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WEDNESDAY

25TH FEBRUARY 1970.

EEC DEBATE ON WHITE PAPER (MR JENKINS).

FOLLOWING ARE MAJOR EXTRACTS FROM SPEECH BY CHANCELLOR OF EXCHEQUER IN HOUSE OF COMMONS ON TWENTYFIVE FEBRUARY.

SIDEHEAD: GENERAL ECONOMIC ASSESSMENT.

.... I COME TO THE CENTRAL QUESTION ON WHICH THE HOUSE WILL EXPECT ME TO COMMENT. IT IS THAT RAISED BY THE GENERAL ECONOMIC ASSESSMENT IN CHAPTER FIVE OF THE WHITE PAPER. WHEN WE SET THE POSSIBLE COSTS AGAINST THE POSSIBLE BENEFITS, WITH ALL THE MARGINS OF UNCERTAINTY THAT ARE NECESSARILY INVOLVED, CAN WE AFFORD THE PRICE? AND EVEN IF WE HAVE THE MONEY TO PAY IS IT WORTH DOING SO?

I WILL FIRST TRY TO PUT THE TIME SCALE INTO PERSPECTIVE. THE ARGUMENT AGAINST OUR GOING IN IS SOMETIMES PUT IN TERMS WHICH SUGGEST THAT THE COSTS WOULD HIT US IN A SINGLE ALMOST ANNIHILATING BLOW AND MIGHT DO SO IN THE COURSE OF THE NEXT FEW MONTHS. THIS IS NONSENSE. THE NEGOTIATIONS WOULD INEVITABLY TAKE QUITE A LONG TIME. THERE WOULD THEN BE A FURTHER DELAY FOR PARLIAMENTARY RATIFICATION IN THE VARIOUS COUNTRIES. THEN WE WOULD BEGIN THE TRANSITIONAL PERIOD DURING WHICH THE EFFECT WOULD BE GRADUAL AND NOT CONCENTRATED. ALTOGETHER WE WOULD BE LIKELY TO BE IN THE SECOND HALF OF THE SEVENTIES BEFORE WE HAD TO BEAR THE MAJOR BRUNT.

HOWEVER THIS DOES NOT BEGIN TO ANSWER THE QUESTION: WOULD IT BE WORTHWHILE. NEVERTHELESS IT HAS A CONSIDERABLE BEARING ON THE QUESTION: CAN WE AFFORD IT? IT HAS A BEARING IN A LEAST TWO WAYS, THE FIRST BEING THE FACT THAT OUR NATIONAL INCOME WOULD BE LARGER BY THEN. EVEN AT THE PAST RATE OF PROGRESS - TAKING THE AVERAGE FOR THE LAST TEN YEARS, WHICH I FRANKLY REGARD AS HAVING BEEN DISAPPOINTING - OUR NATIONAL INCOME SHOULD INCREASE IN REAL TERMS BY ABOUT SIX THOUSAND MILLION POUNDS STERLING BETWEEN NOW AND NINETEENSEVENTYFIVE.

SIDEHEAD: DEBT REPAYMENTS WILL BE OVER.

SECONDLY THERE SHOULD BE NO QUESTION OF ANY BALANCE OF PAYMENTS COSTS BEING LAID ON TOP OF THE BURDEN OF SHORT AND MEDIUM-TERM DEBT REPAYMENT OBLIGATIONS. EVEN ON A MUCH MORE PESSIMISTIC ASSUMPTION THAN THE PAST YEAR WOULD JUSTIFY, THESE SHOULD BE WELL OUT OF THE WAY BEFORE THEN.

SIDEHEAD: FOOD PRICE GAP COULD DIMINISH.

THERE IS A THIRD POINT WHICH IS NECESSARILY MORE SPECULATIVE AND ON WHICH I CAN EXPRESS ONLY MY PERSONAL VIEW. THE WHITE PAPER CALCULATIONS ARE DONE AS THEY SHOULD HAVE BEEN, ON THE BASIS OF EXISTING DISPARITIES BETWEEN THE COST OF FOOD IN THE COMMUNITY AND THE COST HERE WHICH IS LARGELY BASED ON WORLD PRICES. THE LEVEL OF PRICES IN THE COMMUNITY RESULTS IN LARGE SURPLUSES AND THERE ARE MANY IN THE COMMUNITY WHO WOULD LIKE TO SEE PRICES FALL TO A LEVEL AT WHICH THESE SURPLUSES WOULD NO LONGER BE PRODUCED. THERE MAY WELL BE A MOVEMENT IN THIS DIRECTION, ASSOCIATED WITH A RISE IN THE AGRICULTURAL EFFICIENCY OF THE COMMUNITY, WHICH IS ALREADY TO SOME EXTENT TAKING PLACE, BUT FOR WHICH THERE IS STILL A GREAT DEAL OF ROOM.

I ALSO BELIEVE, CONTRARY TO THE VIEW OF MY RIGHT HONOURABLE FRIEND THE MEMBER FOR BATTERSEA NORTH, (MR. JAY) - IT IS NOT UNKNOWN FOR HE AND I TO DISAGREE UPON THIS MATTER - THAT THERE MAY BE A RISE IN RELATIVE FOOD PRICES OUTSIDE, ASSOCIATED WITH RISING LIVING STANDARDS IN THE REST OF THE WORLD. I WOULD JUDGE IT LIKELY THAT THE GAP IN FOOD PRICES BETWEEN THE E.E.C. AND THE REST OF THE WORLD WILL HAVE DIMINISHED BY NINETEENSEVENTYFIVE. THE COST TO US WILL BE CORRESPONDINGLY REDUCED....

SIDEHEAD: IS THE PRICE WORTHWHILE?

.... I NOW TURN TO THE QUESTION OF WHETHER ANY LIKELY PRICE WHICH WE WOULD HAVE TO PAY IS WORTHWHILE. THE ECONOMIC ANSWER, PRIMARILY - THE POLITICAL ANSWER AS WELL, TO WHICH I SHALL TURN AT THE END - IS THE EFFECT UPON THE TERMS OF ENTRY OF OUR RATE OF GROWTH. WE MUST FIRST TRY TO GET THE QUANTITIES RIGHT. THE BRITISH G.N.P. IS NOW ALMOST FORTY THOUSAND MILLION POUNDS STERLING A YEAR. AN ADDITIONAL GROWTH RATE OF A HALF PERCENT PER ANNUM WOULD THEREFORE GIVE US AN EXTRA ONE THOUSAND ONE HUNDRED MILLION POUNDS STERLING PER ANNUM AFTER FIVE YEARS AND AN EXTRA TWO THOUSAND SEVEN HUNDRED MILLION POUNDS STERLING PER ANNUM AT THE END OF THE TENTH YEAR. THE EFFECT, OF COURSE, IS CUMULATIVE AND THIS HELPS US TO PUT POSSIBLE COSTS SOMEWHAT IN PERSPECTIVE. IT DOES NOT OF COURSE MEAN THAT WE COULD TOLERATE THE MAXIMUM COST AND I REGARD IT AS ALMOST INCONCEIVABLE THAT ALL THE FACTORS SHOULD FLOW WITH FULL FORCE IN AN ADVERSE DIRECTION, BUT IF THEY DID, THE RESULT, WE WOULD ALL AGREE, WOULD BE UNACCEPTABLE.

THERE IS A FURTHER POINT. THE COST WOULD RISE TO THIS MAXIMUM BY THE END OF THE TRANSITIONAL PERIOD, WHATEVER LEVEL THAT MAY BE, BUT THIS WOULD NOT APPLY TO THE BENEFITS. THEY WOULD CONTINUE TO ACCRUE, WHOLLY UNMORTGAGED SO FAR AS THE E.E.C. WAS CONCERNED, AFTER THE END OF THE TRANSITIONAL PERIOD. THEY WOULD BE WITH US INTO THE FUTURE. THE COSTS WOULD HAVE BEEN DISPOSED OF.

SO FAR, OF COURSE, ALL THIS OBVIOUSLY BEGS THE QUESTION OF WHETHER THE GROWTH BENEFIT WOULD BE THERE. BUT I HAVE NO DESIRE TO LEAVE THIS CRUCIAL AND DIFFICULT POINT UNDISCUSSED. IT IS NOT A MATTER - NEARLY THE WHOLE HOUSE RECOGNISES THIS - WHICH CAN BE SUBJECT ONE WAY OR THE OTHER TO ABSOLUTE PROOF. ONLY EVENTS CAN PROVE WHAT WILL HAPPEN. I CAN ONLY LAY CERTAIN CONSIDERATIONS BEFORE THE HOUSE.

SIDEHEAD PROSPECTS FOR GROWTH.

IT IS UNDOUBTEDLY TRUE - BEFORE ANYONE INTERRUPTS ME, I SHOULD POINT OUT THAT I DO NOT LAY GREAT STRESS ON THIS POINT - THAT, OVER THE PAST DECADE AND MORE, THE E.E.C. HAS SHOWN A SUBSTANTIALLY FASTER GROWTH RATE THAN WE HAVE. I DO NOT LAY GREAT STRESS ON THAT, EXCEPT TO NOTE THAT THE E.E.C. COUNTRIES HAVE MAINTAINED THEIR GROWTH WITH MORE CONSISTENCY THAN WAS EXPECTED ON SEVERAL OCCASIONS IN THE PAST AND THAT THEIR GROWTH OF TRADE, PARTICULARLY WITH EACH OTHER, HAS MADE A SIGNIFICANT CONTRIBUTION TO THIS GROWTH.

I AM AWARE, OF COURSE, OF THE ARGUMENT TO WHICH MY RIGHT HONOURABLE FRIEND THE CHANCELLOR OF THE DUCHY REFERRED LAST NIGHT, THAT, IF WE ABSTRACT THE UNITED KINGDOM, E.F.T.A. CAN BE SHOWN TO HAVE ACHIEVED APPROXIMATELY THE SAME RATE OF GROWTH AS THE E.E.C. BUT IT IS ALSO THE CASE THAT, IF IT IS RIGHT TO ABSTRACT THE UNITED KINGDOM, IT WOULD ALSO BE RIGHT TO ABSTRACT PORTUGAL, WHICH IS THE ODD MAN OUT IN BOTH GROUPINGS. IT IS A DEVELOPING COUNTRY VERY DIFFERENT FROM ANY OF THE OTHERS. IF THIS

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IS DONE, WE RETURN TO A POSITION IN WHICH THE E.E.C. RATE OF GROWTH IS SIGNIFICANTLY DIFFERENT FROM THAT OF E.F.T.A.

SIDEHEAD BELGIAN PARALLEL.

WHAT IS PERHAPS MORE DIRECTLY RELEVANT ALSO IS THE EXPERIENCE OF ONE COUNTRY WITHIN THE E.E.C. - BELGIUM, WHICH HAD A DISAPPOINTING GROWTH RATE BASED ON AN OLD INDUSTRIAL STRUCTURE, NOT UNLIKE OURS IN SOME WAYS, AND WHICH MOVED UP FROM AN AVERAGE OF 2.6 PER CENT. IN 1953-58 TO AN AVERAGE OF 4.4 PER CENT. OVERALL OR 3.8 PER CENT. PER HEAD FOR THE PERIOD 1958-67. IF WE ARE TO LOOK FOR PARALLELS, THAT SEEMS TO ME TO BE AS GOOD A COMPARATIVE EXPERIENCE AS ANYONE CAN FIND.

SIDEHEAD TECHNOLOGY.

THE MAIN GROWTH CASE IN MY VIEW DOES NOT REST UPON AN ARGUMENT BY ANALOGY. IF WE ARE TO GROW FASTER, THIS MUST MEAN THAT OUR MORE TECHNOLOGICALLY ADVANCED INDUSTRIES WILL LEAD THE WAY AND PLAY AN INCREASINGLY DOMINANT ROLE IN THE ECONOMY. THEY ARE THE ONES WITH THE GREATEST CAPACITY TO EXPAND THEIR MARKETS AND GET ABOVE AVERAGE INCREASES IN PRODUCTIVITY. THESE ARE TWO CLEARLY NECESSARY INGREDIENTS FOR FASTER GROWTH. WE WILL NOT GET FASTER GROWTH LED BY INDUSTRIES WHICH PRODUCE GOODS FOR MARKETS WHICH ARE NO LONGER EXPANDING, EITHER AT HOME OR ABROAD, AND WE WILL NOT GET IT FROM INDUSTRIES WHICH, BY THEIR VERY NATURE, HAVE LITTLE SCOPE FOR FURTHER DRASTIC IMPROVEMENTS IN THE METHODS OF PRODUCTION.

YET IF WE LOOK AT THESE GROWTH INDUSTRIES, THESE ADVANCED INDUSTRIES ON WHICH OUR GROWTH HOPES MUST DEPEND, TWO THINGS STAND OUT. FIRST, THEY ARE THE INDUSTRIES WHICH MOST NEED TO HAVE A LARGE AND UNIFIED MARKET AVAILABLE. THEY NEED IT BECAUSE OF THEIR DEPENDENCE ON A LARGE RESEARCH AND DEVELOPMENT EFFORT AND BECAUSE, WHETHER THEY ARE PRODUCING ON A LARGE SCALE OR TURNING OUT MORE SPECIALISED PRODUCTS, THE ECONOMIES OF SCALE ARE OF GREAT IMPORTANCE TO THEM.

SECOND, IT IS PRECISELY IN THOSE ADVANCED INDUSTRIES THAT THE MANAGEMENT LEADERS, WITH VERY FEW EXCEPTIONS, ARE MOST ENTHUSIASTIC FOR BRITISH ENTRY. OF COURSE, MANAGEMENT OPINION, LIKE ANY OTHER OPINION, CAN GET THINGS WRONG, BUT I DOUBT WHETHER THEY COULD ACHIEVE SUCH A NEAR UNANIMITY OF WRONGNESS ON AN ISSUE IN WHICH THEIR OWN INTERESTS WERE SO DIRECTLY INVOLVED.

SOME HONOURABLE MEMBERS TAKE A MORE PESSIMISTIC VIEW AND SEE BRITISH INDUSTRY AS NECESSARILY BEING DAMAGED BY OUR OPENING OUR FRONTIERS TO THE INDUSTRIES OF THE SIX. THE HONOURABLE MEMBER FOR PETERBOROUGH (SIR HARMAR NICHOLLS) I THINK SAID THIS YESTERDAY. WHATEVER ELSE MAY BE SAID ABOUT THIS, I DO NOT THINK THAT IT IS A GOOD ARGUMENT FOR THOSE WHO WANT US TO STAY OUT. IF ONE BELIEVES THAT IT IS BETTER FOR US TO STAY OUT, ONE MUST BELIEVE THAT OUR INDUSTRY HAS A SPECIAL RESILIENCE WHICH WILL ENABLE IT TO COMPETE SUCCESSFULLY FOR INVESTMENT MARKETS ALL OVER THE WORLD, WHEN WE, ALONE AMONGST MAJOR EXPORTING COUNTRIES, ARE OPERATING FROM A NARROW HOME BASE, ONE OF ONLY 50 MILLION TO 60 MILLION HERE AT HOME AND OF 100 MILLION IF ONE INCLUDES E.F.T.A. BUT IF WE STAYED OUT BY OUR OWN DESIRE, IF WE FAILED TO NEGOTIATE, I WONDER HOW MUCH OF E.F.T.A. WOULD REMAIN CONSTANT TO OUR OWN POSITION RATHER THAN BEING ERODED WITHIN THE COMMON MARKET.....

SO IF WE STAY OUT, WITH FIFTY-SIXTY MILLION ON OUR OWN, AND PERHAPS ONEHUNDRED MILLION IF E.F.T.A. REMAINS WITH US, WITH A QUERY OVER THAT, WE ARE ASKING BRITISH INDUSTRY TO ACCEPT A LONG-

TERM COMPETITIVE DISADVANTAGE WHICH WILL NOT BE TRUE OF ANY MAJOR COMPETITOR THROUGHOUT THE WORLD - NOT TRUE OF AMERICA., NOT TRUE OF WESTERN EUROPE., NOT TRUE OF THE SOVIET UNION AND ITS SATELLITES., AND NOT TRUE OF JAPAN, WHICH IS ALREADY ONEHUNDRED MILLION AND GROWING VERY FAST INDEED.

NO INTEREST IN A NAFTA

LET US NOTE THAT THERE IS, IN MY VIEW, NOW NO ALTERNATIVE GROUPING WHICH IS NOW SERIOUSLY PROPOSED FOR US. IN THE CONTROVERSIES OF THE EARLY NINETEENSIXTIES THERE WERE THOSE WHO SAW THE COMMONWEALTH AS PROVIDING SUCH AN ECONOMIC GROUPING. I THINK THAT THERE ARE VERY FEW WHO TODAY SEE IT IN THAT ROLE.

MORE RECENTLY THE IDEA OF N.A.F.T.A. - THE NORTH ATLANTIC FREE TRADE AREA - WAS FAIRLY WIDELY CANVASSED. WE DO NOT HEAR MUCH OF THAT CONCEPT TODAY, FOR IN MY VIEW THE GOOD AND SUFFICIENT REASON THAT THERE IS NOT AND NEVER HAS BEEN A SUFFICIENT BODY OF SUSTAINED AMERICAN OPINION, WHICH WOULD NECESSARILY BE OVERWHELMINGLY DOMINANT IN N.A.F.T.A., WHICH WOULD BE INTERESTED IN THE IDEA. BY STAYING OUT, WE SHOULD THEREFORE BE ACCEPTING FOR AN INDEFINITE FUTURE A POSITION MORE CUT OFF THAN THAT OF ALL OUR MAJOR COMPETITORS.

I AM NOT SAYING THAT WE COULD NOT SURVIVE AND EVEN PROSPER IN SUCH CIRCUMSTANCES. WHAT I AM SAYING IS THAT TO BELIEVE THAT WE COULD DO SO IS TOTALLY INCOMPATIBLE WITH THE VIEW THAT OUR INDUSTRY DARE NOT OPEN ITS DOORS TO EUROPEAN COMPETITION. OUTSIDE WE WOULD STILL HAVE TO COMPETE - COMPETE WITH OUR EUROPEAN NEIGHBOURS, BUT COMPETE WITH THEM IN LESS FAVOURABLE CIRCUMSTANCES.

BALANCE OF PAYMENTS

I COME NOW TO A POINT WHICH I BELIEVE, FROM ONE OR TWO QUESTIONS WHICH HAVE BEEN ASKED OF ME RECENTLY, MAY BE IN THE MINDS OF SOME OF MY HONOURABLE FRIENDS. "ALL RIGHT", THEY MAY SAY., "FROM A GROSS NATIONAL PRODUCT POINT OF VIEW PERHAPS WE COULD AFFORD IT. PERHAPS WE WOULD EVEN GAIN. BUT WHAT ABOUT THE BALANCE OF PAYMENTS ? TO GO IN WE WOULD HAVE TO MAINTAIN A STRONG SURPLUS FOR SOME TIME TO COME. WOULD NOT THIS EXERCISE A CONSTANT RESTRAINT ON OUR GROWTH RATE AND CONSEQUENTLY LIMIT OUR ABILITY TO GET THE G.N.P. BENEFITS WHICH MIGHT OTHERWISE BE AVAILABLE?"

I BELIEVE THAT THIS VIEW IS BASED ON A MISUNDERSTANDING OF THE RELATIONSHIP BETWEEN GROWTH RATES AND THE BALANCE OF PAYMENTS. WHEN A COUNTRY HAS A WEAK BALANCE OF PAYMENTS AND IS TRYING TO CURE IT, THIS IS OFTEN AN IMPEDIMENT TO THE RATE OF GROWTH. BUT THIS IS QUITE DIFFERENT FROM SAYING THAT A STRONG BALANCE OF PAYMENTS GOES WITH A SLOW RATE OF GROWTH. INDEED, THE REVERSE IS VERY MUCH NEARER TO THE TRUTH.

IN RECENT YEARS TWO COUNTRIES HAVE PROBABLY STOOD OUT AS THE COUNTRIES WITH THE STRONGEST BALANCE OF PAYMENTS IN THE WORLD - GERMANY AND JAPAN. THESE HAVE ALSO BEEN THE TWO COUNTRIES WHICH MOST OF US WOULD PROBABLY PICK OUT, AND RIGHTLY PICK OUT, AS THOSE WITH THE FASTEST GROWTH RATES. A DISTINCTION MUST BE DRAWN BETWEEN THE TRANSITION TO BALANCE OF PAYMENTS STRENGTH AND THE POSITION WHEN THAT STRENGTH HAS BEEN ACHIEVED, PARTICULARLY IF, LIKE FIRM, HARD PACKED SNOW, IT BECOMES, AS I BELIEVE A STEADY BALANCE OF PAYMENTS SURPLUS CAN, DIFFICULT TO MELT.

OUR IMMEDIATE NEED FOR A LARGE BALANCE OF PAYMENTS SURPLUS HAS STEMMED, IN MY VIEW, FROM OUR NEED TO START REPAYING OUR DEBTS - A DIRECTION IN WHICH WE MAY HAVE MADE SOME VERY GOOD PROGRESS

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RECENTLY. BUT THERE HAS BEEN A CONTINUING NEED, AND THERE IS A CONTINUING NEED, TO KEEP THE BALANCE OF PAYMENTS STRONG IN ORDER TO GET A MORE SUSTAINED GROWTH RATE THAN WE HAVE HITHERTO BEEN ABLE TO ACHIEVE.

IN MY VIEW, A STRONG BALANCE OF PAYMENTS IS NOT SOMETHING TO BE DISSIPATED, SOMETHING TO BE SPENT ONCE AND FOR ALL. IT IS, RATHER, A PLATFORM ON WHICH TO GET A GENERALLY BETTER ECONOMIC PERFORMANCE THAN WE HAVE BEEN ABLE TO ACHIEVE IN THE PAST.

THERE IS NO INHERENT REASON WHY WE SHOULD THINK OF OURSELVES AS A NATURAL DEFICIT COUNTRY, AS WE HAVE BEEN FOR TOO LONG AND TOO OFTEN IN THE PAST - OBSESSED AND STULTIFIED BY BALANCE OF PAYMENTS WEAKNESS. WE HAVE SHOWN THAT WE CAN GET OUR VISIBLE TRADE INTO BALANCE - INDEED, INTO SURPLUS. ON TOP OF THAT, WE HAVE THE STRONGEST POSITION ON INVISIBLE ACCOUNT OF ALMOST ANY COUNTRY IN THE WORLD. THAT INVISIBLE STRENGTH WOULD UNDOUBTEDLY BE FURTHER INCREASED BY OUR ACCESSION TO THE E.E.C.

I BELIEVE THAT NO ONE COULD BE LESS ANXIOUS TO DISSIPATE A BALANCE OF PAYMENTS SURPLUS THAN I AM. I HAVE HAD TO PROPOUND TOO MANY HARD MEASURES IN ORDER TO ACHIEVE IT. IF WE ARE TO USE THAT SURPLUS AS A FOUNDATION FOR GREAT WEALTH IN THE FUTURE, I BELIEVE THAT, PROVIDED THAT ACCEPTABLE TERMS CAN BE NEGOTIATED, WE CAN ADVANTAGEOUSLY INVEST PART OF IT IN THE COST OF ADMISSION TO THE COMMUNITY. I BELIEVE, FOR THE REASONS I HAVE ENDEAVOURED TO GIVE, THAT THAT IS MORE LIKELY - I AGREE THAT THERE CANNOT BE ABSOLUTE CERTAINTY - TO INCREASE OUR GROWTH RATE IN THE FUTURE THAN ANY OTHER COURSE WHICH WE COULD TAKE.

WE HAVE TWICE HAD THE NEGOTIATIONS BROKEN OFF BY OTHERS AND THE DOOR SLAMMED IN OUR FACES. ON THESE OCCASIONS, TOO, THERE WAS PERHAPS GROUND FOR A CERTAIN LACK OF SELF CONFIDENCE IN OUR APPROACH TO ENTRY BECAUSE OF OUR ECONOMIC WEAKNESS. NOW THAT WEAKNESS HAS BEEN REMOVED AND THE DOOR IS AT LAST OPENING. I BELIEVE THAT IT WOULD BE AN IRONIC TRAGEDY IF AT THIS OF ALL MOMENTS WE WERE TO LOSE OUR RESOLUTION AND NOT GO FORWARD TO THE NEGOTIATIONS....

POLITICAL FUTURE OF EUROPE

THERE IS ANOTHER ISSUE TO BE CONSIDERED. I BELIEVE THAT THE TWO VETOS WHICH WERE APPLIED TO BRITAIN'S APPLICATION TO JOIN HAVE INEVITABLY DEVALUED THE IDEOLOGICAL FORCE IN EUROPE OF THE EUROPEAN IDEA. THE PLANS WHICH EMANATED FROM MEN LIKE ROBERT SCHUMANN, AND JEAN MONNET AND THE INSPIRATIONS WHICH SEIZED THOSE WHO MET AT THE HAGUE JUST OVER TWENTYONE YEARS AGO WERE NOT RELATED SOLELY TO THE ARRANGEMENTS BETWEEN AN EXCLUSIVE GROUP OF POWERS. THEY OFFERED A NEW WAY OF LEARNING FROM THE BITTERNESS AND DESTRUCTION OF THE WAR YEARS, TRANSCENDING THE RESTRICTIONS OF NATIONAL SOVEREIGNTY. BUT ONCE THESE OBJECTIVES HAD BEEN GIVEN, THEY COULD NOT BE LIMITED JUST TO SIX COUNTRIES WITHOUT UNDERMINING THEIR OWN BASIS. IT IS NOT POSSIBLE CONVINCINGLY TO SAY THAT NATIONAL SOVEREIGNTY IS OUT-DATED, BUT TO REFUSE TO LET MORE THAN A LIMITED NUMBER OF COUNTRIES ESCAPE FROM ITS CONFINES. IT CANNOT BE CLAIMED THAT EUROPE CAN ONLY SOLVE ITS PROBLEMS ON A EUROPEAN BASIS AND YET INSIST THAT EUROPEAN COUNTRIES - WE ARE CERTAINLY A EUROPEAN COUNTRY - ANXIOUS TO JOIN SHOULD NOT BE ALLOWED TO MAKE A FULL CONTRIBUTION.

I BELIEVE THAT THAT HAS BEEN THE WEAKNESS OF THE COMMUNITY SINCE NINETEENSIXTYTHREE. IT EXPLAINS A LARGE PART OF ITS LOSS OF MOMENTUM. NO ONE IN THIS COUNTRY SHOULD REJOICE AT THIS LOSS OF MOMENTUM. WE HAVE SUFFERED TOO HEAVILY FROM EUROPEAN DIVISIONS IN THE PAST SIXTY YEARS FOR ANY SENSIBLE PERSON TO ENJOY

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STANDING ON THE SIDELINES AND JEERING.

IN THE RECENT PAST, THE RESPONSIBILITY FOR OUR EXCLUSION HAS NOT RESTED WITH US. IN MY VIEW, IT MUST NOT DO SO IN THE FUTURE, EITHER. BUT NOW THE RESPONSIBILITY IS ON BOTH SIDES - ON US, TO KEEP OUR RESOLUTION., ON THE COMMUNITY, TO MAKE TOLERABLE THE TERMS OF OUR ENTRY. IF EITHER FAILS, THE LOSS WILL BE GREAT, AND IT WILL BE A LOSS NOT ONLY FOR US BUT FOR EUROPE AS A WHOLE AND FOR THE REST OF THE WORLD AS WELL.

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WEDNESDAY

25TH FEBRUARY, 1970.

DEBATE ON E.E.C. WHITE PAPER: MR. THOMSON

FOLLOWING ARE VERBATIM EXTRACTS FROM SPEECH BY THE CHANCELLOR OF THE DUCHY OF LANCASTER, MR. GEORGE THOMSON, IN DEBATE ON THE E.E.C. WHITE PAPER IN THE HOUSE OF COMMONS YESTERDAY TUESDAY 24 FEBRUARY:

FAIR TERMS

DOTS DOTS DOTS THE GOVERNMENT'S POLICY IS TO TRY TO SECURE FAIR, ACCEPTABLE AND TOLERABLE TERMS. WE DO SO IN GOOD FAITH, BELIEVING THAT SUCCESS WILL MEAN TREMENDOUS ADVANTAGE TO BRITAIN, TO THE CONTINENT AND TO THE WORLD. BUT IT GOES WITHOUT SAYING THAT THERE IS NO QUESTION OF GOING IN UNCONDITIONALLY, OF GOING IN AT ANY PRICE.

COMMONWEALTH AND EFTA PROBLEMS

PERHAPS I SHOULD START WITH SOME ECONOMIC MATTERS WHICH WERE NOT IN THE WHITE PAPER AND WERE NEVER MEANT TO BE IN THE WHITE PAPER. I REFER TO THE ECONOMIC PROBLEMS OF BRITAIN'S ENTRY RELATING TO THE COMMONWEALTH AND TO E.F.T.A. THE WHITE PAPER, OF COURSE, WAS PURELY A DOMESTIC ECONOMIC ASSESSMENT. IT WAS NOT MEANT TO DEAL WITH THESE OTHER ECONOMIC MATTERS WHICH ARE OF GREAT IMPORTANCE. THE GOVERNMENT'S POSITION ABOUT SAFEGUARDING BOTH COMMONWEALTH AND E.F.T.A. INTERESTS REMAINS EXACTLY AS IT WAS SET OUT IN THE APPLICATION WHICH WE MADE IN THE SUMMER OF NINETEEN SIXTYSEVEN, AND I AM GLAD OF THIS OPPORTUNITY TO REAFFIRM THIS FACT.

MAURITIUS

AS A FORMER COMMONWEALTH SECRETARY, I THINK THAT I CAN CLAIM TO BE DEEPLY CONSCIOUS OF THE COMMONWEALTH ISSUES IN THE FORTHCOMING NEGOTIATIONS. THE NEGOTIATIONS WILL, OF COURSE, HAVE CONSIDERABLE COMMONWEALTH REPERCUSSIONS. THE SYSTEM OF COMMONWEALTH PREFERENCES WILL OBVIOUSLY BE AFFECTED. I ASSURE THE HOUSE THAT THERE WILL BE CONTINUOUS CONSULTATION WITH OUR COMMONWEALTH PARTNERS. ONE EXAMPLE OF THIS IS GOING ON AT THE MOMENT. THE PRIME MINISTER OF MAURITIUS HAS VISITED THE FOREIGN AND COMMONWEALTH OFFICE TWICE IN RECENT WEEKS FOR DISCUSSIONS AND HAS HIMSELF BEEN VISITING THE COUNTRIES OF THE SIX. I KNOW FROM PERSONAL EXPERIENCE HOW DEPENDENT MAURITIUS AND OTHER DEVELOPING COUNTRIES ARE ON THE COMMONWEALTH SUGAR AGREEMENT, AND WE HAVE LAID SPECIAL EMPHASIS ON SUPPORTING THE LONG TERM INTERESTS OF DEVELOPING COUNTRIES AND TERRITORIES DEPENDENT ON SUGAR EXPORTS. MAURITIUS' DEPENDENCE IS MORE THAN NINETY PER CENT. OF ITS EXPORTS OF SUGAR UNDER THAT AGREEMENT.

NEW ZEALAND.

AGAIN, I WELCOME THE OPPORTUNITY TO REPEAT OUR COMMITMENT TO SEEK SPECIAL SAFEGUARDS FOR NEW ZEALAND'S DAIRY PRODUCE. I DO NOT BELIEVE THAT IT WILL BE IMPOSSIBLE FOR US TO SECURE AGREEMENTS OF THIS KIND AND I AM CONFIDENT THAT, IN THE

LONG RUN, THE COMMONWEALTH AS A WHOLE WILL BENEFIT FROM THE ENLARGEMENT OF THE COMMUNITY AND FROM A STRONG AND PROSPEROUS BRITAIN IN A STRONG AND PROSPEROUS EUROPE.

E.F.T.A.

I REMIND MY HON FRIEND THE MEMBER FOR BLYTH (MR. MILNE), WHO MENTIONED THE IMPORTANCE OF E.F.T.A. IN REGARD TO THE NEGOTIATIONS, THAT NOT ONLY DOES OUR POSITION REMAIN THE SAME CONCERNING OUR OBLIGATIONS TO OUR E.F.T.A. PARTNERS BUT THAT E.F.T.A. WAS NEVER MEANT TO CONSTITUTE AN OBSTACLE TO EUROPEAN UNIFICATION. THERE IS NO REASON WHY IT SHOULD PROVE TO BE ONE. THE INTERESTS OF THE MEMBERS OF E.F.T.A. ARE VERY VARIED, BUT ALL HAVE MUCH TO GAIN FROM THE REMOVAL OF THE ECONOMIC DIVISION OF WESTERN EUROPE.

MR. JAY: WHILE ON THE SUBJECT OF E.F.T.A., WOULD MY RIGHT HON FRIEND AT LEAST GIVE AN ASSURANCE THAT THE GOVERNMENT WILL REACH NO AGREEMENT WHICH WOULD INVOLVE ERECTING NEW TARIFFS AGAINST THE PRESENT MEMBERS OF E.F.T.A.?

MR THOMPSON: I MUST REFER MY RIGHT HON FRIEND TO THE AGREEMENT WHICH WAS REACHED AT THE LONDON MEETING OF E.F.T.A. IN NINETEENSIXTYSEVEN. AS MY RIGHT HON FRIEND WAS ONE OF THE PRINCIPAL PARTICIPANTS AT THAT MEETING, HE MUST REMEMBER IT CLEARLY.

DEVELOPMENT AREAS.

THE HON LADY THE MEMBER FOR HAMILTON (MRS. EWING) RAISED A NUMBER OF POINTS WHICH CONCERN NOT ONLY SCOTLAND - WE BOTH HAVE THE HONOUR TO REPRESENT SCOTTISH CONSTITUENCIES - BUT WHICH ARE OF GENERAL IMPORTANCE TO MANY PARTS OF THE UNITED KINGDOM.

SHE ASKED HOW BRITISH ENTRY INTO AN ENLARGED COMMUNITY WOULD AFFECT THE GOVERNMENT'S DEVELOPMENT AREA POLICIES. AS THE REPRESENTATIVE OF A SCOTTISH DEVELOPMENT AREA CITY, I AM PARTICULARLY AWARE OF THESE ANXIETIES. I REMIND THE HON LADY OF WHAT MY RIGHT HON FRIEND THE PRIME MINISTER SAID IN THE ORIGINAL DEBATE IN MAY, NINETEENSIXTYSEVEN REGARDING OUR APPLICATION, WHEN HE EXPLAINED THAT ONE OF THE THINGS THAT HE HAD BEEN PARTICULARLY CAREFUL TO DO IN HIS TOUR OF THE CAPITALS OF THE SIX WAS TO MAKE IT ABSOLUTELY CLEAR THAT OUR DEVELOPMENT AREA POLICIES WOULD BE ABLE TO CONTINUE ONCE BRITAIN WAS PART OF AN ENLARGED E.E.C. THIS IS OF GREAT IMPORTANCE TO SCOTLAND, WALES, NORTHERN IRELAND AND A NUMBER OF REGIONS OF ENGLAND WHICH SUFFER FROM UNDER-DEVELOPMENT AND UNEMPLOYMENT.

DOTS DOTS DOTS

NEW AGRICULTURE FINANCING ARRANGEMENTS.

I TURN TO POINTS MADE BY THE RIGHT HON MEMBER FOR BARNET (MR MAUDLING) AND MY RIGHT HON FRIEND THE MEMBER FOR BATTERSEA, NORTH (MR JAY). THE RIGHT HON MEMBER FOR BARNET CLAIMED THAT THE FIGURES IN THE WHITE PAPER DID NOT TAKE ACCOUNT OF THE NEW FINANCING ARRANGEMENTS FOR AGRICULTURE THAT HAVE BEEN MADE FOLLOWING THE HAGUE CONFERENCE. MY RIGHT HON FRIEND WENT TO THE OTHER EXTREME, AS I UNDERSTOOD HIM, AND CLAIMED THAT TRANSITIONAL ARRANGEMENTS IN THIS MATTER WERE VERY TRIVIAL AND THAT WE WOULD ASSUME BURDENS TO WHICH THERE WAS NO CEILING AT THE END OF THE TRANSITIONAL PERIOD.

BOTH RIGHT HON GENTLEMEN ARE WRONG. I REFER THE RIGHT HON. MEMBER FOR BARNET TO TABLE NINE IN THE WHITE PAPER, WHICH TAKES ACCOUNT OF THESE DECISIONS. MY RIGHT HON FRIEND HAS OVERLOOKED TWO ASPECTS OF THIS VERY IMPORTANT MATTER. THE FIRST IS, ACTION IN AGRICULTURAL REFORM. TO LIMIT EXPENDITURE, STILL UNRESOLVED BY THE COMMUNITY, TO WHICH THE SIX PLEDGED THEMSELVES AT THEIR SUMMIT MEETING AT THE HAGUE.

THE SECOND MAJOR IMPONDERABLE CONCERNS THE LIKELY BRITISH CONTRIBUTION TO THIS EXPENDITURE. THIS IS SOMETHING IMPORTANT WHICH BRITAIN MUST NEGOTIATE. IT IS NOTEWORTHY THAT THE COMMISSION'S REPORT OF NINETEENSIXTYNINE, WHICH WAS VERY RECENTLY ISSUED, EMPHASISES THAT THE RECENT AGREEMENT WAS DESIGNED TO

'CORRECT CERTAIN GLARING INEQUITIES THAT HAD BEEN DEVELOPING IN THE SPHERE OF AGRICULTURAL CONTRIBUTIONS AND WAS DESIGNED TO ENSURE THAT THE FINANCIAL BURDENS WERE ALLOCATED IN A WAY WHICH CORRESPONDED MORE CLOSELY WITH THE CRITERIA BASED ON THE NATIONAL PRODUCT OF EACH MEMBER STATE.'

THAT WAS A VERY SIGNIFICANT STATEMENT, AN EQUITABLE ATTITUDE AS SHOWN BY THE COMMISSION'S REPORT WOULD IMPOSE A MUCH MORE REASONABLE CONTRIBUTION ON THIS COUNTRY. IT IS IN THAT SPIRIT THAT WE SHALL APPROACH THE ESSENTIAL NEGOTIATIONS. IT IS A MAJOR POINT.

MR. JAY: MY RIGHT HON FRIEND DOES NOT DENY, DOES HE, WHAT I ACTUALLY SAID, THAT THE FINANCIAL REGULATIONS ARE NOW FIXED AND WILL BE RATIFIED BEFORE THE NEGOTIATIONS BEGIN, AND ARE NOT SUBJECT TO NEGOTIATIONS WITH THIS COUNTRY?

MR THOMSON: I ASK MY RIGHT HON FRIEND TO STUDY MORE CAREFULLY IN HANSARD THE WORDS I HAVE USED, BECAUSE I HAVE USED THEM WITH CARE. I THINK THAT THEY OFFER A REASSURANCE TO US THAT, GIVEN A SPIRIT OF GOODWILL, EQUITABLE ARRANGEMENTS CAN BE MADE ON THIS MATTER THAT WILL ENSURE THAT WE DO NOT HAVE TO PAY AN UNFAIR SHARE OF THE CONTRIBUTIONS ON AGRICULTURAL FINANCE. DOTS DOTS DOTS

GROWTH RATES.

MY RIGHT HON. FRIEND, THE MEMBER FOR BLYTH (MR MILNE) AND OTHER HON MEMBERS DREW ATTENTION TO WHAT THEY REGARDED AS A FALLACY IN THE GOVERNMENT'S ARGUMENT ABOUT RESPECTIVE GROWTH RATES IN THE E.E.C. AND E.F.T.A. IT WILL BE SEEN FROM TABLE 14 IN THE WHITE PAPER THAT THE E.F.T.A. AVERAGE GROWTH RATE - IF ONE TAKES BRITAIN OUT - IS FOUR PER CENT. THAT INCLUDES PORTUGAL, WHICH IS IN SOME WAYS A DEVELOPING COUNTRY RATHER THAN A FULLY DEVELOPED COUNTRY. I FREELY CONCEDE THAT THE FOUR PER CENT. IS THE SAME AS THE E.E.C. AVERAGE GROWTH RATE, BUT THIS IGNORES THE REAL POINT.

THE POINT IS THAT BRITAIN JOINING THE E.F.T.A. COUNTRIES MEANS, FOR MOST OF THEM, AN INCREASE IN THE SIZE OF THEIR MARKET BY ABOUT ONETHOUSAND PER CENT., WHEREAS FOR BRITAIN IT MEANS AN INCREASE IN OUR MARKET OF ONLY SIXTY PER CENT. THIS DEALS WITH THE POINT MADE BY THE HON. MEMBER FOR PETERBOROUGH (SIR HARMAR NICHOLLS) WHO FEARS THAT IN AN ENLARGED COMMUNITY THE E.E.C. COUNTRIES WILL DO VERY MUCH BETTER IN OUR MARKETS THAN WE WILL DO IN THEIRS. IF THE HON.

GENTLEMAN REALLY BELIEVES THAT, AND HE SPEAKS AS A BUSINESS MAN, HE MUST HAVE A VERY POOR IDEA OF THE COMPETITIVENESS OF BRITISH INDUSTRY, AN IDEA WHICH I SHOULD NOT BEGIN TO SHARE, BECAUSE THE TRUTH OF THE MATTER IS THAT IF WE WENT INTO THE E.E.C. WE WOULD ENJOY A THREEHUNDRED PER CENT. INCREASE IN THE MARKET THAT IS AVAILABLE TO US, WHEREAS OUR JOINING THE SIX WOULD GIVE THEM AN INCREASE IN THEIR MARKET OF LESS THAN THIRTY PER CENT.

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THE POSITION REACHED TODAY

FROM MY POINT OF VIEW, AS THE MINISTERIAL NEGOTIATOR, THE WHITE PAPER SEEMS TO BE A WELCOME PRODUCTION. FOR TOO MANY YEARS THE OBSTACLE TO THE ENLARGEMENT OF THE COMMUNITY HAS BEEN THE REFUSAL TO ALLOW NEGOTIATIONS TO START. NOW THAT THIS OBSTACLE HAS BEEN REMOVED, AND CONFIDENCE HAS BEEN INCREASED IN THE COMMUNITY BY THE FACT THAT THE SIX HAVE COME TO AN AGREEMENT ON AGRICULTURAL FINANCE, THERE IS A NATURAL FEELING OF CONFIDENCE AMONGST THE SIX. BUT THIS FEELING OF CONFIDENCE MUST NOT BE ALLOWED TO DISGUISE THE REAL PROBLEMS WHICH WILL HAVE TO BE OVERCOME IF NEGOTIATIONS ARE TO SUCCEED. THE WHITE PAPER POINTS TO SOME OF THESE PROBLEMS, AND BY DOING SO IT WILL HELP TO REMIND THOSE ON THE CONTINENT AND IN BRITAIN OF THE DIFFICULT NEGOTIATIONS THAT LIE AHEAD.

WE MUST REMEMBER THAT IT IS IN THE INTERESTS OF NO MEMBER OF THE COMMUNITY THAT ANY OTHER MEMBER SHOULD BE SADDLED WITH BURDENS WHICH ARE UNREASONABLE OR DAMAGING. THE DEVELOPMENT OF THE COMMUNITY DEPENDS ON THE DEVELOPMENT OF THE COMMON INTEREST. IF THE COMMUNITY CAN APPROACH BRITAIN'S PROBLEMS IN THE SAME SPIRIT IN WHICH IT HAS TACKLED THE PROBLEMS OF THE EXISTING MEMBERS FOR MANY YEARS, THE OUTCOME WILL BE FAIR, BUT WHAT CANNOT BE ASCERTAINED IN NEGOTIATIONS IS THE COST TO BRITAIN OF NOT BEING ABLE TO OBTAIN ACCEPTABLE TERMS FOR ENTRY. SEVERAL HON. MEMBERS HAVE EMPHASISED THIS. AT THE END OF THE NEGOTIATIONS THE GOVERNMENT AND PARLIAMENT WILL HAVE TO MAKE THEIR OWN JUDGMENT OF THIS COST AGAINST THE COST OF ENTRY WHICH HAS RESULTED FROM THE NEGOTIATIONS.

ONE HAS TO LOOK AT THE POSITION AT THE END OF THE CENTURY. IF BRITAIN REMAINS SEPARATED FROM THE E.E.C., WE SHALL THEN BE THE ONLY ADVANCED INDUSTRIAL COUNTRY OF OUR SIZE WITHOUT A CONTINENTAL-SIZE HOME MARKET. JAPAN HAS ALMOST TWICE OUR POPULATION, AND SHE HAS DIFFERENT INDUSTRIAL TRADITIONS FROM OURS. SWEDEN HAS A VERY MUCH SMALLER POPULATION, BUT A VERY MUCH BIGGER GEOGRAPHICAL AREA, AND IS ABLE TO SPECIALISE TO A DEGREE THAT IS IMPOSSIBLE WITH OUR SIZE OF POPULATION.

THE E.E.C. WOULD BE GREATLY WEAKENED BY OUR ABSENCE BUT WOULD ALSO CERTAINLY BE GROWING STEADILY STRONGER THAN OURSELVES.

THE REAL CHOICE COMES WHEN THE NEGOTIATIONS ARE COMPLETED. WE SHALL HAVE TO MAKE AN AGONISING JUDGMENT BETWEEN THE ALTERNATIVES FOR BRITAIN AT THE END OF THE CENTURY. WILL THE CONDITION OF THE BRITISH PEOPLE BE BETTER INSIDE THE COMMUNITY ON THE TERMS SHOWN TO BE AVAILABLE OR AS AN ISLAND ECONOMY OVER SHADOWED BY MORE POWERFUL CONTINENTAL NEIGHBOURS? THAT CHOICE IS NOT FOR THIS HOUSE THIS WEEK, BUT, WHEN IT COMES, OUR CHILDREN, WHO WILL SPEND MUCH OF THEIR LIVES IN THE TWENTYFIRST CENTURY, WILL NOT LIGHTLY FORGIVE US IF THAT PARLIAMENT OF THE DAY GETS IT WRONG.

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MR. THOMSON: NONE OF THIS IS TO ARGUE FOR A MOMENT THAT BRITAIN CANNOT EXIST OUTSIDE THE E.E.C. I ALWAYS DEEPLY SUSPECT ARGUMENT IN POLITICS THAT THERE IS ONLY ONE WAY TO SALVATION AND THAT THE OTHER WAY IS DISASTROUS. THE GOVERNMENT APPROACH THE FORTHCOMING NEGOTIATIONS IN THE SPIRIT OF GIVING OUR PEOPLE THE FRANKEST POSSIBLE APPRAISAL OF THE ECONOMIC CONSIDERATIONS AND WE ARE ABLE TO TELL THEM THAT BRITAIN IS STRONG ENOUGH TO MAKE THE PAINFUL ADJUSTMENT OF JOINING AND STRONG ENOUGH TO STAY OUT IF HE HAVE TO.

NO DRAMATIC ALTERNATIVES.

BUT I DO NOT BELIEVE THAT THERE ARE DRAMATIC ALTERNATIVES. IF WE DO NOT GET FAIR TERMS FOR ENTRY, THE PRACTICAL ALTERNATIVE IS TO GO ON MUCH AS WE ARE, RELYING ON OUR MEMBERSHIP OF E.F.T.A., THE IRISH FREE TRADE TREATY AND THE COMMONWEALTH PREFERENCE SYSTEM. IN FACING THIS ALTERNATIVE WE MUST ALSO FACE THE FACT THAT THE MAJORITY OF OUR E.F.T.A. PARTNERS ARE APPLICANTS THEMSELVES FOR MEMBERSHIP OF, OR ASSOCIATION WITH THE E.E.C., WHILE SOME OF OUR COMMONWEALTH PARTNERS HAVE ALREADY NEGOTIATED AGREEMENTS OF THEIR OWN AND OTHERS WILL NO DOUBT DO SO. I WANT TO BE CLEAR THAT WE CAN ASSURE OUR ECONOMIC FUTURE IF WE HAVE TO STAY OUTSIDE THE E.E.C. BUT THAT IT WILL BE A SAD AND TRAGIC SECOND BEST, NOT ONLY FOR BRITAIN BUT FOR THE REST OF WESTERN EUROPE AS WELL.

I HAVE BEEN IMPRESSED BY THE NUMBER OF HON. MEMBERS WHO HAVE DRAWN ATTENTION TO THE POLITICAL CONSIDERATIONS ASSOCIATED WITH THIS QUESTION. HERE AGAIN, OF COURSE, THERE ARE ALTERNATIVES. THERE ARE A NUMBER OF ORGANISATIONS SUCH AS W.E.U., THE COUNCIL OF EUROPE, THE E.C.E. AND N.A.T.O. IN ITS EUROPEAN ASPECTS, WHICH DO CARRY OUT A USEFUL DEGREE OF CO-ORDINATION OF POLICIES. SOME OF THEM COULD, WITH WILL AND IMAGINATION, BE MADE EVEN MORE USEFUL THAN THEY ARE AT PRESENT. BUT NONE WOULD BRING THAT DEGREE OF HARMONISATION OF POLICIES WHICH WOULD COME INEVITABLY FROM AN ENLARGED E.E.C.

ALREADY THE SHEER FACT THAT THE SENIOR MINISTERS OF THE SIX - THE PRIME MINISTERS, FINANCE MINISTERS, FOREIGN MINISTERS AND AGRICULTURE MINISTERS - MEET REGULARLY TOGETHER AND TAKE DECISIONS TOGETHER CREATES THE FABRIC OF POLITICAL UNITY WHICH WILL NOT COME ABOUT IN ANY OTHER WAY. BRITAIN'S PLACE IS INSIDE THAT, TAKING A FULL PART IN THESE MEETINGS AND DECISIONS. THIS IS NOT A MATTER OF EUROPEAN MYSTICISM, AS I KNOW A NUMBER OF HON. MEMBERS FEEL, NOR A MATTER OF COMPENSATING FOR THE GLORY OF AN EMPIRE LOST BY GOING INTO THE GLORY OF A GREATER EUROPE. IT REALLY IS A PLAIN MATTER OF HOW BRITAIN CAN BEST PROMOTE HER OWN ECONOMIC INTEREST AND, IN THE END, HER OWN SECURITY.

POLITICAL FUTURE OF EUROPE.

A NUMBER OF HON. MEMBERS HAVE ASKED QUESTIONS ABOUT THE FUTURE OF THE POLITICAL DEVELOPMENTS OF EUROPE. WE ARE SUPPOSED TO BE THE HOME OF PRAGMATISM. A SENIOR COMMUNITY MINISTER TOLD ME THE OTHER DAY WHEN I ARRIVED IN BRUSSELS THAT I COULD LOOK FORWARD TO SOME LESSONS IN PRAGMATISM. THE HOUSE WILL RECOGNISE THE WISDOM OF THE SIX IN ADOPTING SUCH AN APPROACH AT THIS STAGE.

THE PREAMBLE TO THE ROME TREATY SAYS THAT THE MEMBERS ARE DETERMINED TO ESTABLISH FOUNDATIONS OF "EVER CLOSER UNION" AMONG THEMSELVES, BUT LEAVES THE PRECISE FORM OF THAT UNION TO

EVOLVE PRAGMATICALLY. THE PRESENT MEMBERS HAVE SHOWN IN PRACTICE THAT THEY RECOGNISE THAT THEY MUST PROCEED BY CONSENT IF THEY ARE TO PROGRESS. THERE IS NO AUTOMATIC OBLIGATION TO ANY PARTICULAR FORM OF POLITICAL UNITY BY ADHERING TO THE TREATY. MY ADVICE TO THE HOUSE IS THAT WE SHOULD WORK TOGETHER ON A PRACTICAL BASIS AND ALLOW INSTITUTIONAL FORMS TO DEVELOP AS WE HAVE SO OFTEN ALLOWED THEM TO DEVELOP IN THIS COUNTRY TO SUIT THE WORK WE WANT TO DO TOGETHER.

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CONCLUSION.

TO SUM UP, IF FAIR TREATMENT CAN BE FOUND, BRITAIN IN THE CONTINENT, IN AN ENLARGED COMMUNITY, WILL BE ABLE TO COMPETE WITH THE UNITED STATES AND THE SOVIET UNION IN THE ADVANCED TECHNOLOGIES IN A WAY THAT NEITHER BRITAIN NOR THE CONTINENT CAN DO DIVIDED. IF FAIR TREATMENT CAN BE FOUND BRITAIN AND THE CONTINENT WILL BE ABLE TO CONTRIBUTE TO THE DEVELOPING COUNTRIES OF THE WORLD ON A SCALE THAT NEITHER BRITAIN NOR THE CONTINENT CAN DO IF DIVIDED. IF FAIR TREATMENT CAN BE FOUND BRITAIN AND THE CONTINENT WILL BE ABLE TO PROTECT THEIR OWN TRADING INTERESTS IN FUTURE KENNEDY ROUND NEGOTIATIONS AND DEFEND THEIR OWN WAYS OF LIFE AGAINST OUTSIDE PRESSURES, FROM WHEREVER THEY MAY COME, PROMOTE THEIR OWN IDEAS FOR EAST-WEST DETENTE AND WORLD ORDER IN A WAY THAT NEITHER CAN DO DIVIDED.

I DO NOT FOLLOW THE ARGUMENT THAT BY ENLARGING THE COMMUNITY WE ARE DIVIDING EUROPE IN A WAY THAT MAKES EAST-WEST DETENTE MORE DIFFICULT. I WOULD SAY THAT THE OPPOSITE WAS THE CASE. I FAIL TO UNDERSTAND THE ARGUMENT. IF WE LOOK AT THE EFFORTS BEING MADE TO PRODUCE A DETENTE BY THE FEDERAL REPUBLIC OF GERMANY IN ITS NEW "OST" POLICY, MEMBERSHIP OF THE COMMUNITY DOES NOT SEEM TO BE ANY BARRIER TO IT PUTTING FORWARD POSITIVE POLICIES. THE ECONOMIC AND POLITICAL PRICE OF WESTERN UNITY, IF THE COMMUNITY CAN BE ENLARGED, WILL BE GREAT. THE ECONOMIC PRICE FOR ACHIEVING THIS UNITY CANNOT CONCEIVABLY BE PAID BY BRITAIN ALONE. I AM SURE THAT WE WILL BE READY TO CONTRIBUTE A FAIR PRICE FOR ENJOYING THE BENEFITS OF UNITY. IT IS IN THAT SPIRIT THAT I LOOK FORWARD TO THE PRIVILEGE AND RESPONSIBILITY OF OPENING NEGOTIATIONS FOR BRITAIN IN THE SUMMER. THE FINAL DECISION MUST BE FOR PARLIAMENT BUT THE GOVERNMENT REMAIN DETERMINED TO PURSUE THESE NEGOTIATIONS TO A CONCLUSION, COMMITTED TO OBTAINING FAIR TREATMENT FOR BRITAIN AND CONFIDENT THAT ON THAT BASIS, GREAT THINGS CAN BE ACHIEVED FOR WESTERN EUROPE AS A WHOLE.

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Verbatim Service

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THURSDAY

26TH FEBRUARY, 1970.

E.E.C. WHITE PAPER DEBATE - WINDING UP SPEECH BY THE PRIME MINISTER.

FOLLOWING ARE MAJOR EXTRACTS FROM THE PRIME MINISTER'S WINDING UP SPEECH IN THE DEBATE ON THE E.E.C. WHITE PAPER IN THE HOUSE OF COMMONS YESTERDAY, (WEDNESDAY).

MR. WILSON:

THE RIGHT HONOURABLE GENTLEMAN THE LEADER OF THE OPPOSITION MADE A SPEECH TODAY WITH WHICH I AND I THINK MANY OTHER HONOURABLE MEMBERS FOUND OURSELVES IN VERY CONSIDERABLE AGREEMENT - AT ANY RATE, FOR THE FIRST FORTYFIVE MINUTES OF IT. HE WAS RIGHT, I THINK, AS WERE MY RIGHT HONOURABLE FRIENDS THE FOREIGN SECRETARY, THE CHANCELLOR OF THE DUCHY OF LANCASTER AND THE CHANCELLOR OF THE EXCHEQUER, TO DEAL WITH SOME OF THE WIDER ASPECTS OF THE CASE FOR AND AGAINST ENTRY, GOING FAR BEYOND THOSE ON WHICH THE ECONOMIC ASSESSMENT HAS BEEN DEALT WITH IN THE WHITE PAPER, PARTICULARLY THE POLITICAL ISSUES - THE QUESTION OF THE GREATER POLITICAL UNITY OF EUROPE AND THE QUESTION OF EUROPE'S INFLUENCE IN THE WORLD.

WHAT THE E.E.C. MEANS

I AGREED WITH A GREAT DEAL OF THE VISION WHICH THE RIGHT HONOURABLE GENTLEMAN EXPRESSED. MANY OF US HAVE TRIED TO EXPRESS, IN DIFFERENT WORDS AND IN DIFFERENT FORMULATIONS WHAT HE WAS SAYING TODAY. I AGREED PARTICULARLY WITH HIS REJECTION OF THE CHARGE THAT THE COMMON MARKET, PARTICULARLY WITH BRITAIN IN IT, IS LIKELY TO DEVELOP ON AN INWARD-LOOKING BASIS.

I THINK THAT HE WAS RIGHT TO TALK ABOUT THE REMARKABLE RECORD OF THE COMMON MARKET OVER THE PAST TEN YEARS, IN ITS FOSTERING OF OVERSEAS AID, TO A VERY LARGE PART OF THE DEVELOPING WORLD. WE BELIEVE, AND THIS WAS THE BASIS OF HIS OWN NEGOTIATIONS A FEW YEARS AGO, THAT WHAT THE SIX HAVE AGREED FOR THEMSELVES IN RESPECT OF DEVELOPING COUNTRIES WITH WHICH THEY HAVE BEEN HISTORICALLY ASSOCIATED, IS LIKELY TO BE ALSO THE PATTERN OF AN ENLARGED COMMUNITY IN RESPECT OF THOSE AREAS OF THE DEVELOPING WORLD WHERE, FOR EXAMPLE, WE HAVE HAD SPECIAL RESPONSIBILITIES.

I BELIEVE, AS THE RIGHT HONOURABLE GENTLEMAN SAID, THAT THE KENNEDY ROUND HAS SHOWN THE WILLINGNESS OF THE SIX TO EMBARK ON FUNDAMENTAL LIBERALISATION OF TRADE, IN THIS CASE EXCLUSIVELY BETWEEN ADVANCED COUNTRIES. BRITISH ENTRY, WITH THE DISTINCTIVE WINDOW ON THE WORLD WHICH WE HAVE, BECAUSE OF OUR COMMONWEALTH AND OTHER CONNECTIONS, WOULD ENRICH THE COMMUNITIES, NOT ENDANGER THEM. THAT IS WHERE SOME WITHIN EUROPE IN THE PAST FEW YEARS HAVE BEEN SO WRONG. I AGREE WITH HIS STATEMENT ABOUT POLITICAL ASPIRATIONS AND EQUALLY HIS REALISTIC REPLY - AND MANY OF US HAVE TRIED TO SAY THIS IN DIFFERENT WORDS - TO THOSE WHO HOPE, AND I KNOW THAT THERE ARE OTHERS WHO FEAR, THAT JOINING THE COMMUNITIES MEANS THE ADOPTION NOW OR IN THE FORESEEABLE FUTURE OF SOME, I THINK HE CALLED IT "BLUEPRINT FOR POLITICAL FEDERATION". MOST OF US WOULD AGREE WITH WHAT HE SAID ABOUT THAT.

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THEN THERE WAS HIS EXPOSITION OF THE ARGUMENT ABOUT SOVEREIGNTY, HIS VIEWS THAT WE SHOULD BE PREPARED - I AM NOT SURE WHETHER I GOT THE PHRASE DOWN RIGHT - TO GIVE A "LIMITED ELEMENT OF SOVEREIGNTY" TO NEGOTIATE SOMETHING GREATER AND FINER FOR OURSELVES, FOR EUROPE AND THE WORLD. I TRIED TO EXPRESS THE SAME THOUGHT IN ONE OF OUR EARLIEST DEBATES ON THE COMMON MARKET ON THIRD AUGUST NINETEENSIXTYONE WHEN I SAID THAT THE WHOLE HISTORY OF POLITICAL PROGRESS IS A HISTORY OF GRADUAL ABANDONMENT OF NATIONAL SOVEREIGNTY. I SAID THEN THAT WE ABROGATED NATIONAL SOVEREIGNTY TO A DEGREE WHEN WE JOINED THE UNITED NATIONS.

I SAID THEN THAT SOME PEOPLE WOULD TALK ABOUT WORLD GOVERNMENT IN ONE BREATH AND THEN START DROOLING ABOUT THE NEED TO PRESERVE NATIONAL SOVEREIGNTY IN THE NEXT. I WENT ON TO SAY "THE QUESTION IS NOT WHETHER SOVEREIGNTY REMAINS ABSOLUTE OR NOT, BUT IN WHAT WAY ONE IS PREPARED TO SACRIFICE SOVEREIGNTY, TO WHOM AND FOR WHAT PURPOSE....WHETHER ANY PROPOSED SURRENDER OF SOVEREIGNTY WILL ADVANCE OUR PROGRESS TO THE KIND OF WORLD THAT WE WANT TO SEE (OFFICIAL REPORT THIRD AUGUST NINETEENSIXTYONE. VOL SIXFOURFIVE, C.ONESIXSIXSEVEN.)

IT IS THAT THOUGHT, AND OUR SEVERAL POSITIONS AND VIEWPOINTS ON WHETHER A LIMITED TRANSFER OF SOVEREIGNTY IS FOR THE GOOD OF BRITAIN, EUROPE AND MANKIND, OR IS HARMFUL TO IT, THAT WILL LARGELY DETERMINE THE POSITION OF EACH HONOURABLE MEMBER ON THIS QUESTION.

TIMING.

I WOULD FINALLY REFER TO WHAT THE RIGHT HONOURABLE GENTLEMAN SAID ABOUT TIMING WHEN HE REJECTED THE VIEWS OF THOSE WHO SAY THAT THIS IS NOT THE TIME. I FEEL, AND MANY HONOURABLE MEMBERS HAVE EXPRESSED THEIR AGREEMENT WITH THIS, THAT IT IS THE TIME, MORE THAN EVER BEFORE BECAUSE WHATEVER MAY HAVE BEEN THE POSITION IN NINETEENSIXTYSEVEN OR FIVE YEARS EARLIER, THERE ARE NONE IN EUROPE OR ELSEWHERE WHO ANY LONGER DOUBT OUR ECONOMIC STRENGTH, OUR VIGOUR AND OUR INDUSTRIAL COMPETITIVENESS. AT THE VERY MOMENT WHEN, AFTER YEARS OF DISPUTE, THE SIX ARE READY TO SIT DOWN WITH US, TO SPURN THEM NOW WOULD BE TO ADD A VERY LARGE AND SIGNIFICANT CHAPTER TO THE HISTORICAL RECORD OF MISSED OPPORTUNITIES.

WIDE RANGE OF COSTS.

THE NEXT QUESTION WHICH HAS BEEN MUCH DISCUSSED IN THE PAST TWO DAYS, CERTAINLY BY THE RIGHT HON. MEMBER FOR BARNET, IS THIS: DOES THE FACT THAT THERE IS SO WIDE A RANGE OF COSTS OF THE ADVERSE EFFECTS OF ENTRY MEAN THAT THE FINAL FIGURES -- INDEED THE WHOLE EXERCISE, HAVING BEEN DONE -- ARE MEANINGLESS? THERE HAS BEEN LITTLE CRITICISM IN THESE TWO DAYS OF THE CALCULATIONS SET OUT IN EACH OF THE CHAPTERS OF THE WHITE PAPER. THE PRINCIPAL ELEMENT IN THE TOTAL COSTING IS THAT WHICH RELATES TO AGRICULTURAL POLICY AND AGRICULTURAL FINANCING. BUT THE HOUSE KNOWS THAT IT IS IMPOSSIBLE TO ASSESS WITH ANY ACCURACY THE PRECISE FORM OF THE COMMUNITY AGRICULTURAL POLICY AT THE POINT OF BRITISH ENTRY. EVEN IF ONE WERE BOLD ENOUGH TO FORECAST WHAT THAT WOULD BE, ANY CALCULATION BASED ON THE LEVIES, FOR EXAMPLE, WOULD MEAN MAKING ASSUMPTIONS NOT ONLY ABOUT LEVELS OF TARGET PRICES IN THE COMMUNITY BUT ABOUT THE LEVEL OF WORLD PRICES AND THE LEVEL OF THE PRICE WHICH WE SHOULD BE PAYING TO OUR EXISTING TRADITIONAL SUPPLIERS IF WE WERE NOT TO ENTER.

I DO NOT THINK THAT ANYONE WOULD BE SO FOOLHARDY AS TO CLAIM THAT HE COULD FORECAST WITH ANY DEGREE OF ACCURACY WHAT THE COMMUNITY'S PRICES WILL BE. THE PRICES HAVE NOT EVEN BEEN SETTLED FOR NINETEENSEVENTY-SEVENTYONE. THE DISCUSSION IS NOW TAKING PLACE AGAINST THE BACKGROUND OF VERY CONSIDERABLE ARGUMENT WITHIN THE COMMUNITY AND WITHIN THE EXISTING COUNTRIES IN THE COMMUNITY ABOUT THE LEVEL OF SURPLUSES OF PARTICULAR PRODUCTS. AS I HAVE JUST POINTED OUT AND AS THE LEADER OF THE OPPOSITION POINTED OUT TODAY, ANY CALCULATION ABOUT THE COST MUST INVOLVE ASSUMPTIONS ABOUT THE LEVEL OF WORLD PRICES.

EFFECT ON AGRICULTURAL PRODUCTION.

MANY HON. MEMBERS HAVE SAID THAT PERHAPS THE CALCULATIONS ABOUT THE BRITISH FARMERS' RESPONSE TO E.E.C. PRICES WERE TOO PESSIMISTIC. THAT MAY BE SO. THERE MUST BE DIFFERENT ASSUMPTIONS ABOUT THE RESPONSE OF BRITISH CONSUMERS TO THE HIGHER PRICES. ACCORDING TO THE ASSUMPTIONS WHICH WERE MADE, THE ANNUAL COST OF FOOD IMPORTS, EXCLUDING LEVIES, COULD BE EIGHTY FIVE MILLION POUNDS STERLING LESS OR TWOHUNDRED-AND-FIFTYFIVE MILLION POUNDS STERLING MORE IF WE WERE A MEMBER OF THE COMMUNITY THAN IF WE WERE NOT.

THIS IS ONE REASON WHY THOSE WHO HAVE MADE MUCH PLAY WITH THE EXTREME WIDTH OF THE ESTIMATES, ON THE ONE HAND ONEHUNDRED MILLION POUNDS STERLING AND ON THE OTHER ONETHOUSAND-ONEHUNDRED MILLION POUNDS STERLING, ARE PERHAPS SOMEWHAT WIDE OF THE MARK. THE RIGHT HON. MEMBER FOR BARNET MADE IT CLEAR THAT HE WILL BE OPPOSED TO ACCEPTING ANY DEAL INVOLVING A COST AT THE EXTREME ONETHOUSAND-ONEHUNDRED MILLION POUNDS STERLING END OF THE RANGE, AND CLEARLY NO ONE ELSE WOULD ACCEPT IT EITHER. THERE IS NO SINGLE ESTIMATE OF ONEHUNDRED MILLION OR ONETHOUSAND-ONEHUNDRED MILLION POUNDS STERLING IN THE WHITE PAPER, AS IS MADE CLEAR IN PARAGRAPH ONEHUNDRED-AND-ONE WHICH SAYS THAT THIS RANGE IS NO MORE THAN THE SUM OF THE EXTREME POINTS OF ALL THE CALCULATIONS OF EACH INDIVIDUAL ITEM. IT GOES ON TO SAY THAT TO ADD THEM ALL TOGETHER IS "POSITIVELY MISLEADING" BECAUSE:

"IT IS INCONCEIVABLE THAT ALL THE ELEMENTS IN THE CALCULATION WILL WORK IN THE SAME DIRECTION DOTS DOTS DOTS"

THAT IS TO SAY, IN THE MOST PESSIMISTIC OR, FOR THAT MATTER, IN THE MOST OPTIMISTIC WAY. AGAIN, AS I HAVE ARGUED, AN ADVERSE MOVEMENT IN ONE SECTOR OF THE CALCULATIONS WOULD PRODUCE UPSETTING CONSEQUENCES IN ANOTHER SECTOR OF THE CALCULATIONS. THE WHITE PAPER ALSO STRESSES IN THE SAME PARA THAT THE TOP FIGURE OF SIXHUNDRED-AND-SEVENTY MILLION POUNDS STERLING FOR OUR CONTRIBUTION TO THE COMMUNITY BUDGET IS ONLY A "THEORETICAL MAXIMUM", BECAUSE IT CANNOT TAKE INTO ACCOUNT THE BEARING ON THE UNITED KINGDOM OF THE ARRANGEMENTS AGREED BY THE SIX IN DECEMBER, NINETEENSIXTYNINE, FOR REGULATING THEIR OWN CONTRIBUTIONS.

THE EFFECT OF THE "KEY" SYSTEM.

THE RIGHT HON. GENTLEMAN WAS RIGHT TO DRAW ATTENTION TO THE IMPORTANCE OF THE LIMIT SET TO NATIONAL CONTRIBUTIONS BY WHAT THE COMMUNITY CALL THE KEY, ALTHOUGH I THINK MY RIGHT HON. FRIEND THE CHANCELLOR OF THE DUCHY OF LANCASTER CORRECTED THE IMPRESSION THAT THIS HAD NOT BEEN SAID IN THE WHITE PAPER. IT IS, IN FACT, SET OUT

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FULLY IN PARA FORTYTWO AND TABLE NINE. I DO NOT THINK IT IS FAIR TO CONVICT THE FIGURES OR THE WHITE ABOUT THE EXTREME RANGE OF THE ESTIMATES. THE WHITE PAPER CONCLUDES THAT THE TOTAL ADVERSE EFFECT IS LIKELY TO LIE WELL WITHIN THE EXTREMES OF THIS RANGE OF ONEHUNDRED MILLION TO ONETHOUSAND-ONEHUNDRED MILLION POUNDS STERLING.

THE WHITE PAPER MAKES IT CLEAR THAT THE CALCULATIONS OF THE ADVERSE EFFECTS HAVE BEEN PRODUCED NOT ONLY ON THE BASIS OF PRESENT ASSUMPTIONS, INCLUDING PRESENT DECISIONS BY THE COMMUNITY - AND THE HOUSE MUST REMEMBER THAT WE HAD MOST OF THESE BASIC DECISIONS AS RECENTLY AS DECEMBER AND SOME NOT UNTIL THIS MONTH, WHICH IS WHY THE WHITE PAPER WAS DELAYED - BUT ALSO WITHOUT TAKING INTO ACCOUNT ANY POSSIBLE RESULTS ACHIEVED BY THE NEGOTIATIONS. OF COURSE IT WOULD HAVE BEEN POSSIBLE TO MAKE STILL FURTHER ASSUMPTIONS ON WHAT MIGHT COME OUT OF THE NEGOTIATIONS, FOR EXAMPLE, ON AGRICULTURAL FINANCING AND ON THE PERIOD OR PERIODS OF TRANSITION, WHETHER FOR AGRICULTURE OR FOR INDUSTRY. I CANNOT THINK OF A MORE RECKLESS OR UNPRODUCTIVE FORM OF PROCEEDING THAN FOR A GOVT WHITE PAPER TO HAVE APPEARED TO HAVE ANTICIPATED THE NEGOTIATIONS IN THIS WAY.

THE ASSUMPTIONS.

I WAS A LITTLE SURPRISED THIS AFTERNOON WHEN THE RIGHT HON. GENTLEMAN THE LEADER OF THE OPPOSITION APPEARED TO SUGGEST THAT WE SHOULD SPELL OUT OUR ASSUMPTIONS MORE THAN WE HAVE DONE. I MAY HAVE MISUNDERSTOOD HIM AND, IF SO, I REGRET IT. IN SAYING THIS, I THOUGHT HE WAS PERHAPS SAYING THAT WE SHOULD HAVE SPELT OUT THE ASSUMPTIONS MORE IN TERMS OF WHAT THE NEGOTIATIONS MIGHT BRING, BUT I MAY NOT BE RIGHT HERE. FOR EXAMPLE, DOES ANYONE SUGGEST THAT WE SHOULD HAVE SPELT OUT IN GREATER DETAIL, AND THEN QUANTIFIED, THE ASSUMPTIONS ABOUT THE LENGTH OF THE TRANSITIONAL PERIOD OR THE TRANSITION PERIODS ? IT WOULD BE UNWISE, BEFORE THE NEGOTIATIONS, TO SPELL OUT THIS ASSUMPTION FURTHER, BUT IT IS OUR INTENTION TO KEEP THE HOUSE INFORMED OF THE PROGRESS OF NEGOTIATIONS AS FAR AS THIS CAN BE DONE.

HERE WE PROPOSE TO FOLLOW THE PROCEDURE ADOPTED BY THE RIGHT HON. GENTLEMAN IN NINETEENSIXTYONE DASH SIXTYTHREE, SO FAR AS POSSIBLE. THIS WOULD ENABLE PARLIAMENT AND THE PUBLIC TO NARROW SOME OF THE WIDE ASSUMPTIONS THAT HAD TO BE MADE IN THE WHITE PAPER. AS THE NEGOTIATIONS GO ON, SOME ASSUMPTIONS WILL BE KNOCKED ON THE HEAD AND MANY OF THE RANGE OF ASSUMPTIONS WILL BE NARROWED.

THE WHITE PAPER AND THE GOVERNMENT'S POSITION.

I TURN TO THE NEXT QUESTION THAT GOES TO THE HEART OF THE GREAT DEBATE IN THIS HOUSE IN THE LAST TWO DAYS, AND INDEED THE DEBATE MORE WIDELY IN THE FORTNIGHT SINCE THE WHITE PAPER WAS PUBLISHED. IT HAS BEEN SAID THAT THE WHITE PAPER PROVIDES AN ARGUMENT AGAINST ENTERING THE COMMUNITY. MANY HON. MEMBERS HAVE ARGUED THAT IT DOES. IN MY OPINION, AS I FORECAST WOULD HAPPEN, THE WHITE PAPER HAS CONFIRMED WHAT IN THEIR OWN MINDS THEY HAD WORKED OUT FOR THEMSELVES LONG BEFORE THE WHITE PAPER WAS EMBARKED UPON. THAT IS A NATURAL REACTION.

THOSE WHO TAKE THE OTHER SIDE OF THE DISPUTE ALSO THINK THAT THE WHITE PAPER CONFIRMS WHAT THEY HAVE THOUGHT, PARTLY BECAUSE OF THE MARGIN OF ASSUMPTIONS.

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IN MY OWN VIEW, NOT ONLY BECAUSE THE DIFFICULTY OF MAKING ASSUMPTIONS AND CALCULATIONS, BUT STILL MORE BECAUSE WE CANNOT FORECAST THE PROGRESS OF NEGOTIATIONS, I BELIEVE THAT THE WHITE PAPER HAS NEITHER ADDED ANYTHING TO NOR SUBTRACTED ANYTHING FROM THE ARGUMENTS OF THOSE WHO ALREADY FELT STRONGLY EITHER THAT WE SHOULD ENTER OR SHOULD NOT ENTER. (INTERRUPTION.) THE HOUSE ASKED FOR THE BEST FIGURES TO BE MADE AVAILABLE, AND WE HAVE GIVEN THEM. IT IS A BASIS FOR PUBLIC DISCUSSION OF THE FACTS AND THE CONSIDERATIONS SO FAR AS THEY ARE NOW KNOWN. THAT IS BEFORE NEGOTIATIONS HAVE STARTED AND BEFORE THE COMMUNITY HAS TAKEN SOME POLICY DECISIONS - DECISIONS WHICH IT IS TAKING ALL THE TIME SINCE IT IS A CONTINUING PROCESS - WHICH MAY AFFECT THE TERMS OF ENTRY.

THE WHITE PAPER WAS NOT INTENDED TO PROVIDE A DEMONSTRATION THAT WE SHOULD ENTER OR THAT WE SHOULD NOT ENTER, BECAUSE WHETHER WE ENTER DEPENDS, AND MUST DEPEND, ON THE TERMS OF ENTRY, AND THOSE WE CAN KNOW ONLY WHEN WE FINISH THE NEGOTIATIONS. THE GOVT'S POSITION, WHICH I HAVE MADE CLEAR MANY TIMES, WAS STATED IN THE WHITE PAPER AND CONFIRMED IN THE CONCLUDING WORDS OF MY STATEMENT TO THE HOUSE ON THE DAY THE WHITE PAPER WAS PUBLISHED. I THEN SAID:

" THE GOVT WOULD ENTER INTO NEGOTIATIONS RESOLUTELY, IN GOOD FAITH MINDFUL BOTH OF BRITISH INTERESTS AND OF THE ADVANTAGES OF SUCCESS IN THE NEGOTIATIONS FOR ALL THE MEMBERS OF AN ENLARGED COMMUNITY. WE HAVE MADE CLEAR THAT IF THE NEGOTIATIONS PRODUCED ACCEPTABLE CONDITIONS FOR BRITISH ENTRY WE BELIEVE THAT THIS WILL BE ADVANTAGEOUS FOR BRITAIN, FOR EUROPE, AND FOR EUROPE'S VOICE IN THE WORLD. EQUALLY, WE HAVE MADE CLEAR THAT IF THE CONDITIONS WHICH EMERGE FROM THE NEGOTIATIONS ARE IN THE GOVT'S VIEW NOT ACCEPTABLE, WE CAN RELY ON OUR OWN STRENGTH OUTSIDE THE COMMUNITIES. BUT I REPEAT WHAT I HAVE SAID ON A NUMBER OF OCCASIONS IN THE HOUSE AND OUTSIDE THAT THIS OUTCOME - A FAILURE OF THE NEGOTIATIONS - WOULD INVOLVE A COST FOR BRITAIN, A COST FOR EUROPE, AND A DIMINUTION OF EUROPE'S INFLUENCE IN WORLD AFFAIRS "

(OFFICIAL REPORT, 10TH FEB 1970., VOL 795, 1083-84)

THAT IS OUR POSITION. I FEEL THAT NO HON. MEMBER WILL BE ABLE TO FORM A FINAL VIEW BEFORE THE RESULTS OF THE NEGOTIATIONS ARE A GREAT DEAL CLEARER.

NO CASE FOR WITHDRAWING APPLICATION.

THESE CONSIDERATIONS PROVIDE A CLEAR ANSWER TO THE NEXT QUESTION I WANT TO PUT : HAS THE PUBLICATION OF THE WHITE PAPER PRODUCED ANY ARGUMENT FOR WITHDRAWING THE APPLICATION ? CLEARLY IF WHAT I HAVE SAID IS TRUE, THERE IS NO CASE WHATEVER FOR WITHDRAWING THE APPLICATION, BECAUSE WE CAN ONLY FORM A REALISTIC ESTIMATE OF THE COST TO BRITAIN AND A MUCH CLEARER EVALUATION OF THE ADVANTAGES TO BRITAIN AS A RESULT OF THE NEGOTIATIONS.

NOT MORE THAN ONE OR TWO HON. MEMBERS AT MOST HAVE SUGGESTED THAT THE APPLICATION SHOULD BE WITHDRAWN NOW. THIS HAS BEEN TRUE OF THE SPEECHES OF A LARGE NUMBER OF HON. MEMBERS WHO ARE OPPOSED TO FINAL ENTRY AND WHOSE OPPOSITION TO OUR ENTRY HAS NOT BEEN IN THE SLIGHTEST DEGREE REDUCED BY ANYTHING IN RECENT MONTHS, BUT THEY ARE NOT SUGGESTING THAT WE SHOULD WITHDRAW THE APPLICATION.

OPINION POLLS.

REFERENCE HAS BEEN MADE IN THE DEBATE TO PUBLIC OPINION POLLS ON THE COMMON MARKET. SOME HON. MEMBERS HAVE SUGGESTED THAT POPULAR SUPPORT HAS BEEN AFFECTED BY THE CONSIDERABLE DEGREE OF FRUSTRATION, INDEED EVEN BOREDOM OR BY TWO SUCCESSIVE AND PROLONGED VEToes. BUT AS THE FOREIGN SECRETARY SAID YESTERDAY, A PUBLIC OPINION POLL WAS TAKEN ON THE DAY OF THE PUBLICATION OF THE WHITE PAPER, WHICH WHILE IT SHOWED A STRONG MAJORITY AGAINST ENTRY, NEVERTHELESS SHOWED A CLEAR AND SUBSTANTIAL MAJORITY IN FAVOUR OF GOING ON WITH THE NEGOTIATIONS.

I ALSO KNOW THAT THERE HAS NOT BEEN ANY SUPPORT FOR A PROPOSAL THAT WAS PUT FORWARD A LITTLE WHILE AGO THAT, WHILE THE APPLICATION SHOULD REMAIN IN, WE SHOULD POSTPONE THE BEGINNING OF THE NEGOTIATIONS UNTIL SOME FUTURE DATE.

IN MY OPINION, THIS WOULD BE THE WORST OF ALL WORLDS.

OUR POSITION NOW.

WE HAVE MADE IT CLEAR REPEATEDLY THAT WE ARE READY TO ENTER NEGOTIATIONS AT THE EARLIEST MOMENT THAT OUR NEGOTIATING PARTNERS ARE PREPARED TO START THEM. NOTHING COULD BE WORSE NOW THAT THEY HAVE TAKEN A CLEAR DECISION TO ENTER INTO EARLY NEGOTIATIONS THAN FOR THEM TO ASSEMBLE IN A CONFERENCE AND FIND THAT WE WERE NOT THERE - (INTERRUPTION.) I AM GLAD THAT I GET GENERAL AGREEMENT FOR THAT PROPOSAL. BUT I AM DEALING WITH THE SAME SUGGESTION THAT THE RIGHT HONOURABLE GENTLEMAN DEALT WITH THIS AFTERNOON. HE DEALT EQUALLY WITH THE QUESTION OF TIMING AND, I AM HAPPY TO SAY, REACHED THE SAME CONCLUSION.

'I REPEAT THAT THE GOVERNMENT'S POSITION ON ENTRY INTO THE COMMON MARKET IS CLEAR. OUR APPLICATION IS IN. THIS IS NOT IN QUESTION, AND IT IS NOT IN QUESTION AFTER THE THIS DEBATE. WE HAVE MADE IT CLEAR THAT WE ARE READY IMMEDIATELY TO START NEGOTIATIONS. THE SIX HAVE AGREED TO START NEGOTIATIONS THIS SUMMER. WE SHALL ENTER THEM IN FULL DETERMINATION TO ACHIEVE SUCCESS, FOR WE BELIEVE IT TO BE IN THE INTERESTS NOT ONLY OF BRITAIN BUT OF EUROPE AND OF EUROPE'S PLACE IN WORLD AFFAIRS. WE AIM TO ACHIEVE TERMS WHICH ARE ACCEPTABLE TO BRITAIN AND ACCEPTABLE TO EUROPE. GIVEN ACCEPTABLE TERMS FOR MEMBERSHIP, WE SHALL BE WILLING TO ENTER FULLY INTO ALL THE RESPONSIBILITIES OF MEMBERSHIP, WITH A SUITABLE AND CAREFULLY ADJUSTED PERIOD FOR TRANSITION.'

THOSE WORDS ARE THOSE WHICH I USED IN A SPEECH THAT I HAPPEN TO HAVE MADE LAST SATURDAY, TO WHICH ATTENTION HAS BEEN DRAWN. I REPEAT THAT WE HAVE MADE CLEAR THAT WE ARE PREPARED TO PAY WHATEVER PRICE MAY BE NECESSARY TO SECURE ENTRY IN TERMS OF THE AGRICULTURAL PROGRAMME AND AGRICULTURAL FINANCING REGULATIONS IF, BUT ONLY IF, THE ADVANTAGES ACCRUING TO BRITAIN ECONOMICALLY AND POLITICALLY AS A RESULT OF ENTRY ON THOSE TERMS IN OUR JUDGMENT OUTWEIGH THE DISADVANTAGES AND COSTS.

IN ASSESSING THE ECONOMIC PART OF THE BALANCE OF ADVANTAGE AND DISADVANTAGE, THIS WOULD MEAN THAT WE SHOULD HAVE TO ACCEPT INCREASES IN THE COST OF LIVING OVER A REASONABLE TRANSITIONAL PERIOD. EQUALLY, IN THIS COST OF THE TRANSITION, WE SHOULD HAVE TO BALANCE AGAINST THE INCREASES IN THE COST OF LIVING OUR HOPES AND ASSURANCES FROM THE NEGOTIATIONS OF RISES IN THE STANDARD OF LIVING WHICH COULD BE GOT BY GOING IN AS OPPOSED TO REMAINING OUTSIDE. THOSE WILL BE THE SORT OF TESTS WHEN THE TIME COMES.