATIVELY NEAR FUTURE, WE ENTER THE E.E.C. WE HAVE TO TRY TO ANSWER THIS QUESTION. WHAT WILL BE THE COMPARISON IN FIVE OR TEN YEARS' TIME BETWEEN THE POSITION OF THIS COUNTRY INSIDE THE COMMUNITY AND THE POSITION IF IT STILL STAYED OUT.? I SHALL REFER TO THIS LATER. FURTHER, THE WHITE PAPER DID NOT TAKE ACCOUNT, AND COULD NOT TAKE ACCOUNT, OF SUCH CHANGES IN THE SITUATION AS MAY BE ACHIEVED IN THE COURSE OF THE NEGOTIATIONS THEMSELVES. ONE FURTHER QUALIFICATION WHICH ONE MUST MAKE TO THE CALCULATIONS IN THE WHITE PAPER IS THE IMMENSELY COMPLEX NATURE OF THE CALCULATIONS INVOLVED AND THE IMMENSE QUANTITIES THAT WERE INVOLVED. FOR EXAMPLE, IF ANY ONE WERE TO TRY TO ASSESS THE BALANCE OF TRADE OF THIS COUNTRY FOR NEXT YEAR AND WERE TO MAKE AN ERROR OF ONE PER CENT THAT WOULD BE AN ERROR OF AT LEAST ONEHUNDRED AND FIFTY MILLION POUNDS STERLING. THAT IS WHY IT IS NO VALID CRITICISM OF THE WHITE PAPER TO SAY THAT THE LIMITS IT SETS ARE VERY WIDE.

MR. JOHN MENDELSON (PENISTONE): IF MY RIGHT HON. FRIEND IS SO ANXIOUS TO IMPRESS UPON THE HOUSE THE LARGE AREA OF UNCERTAINTY ABOUT ANY ASSUMPTIONS, HOW, DURING THE NEGOTIATIONS, WILL HE INSIST ON MINIMUM CONDITIONS TO SAFEGUARD THE INTERESTS OF THE PEOPLE OF THIS COUNTRY ?

MR. STEWART : I DO NOT THINK THAT THAT IS A LOGICAL ARGUMENT. WHAT I AM SAYING IS THAT IF THE WHITE PAPER IS CRITICISED AS IMPRECISE- AND THIS DEBATE IS CONCERNED WITH TAKING NOTE OF THE WHITE PAPER - THERE ARE, FOR THE REASONS I HAVE GIVEN, VERY VALID ANSWERS. WHEN WE COME TO NEGOTIATIONS, IT IS EQUALLY TRUE THAT NOBODY COULD NAIL DOWN TO THE LAST DEGREE WHAT EXACTLY THE RESULT WOULD BE. IN THE EVENT, AND I THINK THAT EVERYBODY WHO HAS STUDIED THIS MATTER KNOWS IT, THIS MUST BE A QUALITATIVE JUDGMENT. CERTAINLY IN THE PROCESS OF NEGOTIATIONS THERE WILL BE CERTAIN IMPORTANT QUESTIONS - THE QUESTION, FOR EXAMPLE, OF THE COST OF FINANCING THE COMMON AGRICULTURAL POLICY - ABOUT WHICH WE SHOULD KNOW A GREAT DEAL MORE THAN IT WAS POSSIBLE FOR THE AUTHORS OF THE WHITE PAPER TO KNOW WHEN THEY WROTE IT. MY HON. FRIEND THE MEMBER FOR PENISTONE (MR. JOHN MENDELSON) CAN THEREFORE BE SURE THAT WHILE THERE CAN BE NO POSITIVE ANSWERS TO ALL THE QUESTIONS WE SHALL BE SUBSTANTIALLY NEARER TO THE ANSWERS TO THE VITAL QUESTIONS AT THE END OF NEGOTIATIONS THAN AT THE BEGINNING.

MR. MENDELSON : PLATITUDES.

MR STEWART : IF MY HON. FRIEND THINKS THAT THAT IS A PLATITUDE I MUST POINT OUT THAT THAT IS EXACTLY THE QUESTION HE WAS ASKING ME - IT IS VITAL MATTERS, SUCH AS THE FINANCING OF THE COMMON AGRICULTURAL POLICY - THAT ONE CAN ESTABLISH DURING NEGOTIATIONS. WHAT ONE CANNOT ESTABLISH IS THE POSITIVE ANSWER TO THE QUESTION OF HOW WELL OFF BRITAIN WILL BE IN OR OUT 10 YEARS HENCE. IN THE END, A QUALITATIVE JUDGMENT MUST BE MADE ON THAT.

NO CONSENSUS AMONG THE CRITICS.

I HAVE NOTICED THE WIDE RANGE OF CRITICS OF THE WHITE PAPER. I HAVE BEEN IMPRESSED BY THE EMINENCE OF THEIR ECONOMIC CREDENTIALS, THEIR MASSIVE CONFIDENCE IN THEIR OWN ASSERTIONS AND THE IMMENSE VARIETY OF THEIR CONCLUSIONS. IF, FOR EXAMPLE, WE COMPARE THE

JUDGMENT OF PROFESSOR JOHNSON OF THE LONDON SCHOOL OF ECONOMICS WITH THOSE OF PROFESSOR KALDOR OR A WRITER IN THE TIMES, ONE MAY BE EXCUSED FOR FEELING THAT, WHILE THEY ALL HAD THEIR CRITICISMS OF THE WHITE PAPER FOR LACK OF PRECISION, IT IS UNLIKELY THAT, IF THEY HAD BEEN BROUGHT TOGETHER TO PRODUCE A SIMILAR PAPER, THEY WOULD HAVE PRODUCED MORE PRECISE RESULTS.

NO GOVERNMENT VACILLATION.

I MUST AT THIS STAGE ANSWER THE CRITICISM THAT THE WHITE PAPER, BY SPELLING OUT, FIRMLY AND PLAINLY, WHAT MIGHT AT WORST BE THE COST TO THIS COUNTRY, WAS SUGGESTING ANY VACILLATION ON THE PART OF THE GOVERNMENT IN OUR RESOLVE TO ENTER NEGOTIATIONS IN GOOD FAITH AND IN GOOD HOPE. THERE HAVE BEEN SUGGESTIONS IN SOME ORGANS OF THE PRESS HERE THAT THIS WAS SO, THAT HER MAJESTY'S GOVERNMENT, WITH GREAT MACHIEVELLIAN SKILL, HAD PRODUCED THE WHITE PAPER IN ORDER TO DISGUISE THE INTENTION TO RETREAT ON THEIR POLICY. BUT, AFTER ALL, WE NEED NOT BE TOO INNOCENT ABOUT THIS. WE ARE ALL POLITICIANS HERE AND WE KNOW PERFECTLY WELL THAT AT THE PRESENT TIME CERTAIN ORGANS OF THE PRESS WILL PUT AN UNFAVOURABLE CONSTRUCTION ON ANY ACTION OF HER MAJESTY'S GOVERNMENT AND THAT WE NEED NOT WORRY TOO MUCH ABOUT THAT.

WHAT WOULD BE MORE SERIOUS IS IF OBSERVERS ABROAD, COUNTRIES WITH WHICH WE SHALL BE NEGOTIATING, TOOK THE VIEW THAT THE WHITE PAPER COVERED ANY VACILLATION IN THE DESIRE TO NEGOTIATE IN GOOD FAITH AND GOOD HOPE. I HAVE BEEN AT SOME PAINS TO STUDY THE REACTIONS OF INFORMED CONTINENTAL OBSERVERS AND I FIND THAT ONLY VERY FEW, NEARLY ALL OF WHOM HAVE PICKED UP THEIR CUE FROM ANTI-GOVERNMENT COMMENTATORS IN LONDON, HAVE MADE THIS SUGGESTION, WHEREAS THE OVERWHELMING MAJORITY JUDGMENT OF INFORMED CONTINENTAL OPINION IS THAT THE WHITE PAPER SHOWS THAT HER MAJESTY'S GOVERNMENT PERSIST IN THEIR POLICY OF DESIRING TO NEGOTIATE IN GOOD FAITH AND GOOD HOPE, AND THAT, QUITE PROPERLY, WE ARE SETTING OUT VERY PLAINLY, FOR OUR OWN PEOPLE AND FOR THOSE WITH WHOM WE SHALL HAVE TO NEGOTIATE, WHAT THE COSTS MIGHT BE AND WHAT ARE THE MATTERS THAT WE SHALL HAVE TO HAVE SPECIAL REGARD TO IN THE NEGOTIATIONS. THEY UNDERSTAND ALSO THAT IF IN SOME ASPECTS THE WHITE PAPER SEEMS TO HAVE SET OUT A RATHER SEVERE ESTIMATE OF WHAT THE COST MIGHT BE IT IS LEGITIMATE FOR US, ENTERING THE NEGOTIATIONS, TO DO THIS SO THAT THOSE WITH WHOM WE NEGOTIATE WILL UNDERSTAND WHAT OUR ANXIETIES ARE.

WE BELIEVE, WITH GOOD REASON, THAT THE SIX WANT TO SEE US ENTER THE E.E.C. WE DESIRE THEM TO UNDERSTAND WHAT OUR ANXIETIES ARE, WHAT THE COSTS MIGHT BE, WHERE WE SHALL NEED THEIR HELP AND THEIR UNDERSTANDING - AND THIS, TO JUDGE FROM THE INFORMED CONTINENTAL COMMENT, IS THE RESULT THAT THE WHITE PAPER HAS MANAGED TO ACHIEVE.

THE TOTAL EFFECT.

PERHAPS I SHOULD REFER TO THE MUCH DISCUSSED PARAGRAPH 101 OF THE WHITE PAPER WHICH POINTS OUT THAT IF ONE TAKES ALL THE FIELDS IN WHICH THERE CAN BE AN ESTIMATE OF GAIN OR LOSS - AGRICULTURE, COMMUNITY FINANCE, TRADE AND INDUSTRY, CAPITAL AND INVISIBLES, ONE CAN, IF ONE LIKES, CARRY OUT THE MORE ARITHMETICAL EXERCISE OF ADDING UP, ON THE ONE HAND, ALL THE MOST FAVOURABLE ESTIMATES, AND, ON THE OTHER HAND, ALL THE MOST UNFAVOURABLE ESTIMATES.

BUT WHAT THE WHITE PAPER SAYS QUITE EXPLICITLY IS THAT THE TOTAL EFFECT CANNOT BE ASSESSED IN THIS MANNER. THE WHITE PAPER STATES AS A MERE MATTER OF ARITHMETIC THAT SO FAR AS CAN BE JUDGED, IF THERE WERE A CONJUNCTURE OF ALL THE MOST FAVOURABLE FACTORS, IT MIGHT RUN TO

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ONE HUNDRED MILLION POUNDS STERLING OR, OF ALL THE MOST UNFAVOURABLE, TO ONE THOUSAND ONE HUNDRED MILLION POUNDS STERLING. BUT IT STATES EXPLICITLY THAT THIS, ALTHOUGH A PIECE OF ARITHMETIC, IS NOT A REALISTIC CALCULATION AND THAT THOSE COMMENTS THAT HAVE PROCEEDED ON THE BASIS THAT IT IS ARE A DENIAL OF WHAT THE WHITE PAPER SAYS IN PARAGRAPH ONE ZERO ONE.

FOOD PRICES.

IT IS NOT MY INTENTION TO GO THROUGH ALL THE SUCCESSIVE CHAPTERS OF THE WHITE PAPER BUT THERE IS ONE SECTION WITH WHICH, IN VIEW OF PUBLIC ANXIETY, I SHOULD DEAL IN PARTICULAR AND THAT IS THE SECTION ON FOOD PRICES. THE WELL KNOWN TABLE SEVEN SETS OUT THE RETAIL PRICES OF FOOD IN THE UNITED KINGDOM AND IN THE E.E.C. BUT NO ONE WHO READS THE WHITE PAPER FOR WHAT IS THERE AND NOT FOR WHAT HE HOPED WOULD BE THERE CAN ARGUE THAT THIS MEANS THAT THE DAY AFTER WE ENTERED THE COMMUNITY, THE PRICE OF STEAK WOULD LEAP TO FIFTEEN SHILLINGS A POUND OR OF PORK TO TEN SHILLINGS AND SIXPENCE PER POUND. WHAT IN FACT DOES THE TABLE BRING OUT? IT BRINGS OUT, FOR EXAMPLE, THAT IN EUROPE THE PRICE OF PORK AT THE MOMENT RANGES FROM SIX SHILLINGS TO TEN SHILLINGS AND SIXPENCE WHILE THE AVERAGE PRICE IN THIS COUNTRY IS SIX SHILLINGS AND THREEPENCE, WITH A RANGE OF FROM FIVE SHILLINGS AND SIXPENCE TO SEVEN SHILLINGS.

ONE OF THE MORALS TO BE DRAWN FROM THIS IS THAT A GREAT DEAL IS GOING TO DEPEND ON THE EFFICIENCY OF OUR OWN FOOD DISTRIBUTION SYSTEM. FURTHER, SOME OF THE COMMENTS THAT HAVE BEEN MADE SEEM TO ASSUME THAT THERE WOULD BE NO TRANSITIONAL PERIOD AT ALL. THIS, QUITE PLAINLY, IS RUBBISH. IT IS NOW FULLY UNDERSTOOD THAT THERE WILL BE A TRANSITIONAL PERIOD, POSSIBLY A CONSIDERABLE TRANSITIONAL PERIOD, BUT THIS IS EXACTLY ONE OF THE POINTS ON WHICH ONE CANNOT SPEAK WITH PRECISION BEFORE THE NEGOTIATIONS. THERE IS NO QUESTION OF SOME SUDDEN JUMP UP TO THE PRESENT MAXIMUM PRICES IN THE E.E.C. I DO NOT DENY THAT THERE WOULD BE AN INCREASE BUT IT WOULD BE SPREAD OVER A PERIOD OF YEARS AND IN ORDER TO SET IT IN PROPORTION LET US NOTICE WHAT HAS BEEN HAPPENING WITH FOOD PRICES. I TAKE A PERIOD OF EIGHT YEARS, FROM 1960 TO 1968. I TAKE THAT PERIOD DELIBERATELY BECAUSE IT COVERS FOUR YEARS OF RULE BY THE CONSERVATIVES AND FOUR YEARS OF RULE BY LABOUR, SO THAT IT SHALL NOT BE REGARDED AS A PARTY QUESTION.

DURING THOSE EIGHT YEARS FOOD PRICES ROSE IN THE E.E.C. THEY ALSO ROSE IN THIS COUNTRY. THEY ROSE RATHER MORE, INDEED, IN THIS COUNTRY. PROBABLY THE BEST ESTIMATE ONE CAN GET IS A RISE OF THIRTYTHREE PER CENT IN THIS COUNTRY COMPARED WITH A RISE OF ABOUT THIRTY PER CENT IN THE E.E.C. IT WOULD CLEARLY BE WRONG THEREFORE TO SUPPOSE THAT ENTRY INTO THE E.E.C. MEANS SOME MASSIVE SUDDEN RISE IN THE PRICE OF FOOD FAR BEYOND THAT TO WHICH WE HAVE BEEN ACCUSTOMED.

MR. JOHN LEE: SURELY THE POINT HERE IS THAT THERE IS IN ANY CASE A SECULAR TENDENCY IN FAVOUR OF RISING PRICES AND THAT THE FURTHER RISE IN THE TRANSITIONAL PERIOD WHICH MY RIGHT HON. FRIEND IS UNABLE TO SPECIFY AS ONE ACCEPTABLE TO THE GOVERNMENT WOULD BE AN ADDITIONAL RISE OVER THAT WHICH WE COULD NORMALLY EXPECT.

MR. STEWART: I AM COMING AT ONCE TO THAT POINT. IF ONE TAKES THAT INTO ACCOUNT, ONE MUST LOOK NOT ONLY AT THE COST OF LIVING BUT AT THE STANDARD OF LIVING, AND THE WHITE PAPER MAKES IT CLEAR THAT SUCH RISE IN THE COST OF FOOD AS THERE MIGHT BE WOULD AMOUNT TO A RISE IN THE TOTAL COST OF LIVING - NOT ONLY FOOD - OF BETWEEN FOUR AND FIVE PER CENT. CLEARLY, WHAT MATTERS TO THE WORKING MAN AND THE

PROFESSIONAL MAN - ANYONE WHO LIVES BY WORK - IS, " HOW MUCH DO I GET IN RETURN FOR AN HOUR'S WORK, IN NECESSITIES, COMFORTS, LUXURIES AND LEISURE ? " THAT IS WHAT REALLY MATTERS TO HIM.
DOTS DOTS DOTS

THE POINT I AM MAKING, THEREFORE, IS THAT IF ONE IS ALARMED ABOUT STORIES OF RISES IN PRICES IN THE COMMUNITY ONE HAS TO LOOK AT WHAT IS LIKELY TO HAPPEN IN THE NEXT FIVE TO TEN YEARS TO PRICES IN THE COMMUNITY AND PRICES HERE. I AM SAYING NO MORE THAN IF WE TRY TO ANSWER THAT QUESTION WE CANNOT REACH THE TERRIFYING ANSWER WHICH THE OPPONENTS OF THE MARKET TRY TO REACH BY USING THE FIGURES IN THE WHITE PAPER. FURTHER, ONE MUST REINFORCE THIS, AS I AM SAYING IN ANSWER TO MY HONOURABLE FRIEND BY LOOKING NOT ONLY AT THE COST OF LIVING BUT AT THE STANDARD OF LIVING.
LET US SPELL IT OUT HERE DOTS DOTS DOTS

IN THIS COUNTRY FROM 1960 TO 1968, IF ONE WANTS TO BE PEDANTIC, PRICES HAVE RISEN BY THIRTYTWO DECIMAL SEVEN PER CENT. WHAT HAS HAPPENED THERE? IN ITALY BY A LITTLE MORE., IN FRANCE AND THE NETHERLANDS, BY ALMOST EXACTLY THE SAME, IN GERMANY, THE MOST POPULOUS COUNTRY OF THE COMMUNITY AND IN BELGIUM AND LUXEBURG, BY SUBSTANTIALLY LESS.

LIVING STANDARDS COMPARED.

AGAINST THAT ONE MUST SET THIS: AVERAGE HOURLY EARNINGS DURING THAT SAME PERIOD HAVE RISEN HERE BY 61.8 PER CENT. THE LOWEST RECORD AMONG THE COUNTRIES OF THE COMMUNITY IS LUXEBURG WITH 63 PER CENT. THERE IS GERMANY WITH AN 82 PER CENT RISE IN AVERAGE HOURLY EARNINGS, AND THE NETHERLANDS, 106 PER CENT. IT IS WORTH WHILE QUOTING IN THIS CONNECTION AN ARTICLE IN THE 1970 ISSUE OF "LABOUR", THE MONTHLY BROADSHEET PRODUCED BY THE TRADE UNION CONGRESS WHICH SAYS:

"DESPITE THE HIGHER FOOD PRICES IT WOULD SEEM IN GENERAL THAT LIVING STANDARDS IN THE COMMUNITY HAVE RISEN SHARPLY AND ARE NOW AT LEAST EQUAL TO THAT IN BRITAIN AND IN SOME CASES HIGHER".

IT DOES NOT SEEM TO ME THAT ANYONE TRYING TO WEIGH UP THE PROS AND CONS CAN REALLY DODGE THESE FACTS . I WOULD NOT ARGUE THAT THE INCREASES IN MONEY AND THE SUBSTANTIAL INCREASES IN REAL INCOME ARE SOLEY DUE TO MEMBERSHIP OF THE COMMUNITY.

I AM GOING TO PUT THIS MORE PLAINLY ON A MORE POLEMICAL BASIS. SOME OF THE OPPONENTS OF THE MARKET HAVE TRIED TO ARGUE LIKE THIS: THEY HAVE TAKEN FOOD PRICES HERE AND FOOD PRICES TODAY IN THE DEAREST PARTS OF THE COMMON MARKET AND PUBLISHED ARTICLES SAYING "MADAM, THIS IS YOUR BILL," AS IF THIS IS WHAT WOULD HAPPEN ON THE DAY WE ENTER. IF ONE SAYS THIS THEN ONE OUGHT IN COMMON FAIRNESS TO ADDRESS NOT ONLY THE HOUSEWIFE BUT THE WAGE EARNER ALSO, AND SAY, "SIR, THIS IS THE INCREASE IN YOUR WAGE PACKET." I AM MAKING NO MORE THAN THAT POINT BUT IT IS IMPORTANT THAT IF WE WEIGH UP THE INCREASES IN THE COST OF LIVING WE MUST ALSO WEIGH UP INCREASES IN THE STANDARD OF LIVING.

THE INDUSTRIAL ADVANTAGES.

THIS BRINGS ONE TO THE QUESTION: WHAT ARE THE IMPORTANT INDUSTRIAL ADVANTAGES? THE CONFEDERATION OF BRITISH INDUSTRY HAS ENDEAVOURED TO MAKE AN ASSESSMENT OF THIS AND AS MY RIGHT HONOURABLE FRIEND THE PRIME MINISTER POINTED OUT, IT IS FOR THOSE WHO WILL HAVE TO UNDERTAKE THE TASK OF USING THE OPPORTUNITIES WHICH ENTRY INTO THE COMMUNITY WILL GIVE TO DECIDE HOW GREAT THOSE OPPORTUNITIES

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RE. BUT IT IS INTERESTING TO NOTICE THAT THE SURVEY OF POSSIBILITIES AND COSTS MADE BY THE CONFEDERATION OF BRITISH INDUSTRY, ALTHOUGH MADE INDEPENDENT OF THE GOVERNMENT, ALTHOUGH MADE ON DIFFERENT ASSUMPTIONS, LEADS TO REMARKABLE SIMILAR CONCLUSIONS. IT HAS BEEN A COMMON PLACE OF THIS ARGUMENT THAT THE COSTS AND PROBLEMS OF ENTERING THE MARKET ARE EASIER TO MEASURE THAN THE ADVANTAGES., BUT IT DOES NOT FOLLOW THAT BECAUSE A THING IS MORE DIFFICULT TO MEASURE IT IS LESS REAL. I DO NOT BELIEVE THAT ANYONE CAN DISPUTE THE VAST AND GROWING IMPORTANCE TO USE OF THE MARKET WHICH THE EUROPEAN ECONOMIC COMMUNITY PRESENTS.

OVER THE LAST TEN YEARS OUR TRADE WITH THOSE COUNTRIES HAS MULTIPLIED BY TWO AND A HALF TIMES., BUT THE POTENTIAL OPEN TO THOSE WHO ARE MEMBERS OF THE COMMUNITY IS BROUGHT OUT BY THE FACT THAT DURING THAT SAME TIME INTRA-COMMUNITY TRADE HAS MULTIPLIED BY FOUR TIMES. THEN WE HAVE TO LOOK AT THE WAY IN WHICH MODERN INDUSTRY IS GROWING, THE NEED FOR RATIONALISATION, THE NEED FOR MASSIVE INVESTMENT WHICH CANNOT BE SECURED UNLESS THERE IS A LONG AND ASSURED VIEW OF THE FUTURE AND THE NEED FOR TECHNICAL DEVELOPMENT. ALL OF THESE REQUIRE A LARGE MARKET. FURTHERMORE, IF WE ARE TO BE ABLE TO COMPETE WITH THE INDUSTRIES OF THE UNITED STATES OF AMERICA, PARTICULARLY IN INDUSTRIES OF HIGH TECHNOLOGICAL CONTENT, WE HAVE TO HAVE EUROPEAN CONCERNS WHICH ARE COMPARABLE IN SIZE WITH THEIR UNITED STATES' COUNTERPARTS. IT IS VERY DIFFICULT TO SEE HOW THIS CAN BE ACHIEVED IF WE REMAIN OUTSIDE THE COMMUNITY DOTS DOTS DOTS

EFFECT ON COMMONWEALTH.

IT IS TRUE THAT ENTRY TO THE COMMUNITY MUST IN TIME MEAN THE END OF COMMONWEALTH PREFERENCES ALTHOUGH IT WAS MADE CLEAR IN OUR 1967 APPLICATION THAT WE WOULD INSIST, IN NEGOTIATIONS, ON PROPER TREATMENT FOR CERTAIN COMMONWEALTH MATTERS. NEW ZEALAND IS ONE, THE COMMONWEALTH SUGAR AGREEMENT IS ANOTHER. THAT CONDITION STILL STANDS. I WOULD ASK THE HOUSE TO NOTICE WHAT IS ALREADY HAPPENING IN THE COMMONWEALTH. ONE COMMONWEALTH COUNTRY IS ALREADY MAKING ITS ARRANGMENTS WITH THE COMMUNITY. THE EAST AFRICAN COUNTRY DOING THAT IS AS A RESULT DEPRIVING US OF REVERSE PREFERENCES THAT WE ENJOYED. WE DO NOT LIKE THAT BUT WE CANNOT COMPLAIN. THIS IS THE WAY THE WORLD IS GOING AND THEY ARE ENTITLED TO DO THIS.

IF WE STAY OUT.

WHERE WE SHALL MAKE A MISTAKE IS IF WE IMAGINE THAT IF WE STAY OUT OF THE COMMUNITY OUR PRESENT RELATIONS WITH THE COMMONWEALTH WILL REMAIN UNCHANGED. WE ARE MUCH MORE LIKELY TO FIND THAT ONE PART OF THE COMMONWEALTH AFTER ANOTHER COMES TO ITS OWN TERMS WITH THE COMMUNITY. WE WILL FIND THE SAME THING WITH OUR E.F.T.A PARTNERS. WE WILL BE MAKING A GREAT MISTAKE IF WE IMAGINE THAT WE CAN SIMPLY STAND ON OUR PARTNERSHIP WITH E.F.T.A. IF WE DECIDE NOT TO ENTER EVERY COUNTRY IN E.F.T.A. WOULD HAVE TO RECONSIDER ITS POSITION. WE MAKE A MISTAKE IF WE THINK THAT THE WORLD WILL STAND STILL BECAUSE WE WANT IT TO STAND STILL.

MR. F.A. BURDEN: IS THE RIGHT HON. GENTLEMAN NOT REALLY SAYING THAT WHATEVER THE TERMS WE MUST GO INTO THE COMMON MARKET? IF SO, IS THAT NOT MAKING AN ABSOLUTE NONSENSE OF WHAT THE PRIME MINISTER SAID ABOUT STUDYING THE TERMS ?

MR. STEWART : I AM POINTING OUT THAT THERE ARE GREAT ADVANTAGES TO THIS COUNTRY IF THE NEGOTIATIONS PROVE SUCCESSFUL AND VERY SERIOUS PROBLEMS IF THEY DO NOT. I WOULD AFFIRM THAT IF IN THE NEGOTATIONS WE FOUND WE COULD NOT ATTAIN WHAT ANYONE WOULD REGARD AS

REASONABLE TERMS, THEN WE SHOULD HAVE TO STAND OUT. WE WOULD FACE THE CONSEQUENCES, WE COULD FACE THE CONSEQUENCES, BUT IT WOULD BE TO THE INJURY OF US AND OF EUROPE. THAT I WOULD HAVE THOUGHT WAS SUFFICIENTLY CLEAR.

THE POLITICAL ARGUMENTS.

THE WHITE PAPER REFERS ONLY BRIEFLY TO POLITICAL ARGUMENTS, THAT IS NOT ITS CONCERN. IT WOULD BE A LITTLE UNREALISTIC IF I SAID NOTHING AT ALL ABOUT THIS. HERE AGAIN WE MUST NOT SUPPOSE THAT IF WE DECIDE TO STAY OUT THE WORLD WILL STAND STILL. THERE IS A GREAT DESIRE AMONG THE COUNTRIES OF WESTERN EUROPE TO GET INCREASING AGREEMENT ABOUT THEIR POLICIES ON WORLD AFFAIRS. IF WE ENTER INTO NEGOTIATIONS IN GOOD FAITH AND GOOD HOPE AND FAIL THIS WILL BE EUROPE'S LOSS AND OURS. BUT IF WE DECIDED THAT WE WILL NOT EVEN NEGOTIATE WESTERN EUROPE WOULD THEN HAVE TO SAY

"VERY WELL, WE MUST TAKE COUNSEL WITH OURSELVES WE CANNOT BE CONCERNED WITH BRITAIN'S POSITION."

THIS WOULD MEAN THAT WESTERN EUROPE WOULD PROCEED, ECONOMICALLY, LEGALLY, COMMERCIALY AND POLITICALLY TO MAKE ITSELF A MORE COMPACT UNIT AND THIS COUNTRY WOULD FIND ITSELF IN A WORLD WHERE THERE WAS THE SOVIET UNION, THE UNITED STATES, CHINA AND THE TWOHUNDRED MILLION OF THE E.E.C. - NONE OF THEM GREATLY CONCERNED ABOUT THE PART WHICH THIS COUNTRY WITH ITS 50 MILLION OR 60 MILLION MIGHT PLAY IN THE WORLD.

WE WOULD BE THE LOSER IN EXTREMITY. IF NO REASONABLE TERMS COULD BE OBTAINED THIS COUNTRY WOULD STAND BY ITSELF AS IT HAS DONE BEFORE. NEITHER BRITAIN NOR WESTERN EUROPE WOULD BENEFIT FROM THAT. IT IS SOMETIMES SUGGESTED THAT ENTRY INTO THE COMMUNITY WOULD BE A DELIBERATE SACRIFICE OF OUR INDEPENDENCE.

WHAT WE MUST WEIGH UP IS THIS. ANY NATION THAT ENTERS INTO ANY TREATY OR OBLIGATION WITH OTHER NATIONS BY THAT ACT SURRENDERS SOME DEGREE OF INDEPENDENCE, BUT WHAT MATTERS AT THE END OF THE DAY IS HOW MUCH REAL FREEDOM THAT NATION HAS. IF IT WERE KNOWN THAT BRITAIN HAD DELIBERATELY DECIDED NOT EVEN TO ATTEMPT TO ENTER THE COMMUNITY, WE COULD NOT EXPECT THE OTHER GREAT GROUPINGS OF THE WORLD TO BE GREATLY INTERESTED IN OUR POSITION, AND, WHATEVER OUR NOMINAL AND LEGAL FREEDOM MIGHT BE, WE SHOULD FIND THAT OUR REAL POWER OF CHOICE TO DO THIS OR THAT POLITICALLY OR ECONOMICALLY WOULD BE GREATLY REDUCED DOTS DOTS DOTS

IF THINGS GO ILL, WE COULD STAND ALONE, BUT WE MUST TAKE INTO ACCOUNT HOW MUCH COULD BE GAINED BOTH IN THE PROSPERITY AND IN THE STRENGTH OF EUROPE IF WE WERE TO SUCCEED - AND NOT ONLY WESTERN EUROPE. ONE OF THE OBJECTIVES OF FOREIGN POLICY WHICH I HAVE VERY MUCH IN MIND IS THE RELAXATION OF TENSION BETWEEN EASTERN AND WESTERN EUROPE, BUT I AM DEEPLY CONVINCED THAT, IF THE GREAT POWER GROUPING IN EASTERN EUROPE BELIEVES THAT IT HAS ONLY TO WAIT AND THE WEST WILL DISINTEGRATE, THEN WE SHALL GET NO HELPFUL MOVE FROM IT. I BELIEVE THAT A WESTERN EUROPE FIRMLY UNITED SO THAT IT IS UNDERSTOOD IN THE EAST THAT WE ACT AND THINK TOGETHER. WILL ENABLE EASTERN EUROPE TO REALISE THAT THERE IS NO EASY SOLUTION FOR IT IN THE MERE DISSOLUTION OF THE WEST, BUT THAT IT MUST COME TO TERMS AND CONSIDER WHAT IS THE REASONABLE PRICE TO PAY FOR THAT RELAXATION OF TENSION BETWEEN EAST AND WEST ON WHICH SO MANY OF THE HOPE OF MANKIND DEPEND.

PUBLIC OPINION.

IT HAS SOMETIMES BEEN SUGGESTED THAT IN PURSUING THIS LINE THE GOVERNMENT AND PARLIAMENT ARE ACTING IN DEFIANCE OF PUBLIC OPINION. I HAVE NEVER TAKEN THE VIEW THAT PUBLIC POLICY, EITHER OF THE GOVERNMENT OR OF OPPOSITION PARTIES, SHOULD BE DETERMINED BY IMMEDIATELY FOLLOWING PUBLIC OPINION POLLS. I HAVE NOTICED, ON ONE IMPORTANT POLL DOTS DOTS DOTS

THE RESULT OF THE QUESTION : " ARE YOU IN FAVOUR OF JOINING THE COMMON MARKET ? ", WAS SEVENTYTWO PERCENT "NO" AND EIGHTEEN PER CENT "YES." I NOTICE IN THAT SAME POLL THAT THE SAME PEOPLE WHEN ASKED : " DO YOU THINK THE GOVERNMENT SHOULD OR SHOULD NOT NEGOTIATE WITH THE COMMON MARKET TO SEE WHAT TERMS WE CAN GET ? ", ANSWERED, "YES" SIXTYSEVEN PER CENT. "NO" TWENTYEIGHT PERCENT. AND "DON'T KNOW" FIVE PER CENT. THAT AT THE MOMENT IS THE GOVT'S POLICY. WHEN THOSE SAME PEOPLE WERE ASKED A FURTHER AND MORE COMPLEX QUESTION : " IF IT BECOMES CLEAR THAT WE WOULD BE BETTER OFF IN THE COMMON MARKET IN THE END BUT THAT THE COST WOULD BE HIGH AT FIRST, WOULD YOU THEN BE IN FAVOUR OF JOINING? " - FORTYNINE PERCENT. ANSWERED "YES", THIRTYEIGHT PER CENT. ANSWERED "NO" AND THIRTEEN PER CENT. "DON'T KNOW". THE MAJORITY OF THOSE CANVASSED WITH BECOMING MODESTY, SAID THAT THEY WERE EITHER NOT VERY WELL OR NOT AT ALL ACQUAINTED WITH THE ARGUMENTS ONE WAY OR THE OTHER. THAT DEGREE OF CANDOUR ADDS SOME WEIGHT TO THEIR CONCLUSIONS.

CONCLUSION.

THE WHITE PAPER STATES NO MORE THAN THAT WE BELIEVE IT IS RIGHT TO ENTER INTO NEGOTIATIONS. THE WHITE PAPER ALSO UNDERLINES THE VERY CONSIDERABLE COST THAT MIGHT BE INVOLVED FOR THIS COUNTRY, THE DESIRABILITY IN THE NEGOTIATIONS OF GIVING FULL ACCOUNT TO THIS, THE RESOLUTION, IF NECESSARY, AND IF FAIR TERMS COULD NOT BE OBTAINED, TO STAY OUT, BUT THE RECOGNITION THAT STAYING OUT WOULD BE A LOSS FOR US AND FOR EUROPE. I BELIEVE, THEREFORE, THAT INFORMED OPINION, THE JUDGMENT OF THE WHITE PAPER AND THE JUDGMENT OF POPULAR OPINION THAT I HAVE JUST QUOTED ALL SUPPORT THAT STATEMENT OF POLICY WHICH WAS VOICED BY MY RIGHT HON. FRIEND THE PRIME MINISTER WHEN HE MADE THE STATEMENT INTRODUCING THE WHITE PAPER AS FOLLOWS:

" THE GOVERNMENT WILL ENTER INTO NEGOTIATIONS RESOLUTELY IN GOOD FAITH, MINDFUL BOTH OF BRITISH INTERESTS AND OF THE ADVANTAGES OF SUCCESS IN THE NEGOTIATIONS TO ALL THE MEMBERS OF AN ENLARGED COMMUNITY." - (OFFICIAL REPORT, 10TH FEBRUARY, 1970., VOL 795. C1083).

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WEDNESDAY

25TH FEBRUARY 1970.

EEC WHITE PAPER.

FOLLOWING ARE EXTRACTS FROM SPEECH BY MR HEATH, LEADER OF THE OPPOSITION, IN HOUSE OF COMMONS TODAY TWENTYFIFTH FEBRUARY.

MR. HEATH: I SHOULD LIKE TO MAKE MY POSITION QUITE CLEAR. I THINK THAT BOTH THE HOUSE AND THE COUNTRY KNOW WHERE I STAND. MY POSITION HAS BEEN KNOWN SINCE I MADE MY MAIDEN SPEECH IN THIS HOUSE IN JUNE NINETEENFIFTY, THROUGH THE NEGOTIATIONS OF NINETEEN SIXTY TO NINETEENSIXTYTHREE, AND IT IS WHERE I STILL STAND TODAY.

I WANT TO BRING ABOUT A WIDER EUROPEAN UNITY, AND I HAVE CONSISTENTLY WORKED FOR IT. I BELIEVE IN IT. I BELIEVE IN CLOSER INTERNATIONAL CO-OPERATION BECAUSE I AM AN INTERNATIONALIST, AND I WANT TO SEE MORE OF THIS CO-OPERATION BROUGHT ABOUT. MOREOVER, I DO NOT BELIEVE THAT WE CAN HAVE A PROSPEROUS AND PEACEFUL WORLD UNLESS THERE IS CLOSER CO-OPERATION BETWEEN COUNTRIES IN BOTH THE POLITICAL AND THE ECONOMIC SPHERES. IT IS ALREADY HAPPENING WITH SUCCESS IN MANY PARTS OF THE WORLD. IT IS ALREADY HAPPENING IN EUROPE IN BOTH THE COMMON MARKET AND E.F.T.A. WHERE IT IS NOT YET HAPPENING - FOR EXAMPLE, IN THE INDIAN SUB-CONTINENT - IT IS OBVIOUSLY DISADVANTAGEOUS AND, INDEED, DAMAGING TO THE MEMBER COUNTRIES IN THAT PART OF THE WORLD.

SIDEHEAD: YOUNGER GENERATION.

TODAY THERE IS A YOUNG GENERATION, NOT ONLY IN THIS COUNTRY BUT RIGHT ACROSS EUROPE AND, INDEED, ACROSS NORTH AMERICA AND MANY OTHER COUNTRIES WHICH LOOKS TO THOSE IN A POSITION OF RESPONSIBILITY TO BREAK DOWN THE BARRIERS WHICH THEIR FOREFATHERS CREATED. MAN CREATED THE BARRIERS AND THEY LOOK TO MEN TODAY TO BREAK THEM DOWN, SO THEY LOOK TO US TO MAKE A START IN OUR OWN CONTINENT. IT WAS THE EUROPEANS, THE PRODUCTS OF OUR OWN CONTINENT, WHO CREATED THE BARRIERS IN THE OTHER CONTINENTS OF THE WORLD - IN AFRICA AND IN ASIA. IN EUROPE TODAY THERE IS THE OPPORTUNITY OF BREAKING DOWN THOSE BARRIERS IN THE RELATIONS NOT ONLY BETWEEN EUROPEANS, BUT BETWEEN EUROPE AND THE COUNTRIES OF AFRICA, ASIA AND THE WEST INDIES. THIS IS WHY AS AN INTERNATIONALIST, I FEEL SO DEEPLY ABOUT WORKING FOR A WIDER EUROPE AND EUROPEAN COMMUNITY.

I BELIEVE IN THIS POLICY, PERHAPS EVEN MORE SO BECAUSE I AM A PATRIOT. I KNOW THAT BRITAIN CAN CONTRIBUTE TO THIS MOVEMENT FOR A WIDER UNITY IN OUR OWN CONTINENT BECAUSE OF OUR HISTORY, OUR PARLIAMENTARY INSTITUTIONS, OUR TRADITIONS AND OUR SKILLS AND BECAUSE OTHER PEOPLE RECOGNISE THAT WE HAVE THIS CONTRIBUTION TO MAKE.

I WANT FUTURE GENERATIONS IN BRITAIN TO HAVE THESE OPPORTUNITIES OPEN TO THEM. I WANT FUTURE GENERATIONS IN EUROPE TO HAVE THESE OPPORTUNITIES FOR PROSPERITY AND INFLUENCE IN THE WORLD OUTSIDE. BUT THIS CAN ONLY BE BROUGHT ABOUT - WE HAVE CERTAINLY RECOGNISED IT SINCE THE FIRST RESOLUTION OF THIS HOUSE IN NINETEENSIXTYONE AUTHORISING US TO NEGOTIATE IN EUROPE - BY ARRANGEMENTS WHICH ARE BENEFICIAL BOTH TO THE OLD AND TO THE NEW MEMBERS OF THE ECONOMIC COMMUNITY. BRITAIN WOULD NOT BE JUSTIFIED, NOR WOULD ANY OTHER

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APPLICANT, IN ACCEPTING ARRANGEMENTS - AND THE CONSERVATIVE PARTY WOULD NOT ACCEPT ARRANGEMENTS - WHICH MEAN OVERALL, THAT WE CANNOT BENEFIT TOGETHER WITH THE OTHER MEMBERS OF AN ENLARGED COMMUNITY. THAT, SURELY, MUST BE ABSOLUTELY FUNDAMENTAL.

BUT NEITHER DO I BELIEVE THAT THE SIX MEMBERS SHOULD OR WOULD AGREE TO ANY PENAL ARRANGEMENTS. ALTHOUGH THE SIX MIGHT FOR A TIME BENEFIT BECAUSE OF INEQUITABLE PAYMENTS ACROSS THE EXCHANGES, IT WOULD MEAN THE MOVEMENT OF REAL RESOURCES FROM THIS COUNTRY TO THE MEMBER COUNTRIES OF THE SIX AND, ALTHOUGH IT MIGHT BENEFIT THEM IN THE SHORT TERM, THEY WOULD BE LANDED WITH A PERMANENT DEPENDENT ON THEIR HANDS. THIS CANNOT BE TO THEIR BENEFIT ULTIMATELY. THEY WOULD NOT WANT IT. NOR WOULD THEY ACCEPT IT. THAT, THEREFORE, SEEMS TO BE THE BASIC FACT IN THE SITUATION IN THIS NEGOTIATION.

SIDEHEAD: WHITE PAPER.

THE EXTREME POSITION SET OUT IN THE WHITE PAPER IS PRESUMABLY, COMPLETELY UNACCEPTABLE TO HER MAJESTY'S GOVERNMENT AND CERTAINLY TO US. BUT THE WHITE PAPER SAYS THAT IT CANNOT HAPPEN. WE MAY INDEED WONDER AT THOSE WHO GO TO SUCH LENGTHS TO PRODUCE AN UNACCEPTABLE POSITION TO PROVE THAT IT IS QUITE IMPOSSIBLE. THAT HAS BEEN THE OUTCOME OF THE WHITE PAPER.

THE ARRANGEMENTS FOR THE ENLARGED COMMUNITY MUST BE SUCH AS TO BENEFIT ALL ITS MEMBERS. TO ACHIEVE THIS, AS I AM SURE THE MINISTER WITHOUT PORTFOLIO WILL AGREE, IS NOT A ONE WAY MOVEMENT. IT IS A PROCESS TO WHICH BOTH PRESENT AND POSSIBLE FUTURE MEMBERS HAVE A CONTRIBUTION TO MAKE, AND WITHOUT A CONTRIBUTION FROM BOTH SIDES IT WILL NOT BE POSSIBLE.

SIDEHEAD: IF WE REMAIN OUTSIDE.

SO FAR, THE EMPHASIS HAS BEEN PERHAPS TOO MUCH ON WHAT WILL HAPPEN IF WE CANNOT CREATE THIS UNITY AND BE PART OF IT. THE FOREIGN SECRETARY WAS ABSOLUTELY RIGHT, AND IT WAS QUITE PROPER OF HIM, TO DRAW ATTENTION TO THIS YESTERDAY. IT WOULD BE FOOLISH FOR ALL OF US TO IGNORE THE LESSONS OF HISTORY. THE IMPACT OF ONE GREAT POWER, AS THE COMMUNITY WILL BECOME, ALONE ON THE MAINLAND OF EUROPE ALONGSIDE US, NOT TODAY PERHAPS, AS WE HAVE THOUGHT OF IT IN THE PAST IN A MILITARY SENSE AS A DIRECT THREAT TO OUR SECURITY, BUT ITS IMPORTANCE TO US IN RELATION TO OTHER GROUPINGS - FOR EXAMPLE, THE EASTERN BLOC - AND TO THEM MUST BE OF VITAL IMPORTANCE, AND WE WOULD WISH TO BE IN IT. THERE IS ALSO ITS IMPORTANCE TO OUR SECURITY, NOW THAT THE POSITION OF THE UNITED STATES IS CHANGING, AND ITS DISPOSITIONS WILL CHANGE WITH IT.

ON MY LAST VISIT TO WASHINGTON, NEARLY A YEAR AGO, I FELT FOR THE FIRST TIME THAT THERE WAS IN THE UNITED STATES A WEARINESS OF THE SPIRIT, OF WHICH WE IN EUROPE WOULD BE WISE TO TAKE ACCOUNT, BASED ON A FEELING THAT FOR TWENTYFIVE YEARS THEY HAVE BORNE A GREAT PART OF THE BURDEN OF THE DEFENCE OF WESTERN EUROPE, THAT WE SHELTER UNDER THEIR NUCLEAR UMBRELLA' THAT THEY HAVE BEEN INVOLVED IN A MAJOR WAR IN THE PACIFIC WHICH HAS TORN THEIR COUNTRY APART. THAT THEY HAVE IMMENSE PROBLEMS IN THEIR CITIES AND IN THEIR RACIAL RELATIONS. IT IS PERHAPS NATURAL THAT THEY SHOULD SAY 'CAN WE NOT DEVOTE MORE OF OUR RESOURCES TO OUR OWN PROBLEMS FOR OUR OWN COUNTRY AND LET OTHERS PERHAPS TAKE A LARGER SHARE FOR THEMSELVES.' IT BEHOVES US TO WORK OUT TOGETHER A RATIONAL REAPPORTIONMENT OF RESOURCES AND THE RELATIONSHIP IN THIS WAY. I BELIEVE THAT IT CAN BE DONE WITHOUT IN ANY WAY WEAKENING THE POSITION OF THE WEST AS A WHOLE.

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THE COMMUNITY'S POWER IN ECONOMIC NEGOTIATIONS HAS ALREADY BEEN DEMONSTRATED IN THE KENNEDY ROUND. THESE ARE ALL NEGATIVE ASPECTS. WE LIVE WITH THEM TODAY. WE CAN GO ON LIVING WITH THEM IN THE FUTURE, IF WE HAVE TO AS THEY DEVELOP. BUT IT IS TO THE OPPORTUNITIES THAT WE SHOULD LOOK WHEN THINKING OF THE EUROPEAN POLICY AS A WHOLE, OPPORTUNITIES WHICH ARE POLITICAL, SOCIAL AND ECONOMIC, OPPORTUNITIES IN WORKING OUT THE FUTURE OF THIS MAJOR GROUPING IN EUROPE, ITS FUTURE RELATIONSHIP WITH THE THIRD WORLD AND WITH THE DEVELOPING WORLD.

THE FAILURE OF THE U.N.C.T.A.D. CONFERENCE IN DELHI POINTED SUFFICIENTLY CLEARLY TO A NEED FOR EUROPE AS A WHOLE TO BE ABLE TO TAKE A LEADING POSITION IN THE RELATIONS WITH THE THIRD WORLD, IN HELPING TO WORK OUT A NEW RELATIONSHIP OF THIS GROUPING ACROSS THE ATLANTIC IN THE ATLANTIC PARTNERSHIP, IN HELPING TO GUIDE THE RELATIONSHIPS OF THIS NEW GROUPING WITH THE EASTERN BLOC WHICH WILL BE OF SUCH IMMENSE IMPORTANCE FOR THE WHOLE FUTURE OF WORLD PEACE...

SIDEHEAD: PROGRESS IN THE SIX.

AT THE HAGUE THE SIX HAVE NOW DECIDED THAT THEY WILL WORK TOGETHER IN POLITICAL CONSULTATION. THIS IS HOW PROGRESS WILL BE MADE. THERE WILL NOT BE A BLUEPRINT FOR A FEDERAL EUROPE, HOWEVER MUCH SOME INDIVIDUALS MAY WANT TO HAVE IT. I REMEMBER VON BRENTANO WHEN HE WAS GERMAN FOREIGN MINISTER SAYING TO ME "WHEN I STARTED IN EUROPE I THOUGHT THAT WE COULD CREATE A BLUEPRINT FOR POLITICAL ACTIVITIES IN THE SAME WAY AS WE HAVE CREATED BLUEPRINTS IN THE COMMUNITY". HE WENT ON TO SAY "NOW I REALISE HOW WRONG I WAS. WITH OLD NATION STATES THIS IS NOT THE WAY TO GO ABOUT IT. WE SHALL START WORKING MORE CLOSELY TOGETHER AND ACHIEVE OUR AIMS AND THEN PERHAPS WITHIN TEN YEARS WE SHALL CALL IN A CONSTITUTIONAL LAWYER FROM A UNIVERSITY AND ASK HIM TO DEFINE WHERE WE HAD GOT TO". THIS IS THE PRAGMATIC APPROACH WHICH IS THE BRITISH APPROACH AND THAT IS HOW I AM QUITE CONVINCED IT WILL WORK OUT.

WHATEVER THE WORKING ARRANGEMENT, OUR VIEWS WOULD BE TAKEN ACCOUNT OF, AND INDEED WE SHOULD GIVE LEADERSHIP THERE. THE HAGUE COMMUNIQUE SPECIFICALLY PROVIDED FOR THE FUTURE AND FOR THE PRESENT DEVELOPMENT OF THE COMMUNITY. WHAT IS MORE, THOSE MEMBERS OF THE COMMUNITY WHO WANT A FEDERAL SYSTEM BUT WHO KNOW THE VIEWS OF THE BRITISH GOVERNMENT AND THE BRITISH OPPOSITION PARTIES ARE PREPARED TO FORGO THEIR FEDERAL DESIRES IN ORDER THAT BRITAIN SHOULD BE A MEMBER AND TAKE PART IN POLITICAL CONSULTATION AND CO-ORDINATION WITH THEM. I BELIEVE THIS TO BE OF GREAT IMPORTANCE. THEY ALSO QUITE RIGHTLY BELIEVE THAT THE COMMUNITY WOULD BE A MUCH BETTER BALANCED COMMUNITY BOTH POLITICALLY AND ECONOMICALLY IF BRITAIN WERE A MEMBER. THAT IS WHY THEY SUPPORT SO STRONGLY THE BRITISH APPLICATION FOR MEMBERSHIP.

I WOULD POSE THE REAL QUESTION THAT FACES THE GOVERNMENT WHICHEVER GOVERNMENT NEGOTIATES. IT IS WHETHER THOSE OF US WHO WANT THIS NEW ROLE FOR BRITAIN IN A WIDER EUROPEAN COMMUNITY CAN BRING IT ABOUT AND, IF SO, HOW IT CAN BE DONE AND ON WHAT BASIS. THIS IS WHERE THE WHITE PAPER IS OF IMPORTANCE ALTHOUGH WE KNOW THE CRITICISMS WHICH CAN BE MADE OF IT. ON WHAT BASIS CAN ALL THIS BE DONE? I AM SURE THAT IT CAN BE DONE ONLY ON THE BASIS OF AN ENLARGED EUROPEAN ECONOMIC COMMUNITY.

HERE AGAIN I RECOGNISE THE DIFFERENCES OF OPINION HELD BY SOME OF MY RIGHT HONOURABLE AND HONOURABLE FRIENDS AND BY SOME HONOURABLE GENTLEMEN OPPOSITE.

THE COMMUNITY OF LATE HAS BEEN MUCH CRITICISED AND THIS HAS BEEN PUT FORWARD AS A REASON FOR OUR NO LONGER HAVING ANYTHING TO DO WITH IT. BUT OUR APPLICATION WAS HELD UP BY PRESIDENT DE GAULLE'S POLICIES, BY HIS VETO AND BY THE QUESTION OF BRITISH MEMBERSHIP. THE QUESTION OF BRITISH MEMBERSHIP IN MY VIEW WILL NOW HAVE TO BE SETTLED ONE WAY OR THE OTHER IN THE NEXT TWO OR THREE YEARS.

I BELIEVE THAT THE SIX WILL WANT TO SETTLE IT REASONABLY QUICKLY IN TWO OR THREE YEARS. WHICHEVER WAY IT IS SETTLED THEY WILL THEN GO AHEAD EITHER WITH OR WITHOUT US. IT IS QUITE CLEAR THE COMMUNITY IS GAINING IN MOMENTUM. SINCE THE HAGUE CONFERENCE IT HAS MOVED INTO A FINAL FORM. IT HAS SETTLED ITS AGRICULTURAL FINANCIAL REGULATIONS AND IT IS NOW WORKING FOR A CLOSE ECONOMIC UNION AND CO-ORDINATED CURRENCIES. THAT MEANS CO-ORDINATED ECONOMIC POLICIES.

WE MUST BE UNDER NO ILLUSION ABOUT THE MOMENTUM THAT THE COMMUNITY HAS GAINED AND THE WAY IN WHICH THIS WILL CONTINUE. IT IS ON THE BASIS OF THE TREATY OF ROME. I RECOGNISE THE OBJECTIONS TO THE TREATY PUT FORWARD ON BOTH SIDES OF THE HOUSE. BECAUSE OF THE DEROGATION OF SOVEREIGNTY SPECIFICALLY DEPUTED IN THE TREATY OVER ECONOMIC MATTERS, THEY REJECT THIS CONCEPT OF A NEW ROLE FOR BRITAIN IN EUROPE. SUCH EVIDENCE AS IS AVAILABLE SHOWS THAT THIS IS NOT THE VIEW OF OUR PEOPLE AS A WHOLE. IT IS NOT THE ISSUE OF SOVEREIGNTY TODAY ON WHICH THE GREAT MAJORITY OF THEM DIFFER. THEY ARE PREPARED TO CO-OPERATE UNDER COMMON RULES IF THE PEOPLE OF BRITAIN FEEL THE PURPOSE IS A WORTHY ONE. OF THIS I AM QUITE CONVINCED. THEY ARE PREPARED TO ACCEPT A POOLING OF SOVEREIGNTY UNDER THE TREATY OF ROME IN THE SPECIFIC TERMS LAID DOWN IN THE TREATY BECAUSE THEY KNOW THAT IT IS IMPOSSIBLE TO HAVE SUCCESSFUL ECONOMIC OPERATIONS TOGETHER, EXCEPT WITHIN A COMMON FRAMEWORK.

THE USE OF SOVEREIGNTY

SOVEREIGNTY EXISTS FOR US AS A GENERATION TO MAKE THE BEST USE OF IT WE CAN. IF WE CAN MAKE BETTER USE OF THIS ELEMENT BY OPERATING TOGETHER UNDER THE TREATY OF ROME WITH OUR PARTNERS IN EUROPE THEN I BELIEVE THAT IT IS OUR RESPONSIBILITY TO DO SO. WE SHOULD RECOGNISE THAT NO POLICY IN THE COMMUNITY HAS BEEN PURSUED AGAINST WHAT ANY MEMBER COUNTRY BELIEVES TO BE A MAJOR INTEREST OF ITS OWN, NOT WHAT OTHER COUNTRIES DECIDED WAS A MAJOR INTEREST BUT WHAT THE COUNTRY ITSELF DECIDED WAS A MAJOR INTEREST OF ITS OWN.

AGAIN, THE REASON IS A PRAGMATIC ONE. WHATEVER THE POSITION MIGHT BE IN INTERNATIONAL LAW WERE THE OTHER MEMBERS TO TRY TO OVERRULE WHAT A COUNTRY BELIEVES TO BE ITS MAJOR INTEREST THE STRAIN WOULD BE TOO GREAT AND THE COMMUNITY WOULD DISINTEGRATE. OF THAT THERE CAN BE NO DOUBT WHATEVER.

WHAT THE TREATY INVOLVES

THE TREATY OF ROME AGAIN WE HEAR IS THE BASIS FOR AN INWARD-LOOKING BLOC. I THINK THIS WAS RATHER THE VIEW OF THE RHM FOR BATTERSEA, NORTH. PERHAPS WE COULD ACCEPT NOW THAT THE COMMON TARIFF ROUND THE COMMUNITY IS LOWER THAN THE BRITISH TARIFF. PERHAPS WE CAN ACCEPT THAT THOSE COUNTRIES CERTAINLY EQUAL WHAT WE DO FOR THE DEVELOPING WORLD AND IN SOME CASES EXCEED WHAT WE ARE ABLE TO DO FOR THE DEVELOPING WORLD. PERHAPS WE CAN ALSO ACCEPT THAT THEIR CONTRIBUTION TO WORLD STABILISATION OF CURRENCY FROM WHICH THIS COUNTRY AND HER MAJESTY'S GOVERNMENT HAVE BENEFITED IN THE LAST FIVE YEARS HAS BEEN VERY REMARKABLE. THAT IS NOT THE MARK OF AN INWARD-LOOKING COMMUNITY. LET US ALSO RECOGNISE THAT THEY CARRY OUT OTHER OBLIGATIONS OF A DEFENCE KIND ACROSS THE WORLD AND THAT THEY WILL CONTINUE TO DO SO. ON THE OTHER HAND THEY DO NOT EXPECT US TO GIVE UP OUR COMMITMENTS WHICH WE HAVE ELSEWHERE.

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I CANNOT ACCEPT THE VIEW WHICH IS SOMETIMES PUT FORWARD BY THOSE MOST STRONGLY IN FAVOUR OF A EUROPEAN POLICY THAT FOR BRITAIN IT MEANS WHAT IT HAS NOT MEANT FOR OTHER MEMBERS - SEVERING ALL OUR LINKS WITH THE OUTSIDE WORLD. THEY ARE NOT ASKING US TO DO THIS AND THERE IS NO REASON WHY WE SHOULD. INDEED IT IS CONTRADICTORY TO THE WHOLE PHILOSOPHY UNDERLYING THIS POLICY, BECAUSE THE PURPOSE OF A WIDER EUROPEAN COMMUNITY IS TO USE OUR INFLUENCE FOR GOOD IN THE OUTSIDE WORLD, AND THAT CAN BE DONE ONLY BY MAINTAINING OUR LINKS.

THE ALTERNATIVES

THERE ARE OTHERS WHO SAY, BECAUSE OF THE ECONOMIC PROBLEM, WHY CAN WE NOT ADOPT OTHER ALTERNATIVES ? I HAVE SAID PUBLICLY - AND I SAID IT IN MY GUILDHALL SPEECH - IT IS RIGHT THAT WE SHOULD LOOK AT THE ALTERNATIVE.

THERE IS THE ALTERNATIVE AS IT IS USUALLY PUT, OF BUILDING UP THE COMMONWEALTH. BUT WE KNOW THAT THROUGH NEITHER OUR FAULT NOR THAT OF THE COMMONWEALTH BUT BECAUSE OF THE MOVEMENT OF INTERNATIONAL TRADE AND INTERNATIONAL NEGOTIATIONS ON TRADE, THE PREFERENCES OF THE COMMONWEALTH HAVE BEEN STEADILY ERODED. THE COMMONWEALTH WILL NOT REVERSE THAT TREND, BECAUSE IT SUITS IT.

THE RHM FOR BATTERSEA, NORTH SAID YESTERDAY THAT WE WOULD BE MOVING IN EUROPE, IF WE WENT IN, INTO A MUCH NARROWER MARKET OF A PREFERENTIAL KIND. BUT SURELY THAT IS DIFFICULT TO SUSTAIN. THE RHG HIMSELF SAID THAT IT DID NOT MATTER IF THE COMMONWEALTH COUNTRIES MADE THEIR OWN NEGOTIATIONS WITH THE COMMUNITY AND PUT REVERSE PREFERENCES AGAINST US AS THE COUNTRIES OF EAST AFRICA AND WEST AFRICA HAVE DONE. THIS IS A TREND WHICH IS LIKELY TO CONTINUE. THE COUNTRIES OF THE INDIAN SUB-CONTINENT MADE THEIR ARRANGEMENTS AFTER NINETEENSIXTYTHREE TO TAKE ADVANTAGE OF THE TARIFF CHANGES WHICH WE HAD NEGOTIATED. BUT THE OLD COMMONWEALTH MARKET WITH ITS PREFERENCES IS A MARKET OF ABOUT THIRTYFIVE MILLION PEOPLE WITH A HIGHER STANDARD OF LIVING THAN OUR OWN THOUGH IT IS DOUBTFUL WHETHER IT IS HIGHER THAN IN E.F.T.A. OR SOME COMMON MARKET COUNTRIES, AND, IF THERE IS A CHANGE OF PREFERENCES WE WOULD BE MOVING INTO A PREFERENTIAL MARKET OF TWOHUNDRED MILLION PEOPLE. IT IS DIFFICULT TO SUSTAIN THE ARGUMENT, ESPECIALLY WITH THE E.F.T.A. COUNTRIES ADDED THAT THIS IS A NARROWER PREFERENTIAL MARKET THAN THAT WHICH WE ENJOY AT THE MOMENT.

LET US LOOK AS AN ALTERNATIVE TO E.F.T.A. THE RIGHT HONOURABLE GENTLEMAN SAID YESTERDAY THAT WE SHOULD STRENGTHEN E.F.T.A. THAT WAS RECEIVED WITH MURMURS OF APPLAUSE, BUT WHAT DOES STRENGTHENING E.F.T.A. MEAN? IT IS UP TO BUSINESSMEN NOW, WITH OUR EXISTING TARIFFS, TO DEVELOP THOSE MARKETS TO THE UTMOST. THAT THEY CAN DO, IF E.F.T.A. JOINS THE COMMUNITY, WHETHER WE ARE IN THE COMMUNITY TOGETHER WITH ALL OF THEM OR NOT.

HOW ELSE CAN THE GOVERNMENT STRENGTHEN E.F.T.A. ? WE SUCCESSFULLY ADVANCED THE ABOLITION OF TARIFFS AT THE FIRST MEETING IN LISBON AFTER 1963. BUT IS E.F.T.A. TO HAVE A COMMON AGRICULTURAL POLICY? IS THAT HOW WE STRENGTHEN IT? HOW CAN THE AGRICULTURE OF SWITZERLAND, THE AGRICULTURE OF NORWAY, THE HIGHLY PRODUCTIVE AGRICULTURE OF DENMARK, AND OUR OWN SUPPORT PRICE SYSTEM IN THIS COUNTRY - WHICH THE RIGHT HONOURABLE GENTLEMAN WISHES TO RETAIN - BE BROUGHT TOGETHER IN A COMMON AGRICULTURAL POLICY?

WHAT OTHER SPHERE IS THERE FOR STRENGTHENING E.F.T.A. ? TO CREATE INSTITUTIONS FOR COMMON ECONOMIC POLICIES, MEANS THE CREATION OF A CENTRAL COMMISSION SUCH AS IN THE COMMUNITY, TO WHICH THE RIGHT HONOURABLE GENTLEMAN MOST STRONGLY OBJECTS. HOW THEN, IS

THERE A POLICY FOR STRENGTHENING E.F.T.A. AS AN ALTERNATIVE TO POSSIBLE MEMBERSHIP OF THE E.E.C. ?

MR DOUGLAS JAY (BATTERSEA, NORTH): WOULD THE RIGHT HONOURABLE GENTLEMAN AT LEAST AGREE THAT WE OUGHT NOT TO ACCEPT ANY ARRANGEMENTS WHICH WOULD MEAN GOING BACK ON THE FREE TRADE ARRANGEMENTS WHICH WE NOW HAVE WITH THE OTHER E.F.T.A. COUNTRIES?

MR HEATH: SOME E.F.T.A. COUNTRIES WANT FULL MEMBERSHIP, IN WHICH CASE THERE WOULD BE NO TARIFF ARRANGEMENTS BETWEEN THEM BUT THEY WOULD HAVE TO CHANGE THEIR EXTERNAL TARIFFS. SOME E.F.T.A. COUNTRIES WANT ASSOCIATE MEMBERSHIP - IN THE CASE OF PORTUGAL LEADING TO FULL MEMBERSHIP - AND OTHERS, BECAUSE OF NEUTRALITY, WANT ASSOCIATE MEMBERSHIP, AND THAT WOULD DEAL WITH THE TARIFF QUESTIONS WHICH THE RIGHT HONOURABLE GENTLEMAN ASKS.

THEN THERE IS THE QUESTION OF INCREASING TRADE WITH THE SOVIET BLOC. THAT IS ABOUT TWO AND A HALF PER CENT. OF OUR TOTAL TRADE. OF COURSE WE SHOULD INCREASE IT AND AGAIN THAT DEPENDS ON GOVERNMENT ARRANGEMENTS AS WELL AS BUSINESSMEN, BUT THIS CANNOT MATCH THE OPPORTUNITIES WHICH EXIST IN EUROPE IF WE ARE ABLE TO TAKE THEM.

FINALLY THERE IS THE ALTERNATIVE OF A NORTH ATLANTIC FREE TRADE AREA. OF COURSE IT WAS RIGHT FOR THAT TO BE EXPLORED BUT IT IS WELL KNOWN THAT NO AMERICAN ADMINISTRATION HAS BEEN PREPARED TO SUPPORT A POLICY OF THIS KIND AND THE CANADIANS TURNED IT DOWN IN 1958 AND 1959, AND HAVE NOW DEVELOPED THEIR OWN TARIFF POLICY ACROSS THE BORDER WITH THE USA. THE AUSTRALIANS AND NEW ZEALANDERS MAY WANT FREE ENTRY FOR THEIR AGRICULTURAL PRODUCTS BUT THEY ARE NOT PREPARED TO REMOVE PROTECTION FROM THEIR INDUSTRIES. THEREFORE, FROM ALL THOSE POINTS OF VIEW, THE POSSIBILITY OF BRINGING ABOUT A FREE TRADE AREA OF THAT KIND DOES NOT OFFER A REALISTIC POLICY ON WHICH WE CAN PUT OUR OWN RELIANCE.

FINALLY, IT IS SAID, "LET US HAVE BILATERAL ARRANGEMENTS WITH THE SIX" OR SOME OTHER FORM OF LOOSE CO-OPERATION PARTICULARLY IN TECHNOLOGICAL PRODUCTS "I SHOULD LIKE TO MAKE ONE BRIEF REFERENCE TO WHAT THE FOREIGN SECRETARY SAID YESTERDAY BECAUSE HE SAID OR IMPLIED THAT OUR POLICY WAS TO GET A BILATERAL ARRANGEMENT WITH FRANCE. THAT HAS NEVER BEEN OUR POLICY. WHAT I WAS CONSTANTLY URGING WAS WHAT THE FIVE WERE ALWAYS URGING UPON ME - THAT AS IT WAS A FRENCH ADMINISTRATION WHICH HAD PUT THE OBSTACLES IN THE WAY OF BRITISH MEMBERSHIP EVERYTHING SHOULD BE DONE BY THE BRITISH WORKING WITH THE FRENCH, TO TRY TO REMOVE THOSE OBSTACLES. IT WAS A SENSIBLE AND REALISTIC APPROACH, URGED BY THE FIVE AND THE RIGHT THING TO DO

I BELIEVE THAT THE OBJECTIVE IS DESIRABLE AND WORTHY AND THAT THE RESPONSIBILITY RESTS BOTH ON THE COMMUNITY AND OURSELVES TO FIND SOLUTIONS TO THESE PROBLEMS OF A COMMUNITY KIND WHICH WILL ENABLE US TO OBTAIN BENEFIT IN THE LONG TERM, LOOKING AT IT OVERALL, JUST AS MUCH AS THE COMMUNITY WANTS TO DO BY ITSELF.

ENDS VS073/70. LPS.