

EMBARGO : 1400 hours FRIDAY 19TH JULY 1974

THE RT. HON. GEORGE THOMSON :

OPENING OF AUCHROISK DISTILLERY, SPEYSIDE, SCOTLAND

ON FRIDAY 19TH JULY 1974

One of the troubles about the argument over British membership of the Community is that there are so many myths to be destroyed before the ordinary citizen can find himself face-to-face with the facts.

I could write a book of fairy tales about the Community as long as the collected works of Hans Andersen.

But let me simply mention three typical examples. So many people still believe that soaring food prices are the result of Community membership. Yet again and again in Parliament the Prices Minister, Mrs. Shirley Williams, has hammered home the irrefutable fact that the overall effect of membership on Community food prices remains at between $\frac{1}{2}\%$ and 1% .

A second recent example was the wide publicity given to alarmist rumours of a Community threat to the Scotch whisky industry because the bureaucrats of Brussels were alleged to have said that whisky was to be banned in the Community because it contained peat. The simplest enquiry would have shown that there is no threat whatever to the natural enrichment of Scotch whisky by Scottish peat.

I might add that the Euro-sausage which we are all to be compelled to eat is an equally mythical invention. The Scottish haggis is safe in the Common Market, though anyone

who has suffered the trauma of trying to import one into Brussels for St. Andrew's Night will welcome it if the Commission can harmonise the entrance regulations for Scottish haggis and sausage exporters!

Then there is the myth that the bureaucrats of Brussels are modern buccaneers out to steal North Sea oil. The truth is that, under the Treaty of Rome, North Sea oil remains as much a national asset as Scotch whisky.

But we should not be blinded by the oil boom. It will do for us only as much as we do for ourselves. The oil will run dry one day, - which makes oil a good deal different from whisky, for it will still be flowing and helping the people of the country to go on earning their living.

We should therefore regard the oil as a bonus which will help us while it lasts, if we do a lot of other things at the same time to put our own house in order.

It is the best opportunity Scotland has had since James Watt invented the steam engine and made Scotland the cradle of the industrial revolution. But Scotland made the most of that opportunity by looking beyond its borders and turning itself into the workshop of the world.

It will make the most of its new opportunity once more by looking beyond Scotland to the possibilities provided by membership of the E.E.C.

For Scotland and for Britain as a whole there cannot be any serious doubt that our most hopeful future lies as part of the European Community.

There seems to be a lot of political controversy about Britain's hundred biggest companies. But one thing there is no doubt about. Three-quarters of them made it crystal clear in a recent survey that they would be worse off if Britain left the E.E.C. and one in three said they would be much worse off.

Nor is it only the big firms who say this. But the message from the smaller and medium sized firms is the same. The C.B.I. tell me they are in the course of a survey of around 1,000 of their members. The great majority of those who have answered indicate that they have geared up to take advantage of Europe and their capacity to provide jobs would suffer if we pulled out. Even the small number who say that membership of the Community has been bad for their business concede that it would be in the best interests of the country as a whole to stay in. The plain truth is that, if Britain were to consider withdrawal, a great many existing jobs - and many potential jobs - would be at risk.

I have always said - long before I went to Brussels - that there would be plenty to negotiate about Britain's place inside the Community, as the British Government is now doing. But at the end of the day a serious assessment of the interests of the British people must involve balancing the costs of staying in against the costs of coming out.

And the cost of withdrawal must involve the large number of investment and marketing decisions that have been made on the assumption of British membership - and the large number of decisions which must be hanging fire now waiting to see the outcome of the renegotiations.

I know of American firms who set up in this country solely because it seemed the best base for selling in the 250 million Community market. They were inside the tariff barrier and outside the language barrier. Other American firms will simply go elsewhere if Britain were to have a tariff barrier between itself and its continental neighbours.

Nor are tariff barriers the only obstacle to trade. No one knows better than the whisky industry how serious non-tariff barriers can be to trade.

Whisky exports to the rest of the Community have risen since Accession and will soon exceed £50 million-worth per year. This is despite the fact that Community membership has not yet brought to the Scotch whisky industry the full potential benefits of a greatly enlarged home market. There is still an assortment of discriminatory non-tariff barriers and legislative restrictions. It is a striking example of the triumph of enterprise over adversity that, in the face of these obstacles, the Scotch whisky industry continues to produce 50% of the Community's total production of spirits - including brandy, schnapps, Dutch gin, to say nothing of such exotic products as quetsch, framboise and mirabelle.

The Brussels Commission is working hard to remove the obstacles to creating a full and free internal market for the Community. It is much to the benefit of the Scotch whisky industry that Britain should be on the inside influencing these developments and ensuring that the marketing problems of the industry are understood and fully taken into account. From the point of view of British industry as a whole, if Britain were to cut herself off from influencing the harmonisation of legal, fiscal and technical regulations, leaving the other eight to go ahead and do it in ways that suited their interests, it would reduce the prosperity and the employment prospects of many firms.

But an even more dangerous form of isolation looms ahead if Britain were unwise enough to withdraw. The world is in an era where prosperity and stability is threatened by economic warfare. Prosperity, like peace, is indivisible, and collective security is as important in economic affairs as in military affairs. As a member of the European Community, Britain is part of a grouping, which, for all its drawbacks, will be capable of protecting and promoting the welfare of its citizens in the tough era of economic negotiations that lie ahead. If we pull out, the rest of the Community will go ahead together. Have no doubt about that. We will not only be on our own, but we will have provoked bitter resentment amongst our former allies and will have flown in the face of the advice of our Commonwealth and EFTA partners to stay within the E.E.C. We shall at a stroke have destroyed much of our influence in world economic affairs and will be at the mercy of decisions taken by others in their own interests.

That is why it is profoundly to be hoped that there will be an outcome to the present negotiations that will enable Britain to remain in the Community, and that the inevitable uncertainty of the present position will be resolved as quickly as possible.

It only remains to be added that, while outside the Community, Britain would find itself out in the cold, inside there is no automatic guarantee of success. That depends entirely on us, on our guts and our ingenuity.

Nothing puzzles my colleagues in Brussels more on their visits to Britain than the almost masochistic satisfaction with which they are told that by 1980 Britain will be poorer than Italy and second only to Ireland in the poverty league. But there is nothing pre-determined about these trends. It need not happen that way. How often in the debate on British entry did people like me warn that there was no guarantee of higher growth simply by joining a high growth Community. You did not catch higher living standards, like 'flu, by infection.

What Britain has within the Community is a new economic dimension that could not have come to us in any other way. Only the British people can determine whether that dimension can be used to reverse our present national decline.

As far as this new distillery is concerned, there can be no doubt that this company does not believe in the inevitability of decline. Here we have a company voting

for an expanding future. It is part of an
industry with great export achievements to its credit.

The whisky industry will make an even greater contribution to Scottish prosperity once the continental Community ceases to be an export market but becomes in the real sense the major part of a home market of 250 million consumers.