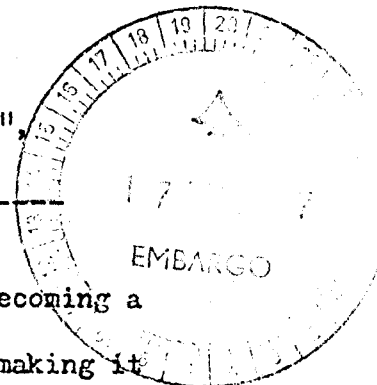


Speech by Christopher Tugendhat,
Member of the EEC Commission, to "Scotland in Europe",
Edinburgh, Thursday 17.3.1977 at 19.45 p.m.



1. " This is my first speech in the United Kingdom since becoming a European Commissioner. I am especially pleased I am making it in Scotland because this gives me an opportunity to pay sincere tribute to one of my predecessors in the Commission, and surely one of the most distinguished Scotsmen of his day, George Thomson. To an audience such as this, there is no need for me to catalogue George's virtues, or to list the outstanding services he has performed for Scotland, for Britain, and for Europe. He will be greatly missed by his many friends in Brussels. I am confident that I speak for you all when I say that I hope and believe that, in the years ahead, George's departure from the Berlaymont will not prevent him from continuing to bring his special gifts to the active assistance of that European ideal he has already done so much to advance.

But it would be wrong to confine my praise to George Thomson. Indeed George himself would be the first to reprimand me if I failed to pay an equally sincere tribute to the many talented and influential Scotsmen who remain in key positions in the Community's institutions - for example, to Scotsmen like Russell Johnston, Tam Dalyell and Lord Reay in the European Parliament; to Lord MacKenzie Stuart, the first British member of the European court; and, of course, to/Sir Donald Maitland, who has recently been appointed to the critically important post of British Permanent Representative to the Community. "

Faced with such a formidable array of talent, I am forced to the conclusion that there is bound to be a distinctly Scottish flavour to many of the important political and administrative developments shaping the Community in the years ahead. That is a prospect which I welcome. More important, it is a prospect which I know to be welcome throughout the Member States.

That Scotland should play a prominent part in the Europe of the future is in keeping with Scotland's European heritage. The close historical links which for centuries have bound - and continue to bind - Scotland and mainland Europe, are of course manifest in her legal and educational systems. But Scotland has not merely taken inspiration from mainland Europe, she has also, in full measure, given it in return.

Scottish philosophers like David Hume, Scottish economists like Adam Smith, Scottish artists like Raeburn and the great Edinburgh painter Alan Ramsay, Scottish writers like Walter Scott and indeed, Scottish sportsmen, not least the inventors of golf, ^{you} the soccer stars have all a profound impact on the Europe of their day.

As a result of these past contacts, most European nations - as all those of you who have travelled widely in Europe will be happily aware - have a very special respect and concern for Scotland and for Scotsmen. Certainly Scotland is taken very seriously indeed in Brussels. As I have said this is my first speech in the United

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Kingdom since becoming a Commissioner. Perhaps I should also point out that my second speech - which is to be about a particular area of my new responsibility - Banking, Insurance & Investment is not to be made in the City of London - my old constituency, but to the Edinburgh Chamber of Commerce, also in Edinburgh, tomorrow night.

I hope very often to return to Scotland. And I hope that when I do so, and also when Scotsmen visit Brussels, I will be seen as someone from whom it is natural to seek assistance in all matters affecting Scotland's relations with the Community. If I may, I should very much like to act as a focal point for all those anxious to keep Scotland's special concerns and interests in the forefront of ~~the Commission's~~ and the Community's consciousness.

I want to fulfil such a role because, just as I believe that Scotland has a vital contribution to make to the future of Europe, so also I believe that Europe can make a vital contribution to the future of Scotland.

Scotland today faces formidable problems. Many of these problems - for instance rapid inflation, severe cyclical unemployment, and the structural decline of traditional industries, like shipbuilding - are all the more daunting because, far from being restricted to Scotland, they are instead local expressions of a profound international economic crisis. For this reason I believe their solution must be sought in

a European - rather than ~~within~~ a merely national or regional - framework.

It is precisely the extended opportunities which the Community is able to offer to its component parts, including Scotland, which makes the task of being a Commissioner so exciting. The view which a Commissioner enjoys from the thirteenth floor of the Berlaymont is often cloudy. But it is always inspiring because it offers a perspective that is not available else-where: many problems which are liable to provoke almost complete despair when seen exclusively from the vantage point of a national or regional administration, really do appear significantly less intractable when looked at from the very different angle offered by the institutions of the Community.

A good illustration of what I am saying, is provided by a topic which I know is currently of great concern to Scotland - the plight of her fishing industry.

In recent years Scotland's fishing fleets, like the fleets of many other Western nations, have sailed into some very rough waters. On the one hand there has been the problem of dramatically mounting costs for equipment, for repairs, and for fuel. On the other, there has been the rapid diminution of fishing stocks, leading to ever fiercer international competition, resulting in further stock depletion.

There are no simple or painless solutions to these problems, which have grave implications for consumers and for all those who work in fishing and related industries. None the less the Community has already taken constructive steps greatly to ease the necessary process of adjustment.

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For example, the Community has been able to provide substantial financial aid for the purchase and equipment of new boats. This has been of particular assistance in Scotland where large sections of the fleet have deteriorated badly with age but boat owners have been unable to afford the rising cost of repairs and replacement. So far the Community has spent over £4 million on Scottish fishing boats.

Even more important, however, than the provision of financial assistance, is the action the Community is taking to ensure the conservation and replenishment of fish stocks. The objective here is to impose sufficiently stringent controls to secure the long term prospects of the fishing industry, while at the same time ensuring that the short-term sacrifices which a regime of strict conservation inevitably implies are kept to the necessary minimum. This is an objective which the Community is much better equipped than the national state to fulfil.

One reason for this is that fish are no respecters of territorial waters. Almost any unilateral initiative taken by an individual state to increase or decrease the catch of its fishermen is likely to have direct repercussions on its maritime neighbours. Exactly what is needed, therefore, is a supra-national organisation able to hammer out and to implement a co-ordinated and mutually satisfactory international strategy.

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Additional advantages of a common fisheries policy have become particularly apparent with the recent introduction, both by Member States, and by a number of third countries, of 200 mile fishing zones. The existence of the Community obviously improves the prospects of effectively policing the much wider area for which Member States are now responsible. Furthermore, the ability of the Community to bring its collective weight to bear at the Conference table has greatly strengthened the bargaining position of Member States in their negotiations with third countries about reciprocal rights in each other's new zones.

This latter point has been strikingly illustrated by an immensely important recent development in the history of the Community's external relations - the entry of the Russians for the first time into formal negotiations with the Community, when they came to Brussels in February to apply for licences to fish inside EEC waters. Although these negotiations are proving to be tough, I am confident that they offer an opportunity to secure much better terms for EEC fishermen than would have been possible if each Member State had treated with the Soviet Union separately.

Of course, serious negotiations between the EEC and third countries have only become feasible because, after many difficult months, the Member States have at last more or less agreed the broad outlines of an internal conservation regime among themselves.

✓ Important details of this regime still need to be worked out and it is essential that, in the further negotiations taking place in coming months, the interests of Scotland's fishing industry - especially inshore fishing - are fully protected. But I hope that all those involved in these discussions will remember that ^{sent} ~~limited~~

incurred sacrifice ^{is} ~~are~~ sometimes worth making for the sake of unity and that Member States stand to gain much more when they act together rather than separately.

Another area of particular importance to Scotland where cooperative action through the framework of the Community's institutions has a great potential to confer substantial benefits is the one for which George Thomson had direct responsibility - regional policy. Virtually all national administrations in Western Europe have made strenuous efforts to level up the differences in employment, prosperity and opportunity between the different regions of their national territories, but few have come close to achieving their objective. Similarly the separate efforts of individual governments among the economically weaker European countries to close the gap separating them from their neighbours have met with too little success.

So far, of course, the Community cannot claim to have succeeded where its individual members have failed. Indeed ⁱⁿ the present period of harsh recession and unprecedented inflation, the problem of economic divergence between the different regions and nations of Europe has greatly worsened. None the less, largely as a result of George Thomson's determination, the Community has already been able to implement measures which, for particular individuals and communities in deprived areas, have afforded real shelter against the world economic blizzard.

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You are probably already aware how well Scotland in particular has done overall in terms of financial assistance from the Community. Since Britain's accession to the Common Market, Scotland has received in grants and loans at exceptionally favourable rates of interest over £300 million, including £26 million from the Regional Fund, over £11 million from the Agricultural Fund, and £200 million from the European Investment Bank.

At a conservative estimate Scotland has received in grants and loans twice the national average in per capita terms - and it must be stressed that Britain as a whole has done very very well indeed.

This pattern is repeated in the first regional fund allocations earmarked for Britain in 1977. Out of a national total of £4.8 million, Scotland is to receive the lions share - £4.2 million. Of this £3 million will go towards the cost of the maritime works of the new Hunterston iron ore terminal which will be capable of berthing ships of up to 250,000 tons.

The Community has also recently announced that Scotland is to receive over £6 million in the next 2 years from the European Social Fund. The greater part of this sum, £5½ million will go to the Training Service Agency branch of the Department of Employment to help finance the training of 8,500 unemployed Scottish workers.

But more important than what has been achieved already, is the potential which exists - on the basis of the foundations which George Thomson constructed -
for achieving very much more. It would be wrong to try entirely to replace individual national regional policies with an exclusively Community-based approach. But by complementing national policies,

a comprehensive Community regional strategy ~~I believe~~, opens up entirely new possibilities.

One reason for this is simply that a concerted regional policy makes it possible to shift resources across national frontiers in a manner which is rational and planned. Another important feature of a common approach is that it makes it possible to construct a system of regional incentives which does not entail mutually destructive competition between different Member States as they race to overtake each other on the subsidy escalator.

The Community does not merely have the instruments to add a new and effective dimension to regional policy, it also has the political will. I would like to reaffirm here today the recently stated determination of the new Commission to make the resolution of the problems of economic divergence one of its central strategic objectives, and to pursue for this purpose a comprehensive policy requiring the co-ordination of all the Community's general and sectoral initiatives.

Among my own most profound political convictions is the belief that, as far as possible, individuals should be able, if they wish, to develop their talents, to pursue their chosen careers, to realise their ambitions and to raise their families within their native regions and communities. The plight of the immigrant has inspired some of the best and most moving of the Celtic ballads. But sometimes the very beauty of the song distracts from the grim reality which inspired it: the social casualties among those obliged to leave, and the demoralisation of the friends and the families who stayed behind.

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Of course, as well as helping those who wish to stay, an effective regional policy should also facilitate the passage and resettlement of those who genuinely wish to leave, attracted by opportunities elsewhere. But I would like to see a Scotland which herself acted as a magnet, drawing across her frontiers able men and women, in search of fame and fortune, from every corner of the kingdom, and from the ^{continent} Commission as well.

For me, one of the strongest attractions of the European Community is that I know that those who work within its institutions sincerely share my conviction that large-scale involuntary emigration is an unnecessary and unacceptable social evil: they are as determined as I am to work towards a more balanced distribution of prosperity and opportunity.

Moreover, the comprehensive regional policies which the Community is committed to pursuing - to bring benefit not only to Scotland but to all the ^{poorer} ~~backward~~ regions of Europe - should not be seen as incidental to the Community's main purpose; as an attractive, but inessential embellishment on the exterior of the European edifice. On the contrary, regional policy constitutes an essential part of the foundation of the whole building; for the very concept of a single Community as set out in the Treaties implies - and is recognised by the Council, Commission and the European Parliament to imply - the elimination of economic differences so great that if they were allowed to remain they would impose insuperable obstacles to a greater and enduring unity.

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Of course, whatever direct action is taken by the Community, a much more significant factor in redressing regional imbalances in Scotland's favour in the immediate future will be the accelerating extraction of oil from the North Sea. Yet here too the Community has a vital role.

During the referendum campaign opponents of the EEC attempted to instil the fear that membership threatened Britain's right of ownership and control of its own oil. These fears have been shown to be entirely groundless. Nothing in the Rome Treaty, nothing in the Community's policies, or in its powers, affects the ownership of the oil or the rate at which it is pumped. And provided that there is no discrimination according to nationality, nothing in Community law affects the rates of taxation levied on profits on the quantities and price of the oil sold.

In Scotland, this is now, I think, generally recognised. What is sometimes forgotten, however, is that EEC membership gives Scotland the opportunity to reap the fullest possible long-term benefit from her good fortune.

If Scotland is not merely to enjoy a short lived bonanza, but also to develop a mature and balanced industrial economy, then she must attract from outside the capital and expertise necessary to assist her to exploit the manufacturing and production potential which her new energy resources have created. That such capital and expertise have already been attracted to Scotland, and are almost ^{certain} to be attracted on an even greater scale in the future, is a direct consequence of the favourable trading

conditions which the Community is able to provide for those investing within ^{new} ~~the~~ frontiers.

For international companies taking decisions on capital expenditure, the European Community has three cardinal merits. First it provides a large and growing market

- which is for the most part tariff free. Second, and perhaps even more important, it is possible for international companies to be confident that the Community will remain tariff free. And third, all those working within the EEC know they have a real prospect of influencing any change in trade conditions and regulations which the Community decides to introduce.

The enhanced capacity of EEC members to attract capital investment is an advantage which should always be pointed out to those who suggest that Scotland should follow Norway's example and go it alone.

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Certainly her oil wealth, at a time of world scarcity, has meant that Norway, which negotiated very favourable terms in her Treaty of Association, has thus far fared better outside the Community than many of her friends feared. Even so, the disadvantages for Norway of non-membership are now becoming starkly apparent. The Community provides the natural market for the Norwegian products. Deprived, however, of a voice in Europe's collective deliberations, Norway has been unable to influence the decisions about the conditions of sale for her goods within the EEC's frontiers. In order, for example, to retain free trade with the Community in steel products, she has had radically to adapt her steel pricing system to fit with EEC regulations.

Norway's lack of influence over policies of her major trading partners puts her companies at a real disadvantage and must, I fear, make it more difficult for Norway to ^{at} contract foreign capital.

I have spoken for the most part about the ways in which I hope EEC membership will facilitate the development of the Scottish economy, and about how I believe such a development is necessary to secure important social rights, in particular the right to realise ones ambitions in the community of one's birth. I should like to conclude by drawing attention to the attempts the Community is making to secure the political rights of Europe's citizens.

Obviously by far the most important initiative in this area planned for the lifetime of the present Commission is the introduction of direct elections to the European Parliament. Nobody can be sure precisely what the consequences of these elections will be, but two points can be made now.

First, there can be no question whatever ^{about} ~~of~~ the need for a directly elected European Parliament. As the Community develops, and especially as the Budget increases in size, the importance of making the Community institution directly accountable to the people of Europe, and of honouring the basic principle of no taxation without representation, becomes ever more evident.

Let there be no doubt whatever that any national government which sabotages European elections by failing to bring forward the necessary domestic legislation will be depriving both its own citizens and those of the rest of the Community of what ought to be an inalienable political right.

The second point to be made about direct elections is that they offer a unique opportunity to foster a stronger sense of European identity among Europe's citizens. This is an opportunity which those of us dedicated to the European ideal must not fail to take. For its part the Commission intends to launch a massive information campaign designed to ensure that the electorate are in a position to judge for themselves the issues that will be raised on the hustings. Scotland in Europe is already committed to a similar campaign. But it is important that all those dedicated to European ideals, in each of the member nations, plays his or her part too. The vision of Europe outlined in the Treaties will only be realised if all those who share this vision use occasions such as direct elections to explain the nature and purpose of the Community to an ever wider audience.

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Through organisations like Scotland and Europe, but also through their political parties, their Chamber of Commerces, and their trade unions, pro-Europeans must set out to show the citizens of Europe the extent to which the Community is about the ordinary things of everyday life: jobs, prices, the standard and range of the goods which we buy, and the quality of the environment in which we work and spend our leisure.

But that will not be enough. If we are to elicit strong and enduring enthusiasm we must demonstrate that Europe is about extraordinary things as well. If we are to create new horizons for people's loyalties, we must fire their imaginations. We must remind them that many of their highest ideals - democracy, social justice, equality of opportunity and respect for the liberty of the individual - are part of their common European heritage. We must point out that today these principles are more firmly planted and more extensively practised inside the frontiers of the European Community than almost everywhere else in the world.

And we must convince the people of Europe that their best hope of preserving and enriching their unique inheritance, lies in co-operative action on a Community basis.