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ADDRESS TO THE BIRMINGHAM CHAMBER OF COMMERCE AND INDUSTRY

BIRMINGHAM, Tuesday 5th November 1974

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It is just over 18 months since I took up my duties as one of the two European Commissioners from Britain. It has been a time of many difficulties and setbacks - my own special responsibility of regional policy has been one of the major victims of the time of troubles through which the Community has been travelling. But despite everything I am now more convinced than when I started of the case for sustaining a European Community and for Britain remaining a member of it.

The difficulties that Western Europe now faces reinforce rather than weaken the case for a Community.

The world inflationary crisis - and particularly the energy crisis within it - confronts the nations of the Community with a sudden, drastic and probably permanent deterioration in their terms of trade with the producers of those raw materials upon which European economies so vitally depend. I do not need to remind this audience that our society lives by its industry which is the very backbone of our health and stability.

The European nations are acutely aware that if only they can find the means to face together these frightening new pressures than that is the best way to safeguard the welfare of their peoples.

The alternative of running for national cover can only mean an abject lack of bargaining power in the crucial international economic negotiations which lie ahead - and will inevitably depress living standards by forcing countries into beggar-my-neighbour policies of protectionism.

This is the challenge facing the Community. And let me make it clear that this challenge has little to do with the uncertainty now surrounding Britain's continuing membership. The British must get rid of any idea that the Community's main problem in life is whether they remain members.

The Community wants Britain to stay. But the Community will go on with or without Britain. The Community now wants to know where it stands with Britain as quickly as possible, so that we can all concentrate together on seeing how we face these tremendous new pressures.

The fact is that the Community is facing not one set of re-negotiations but two. There is Britain's re-negotiation; there is also the re-appraisal of the Community's policies and institutions in the face of the radically different world economic situation we now have to live with.

What is fortunate for all of us who profoundly wish a positive outcome to the British dialogue with its partners is that the British re-negotiation overlaps a good deal with the more general re-appraisal of which I have been speaking. While there will be difficult problems to resolve, none of them seems insurmountable, given goodwill on both sides.

World economic developments have already had their impact on Community policies in agriculture - on sugar - on overseas aid, for example, which help to relieve some of the anxieties the British Government has expressed. Equally, the new Continental leaders, faced with the immediacy of the economic pressures, appear to be seeking practical ways of making progress, rather than drawing up the heady blueprints and grand designs which were so easy in that era of automatic growth and affluence which now seems like another age, but which actually ended one day about 12 months ago. All of this makes the process of reconciling the problems raised by Britain with the more general Community problems easier than it might have been. If there is a successful outcome to the re-negotiations there will then come the crucial period of whatever test of public opinion the Government decides on.

One of the regrettable by-products of the prolonged domestic political dispute about Britain and the Community has been a proliferation of distortions, half-truths and downright myths about Community policies. It is going to be a tough task to put the record straight in the run-up to any test of opinion.

In one sense the myths are inevitable. A change of this magnitude is bound to breed misunderstanding. The Community is still something very new. It still appears as something "foreign". And what so many still do not recognise, or want to recognise, is that Britain is an integral and major part of those institutions which run the Community. One is hardly being dictated to by a bunch of foreigners if one's own Government is among those foreigners.

By its very newness the Community generates high expectations all too readily. And by dint of that newness it is more harshly judged for its failures. When the nation state, like some old family saloon car, fails to perform well after long years of motoring, people are none too surprised and are reasonably tolerant. But heaven help the manufacturers when the new vehicle, the Community, shows design faults during its first 10,000 miles. The owners quickly lose patience.

But if a fair judgement is to be made about the Community, it is vital to destroy the myths and concentrate on the real problems. Myth number 1 of course is that the Common Market is the cause of high food prices. It is almost the exact opposite of the truth. It is at present cheaper from the point of view of food for Britain to stay in the Community.

Again, everyone has heard about the threats to British food and drink from the interfering bureaucrats in Brussels. Beer, bread, potatoes - you name it, there is a Common Market scare story about it. There seems to be no better sport around these days (thank goodness the football season has started!) than bashing the European Commission for sticking its nose into people's cherished habits and thrusting Euro-beer and Euro-bread down British throats.

My colleague, Finn Gundelach, a no-nonsense and highly capable Dane, is the Commissioner in charge of harmonisation and standards, and he has gone fairly and squarely on the record as saying that there is no question of standardising European food and drink. "It is not the policy of the Commission", he said in February last, "to enforce a grey uniformity on people. It would be senseless," he added, "to abolish national or local traditions merely because of Community rules. For example, it would be meaningless to adopt rules on the brewing of Euro-beer".

What we are trying to do is to set up European standards which can be optionally applied by manufacturers for certain of their export lines, so that these exports are not hindered by protectionist national non-tariff legislation, drawn up under what is frequently a thin pretence at health or safety protection.

But there is nothing to stop individual countries or manufacturers from practising different or better standards to satisfy demand in their local markets. Nor, for that matter, is there anything to stop them practising lower standards in those markets.

Another hoary old tale concerned a subject very dear to my own heart - Scotch whisky. The story went that the Commission had labelled peat as an impurity - therefore Scotch was threatened. The truth is that we had drawn up some sensible standards for surface water intended for drinking water production to help rational distribution of supplies across frontiers. We were certainly not banning an essential ingredient in the making of good whisky.

I could have a good knock-about for quite a while about many similar nonsenses covering apples, honey, King Edward potatoes, hops, poultry, pint beer-mugs, kippers, bread - innocent and largely inoffensive products against which the Commission has, let me assure you, no malicious intentions. There is a particularly popular and erotic myth that Brussels wants to force hop growers to conform to Continental standards by producing only female hops and outlawing the rogue male British hop. I am sorry to disappoint you. The Commission has no designs on the sex life of the British hop.

But enough of that. Let us look briefly instead at some of the benefits of Community membership that have already started to accrue to Britain, and about which there has been a little too much silence.

Already in Birmingham you have had during recent months one very good example of the Community's ability to lend a hand. Back in July the Commission decided on a £1½ million grant to the new wholesale market scheme in Birmingham, a project costing, I understand, some £13 million altogether, and of great importance to the food distribution network of this major city. Some of you may wonder how this sort of thing comes about. It may surprise many to hear that Birmingham is a major beneficiary from the Common Agricultural Policy which is otherwise not the most popular Community venture in Britain these days.

But the CAP has changed since Britain joined the Market, is changing and will change still further. Those who believed in Britain's entry always said this would happen, and so it has. The CAP has just shown itself flexible enough to subsidise Britain's sugar imports to the tune of £40 a ton cheaper than Britain would otherwise have had to pay for Australian sugar in the present conditions of world shortage. And also for some time now the CAP has helped to stabilise the price Britain pays for imported wheat.

The sugar decision is part and parcel of Community solidarity - together you share the burdens and the benefits. It was argued successfully in the Community that the British housewife should not be expected to pay more than the French or German housewife for her sugar.

In the same way the Community accepts it as a duty to help its Member States to improve and modernise the structure of their agriculture and associated food industries. The Birmingham wholesale market was just such a candidate for this help as were fishing boats in Yarmouth and drainage schemes in the Fens.

It is this sort of transfer of resources and mutual helping each other out that is the hallmark of a vigorous Community. We have still a long way to go in extending these policies, both within the Community and between the Community and the less developed countries.

The Community's relations with the third world have been developing well on the outward-looking lines which Britain believes in. It was the Community, after all, which took the initiative to get a world-wide emergency aid scheme going to assist those countries worst hit by the fuel crisis and these include the heavily populated countries of the Indian sub-Continent. The Community showed itself ready to start moving ahead on its own, without waiting to see how far other industrialised nations were prepared to dip their hands into their pockets. The coming months are likely to see the successful conclusion of the new association arrangement with developing countries, including many from the Commonwealth. And at this moment the Community is marshalling a major operation to help India ease its tragic food shortage.

To promote solidarity within the Community, one big step remains to be taken - the establishment of the Regional Development Fund. The Commission's regional policy proposals have been prepared and improved over a long period. Of all the plans in the Community pipeline, they are the most ready for political decision.

For countries like Italy and Ireland the Community Regional Policy is an over-riding issue. It is hardly any less important for Britain. Even on the Commission's modest initial proposals, about £200 million would come from the Community Fund to the Development and Special Development Areas of the United Kingdom.

Moreover, the launching of the Regional Development Fund can well have an important beneficial impact on the centre-piece of Britain's re-negotiation - Britain's contribution to the Community budget. But this too is more than a British problem; it is a Community problem as well, and this is fortunate for the prospects of the re-negotiation. The question of the fair sharing of the burdens and benefits of membership was a problem in the Community of Six and is a bigger problem in the Community of Nine. It cannot be solved without new Community policies and a much more balanced pattern of Community expenditure in which, alongside the necessary agricultural expenditure, there is an expanding Social Fund, a new Regional Fund and overseas aid expenditures which deal with the problems of developing countries as a whole.



And it is worth remembering that one reason behind Britain's argument that by 1980 her budget contributions will be badly out of step with her share of Community wealth is that the British income per head is steadily falling behind that of its Continental neighbours. When I was still Minister for Europe, the estimate was that by the end of the decade we might be down to 18 or 19% of Community wealth. The present Treasury estimates put the 1980 figure at 14%.

I asked my regional policy experts to work out for me the latest league table of Gross Domestic Product per head of the population. The figures for 1974 staggered me. If you take the Community average at 100, Denmark comes top at 148, followed by Germany, the Benelux countries and France at 109. Then there is a great gap and Britain trails behind at 73 with only Italy and Ireland behind her.

But what puzzles and depresses me about the official forecasts is their combination of fatalism and pessimism. There is surely no reason why this yawning and growing gap between our productive capacity and that of our neighbours must inevitably continue. It is up to us, the British people, to reverse them. I believe that by far the best chance of doing so is within the vast new Continent-wide home market of 280 million people. But I always said during the great debate about entry that all Market membership gives you is an opportunity you cannot have in any other way. It is for the British people to show the guts and the ingenuity and the enterprise to make use of it. Every survey I see of British business - great and small - shows a decisive majority who believe it would be bad for their prospects if Britain pulled out. Such an insistent and recurrent view from those on whom the jobs of millions of people depend surely cannot be wrong.

When the re-negotiation is over the British people will want to have all the information necessary to answer one key question - the cost of staying in versus the cost of coming out. That cost cannot be measured simply in terms of cash we pay into and get out of the Budget. It cannot even be measured sufficiently in general economic terms including the benefits to British industry, which do not appear in the Budget at all, of being able to plan and produce on the basis of a new home market of 280 million people in one of the world's highest income zones.

It involves also making a judgement on the most important imponderable of all: the political cost of going it alone in the kind of world which lies ahead of us. A world which, of late, has become a distinctly rougher and more uncertain place to live in than it seemed to be during what for Western Europe were the apparently burgeoning years of the 1960s.

In these stormier seas Britain must choose between being aboard a large vessel that can safely put its bows into the storm, or of taking its chance in a smaller and not very seaworthy smaller boat.

I cannot believe - if the full facts are known - that the British people will want to go it alone in such circumstances. It is not only the negative business of being left at the mercy of decisions taken by others in their own interests. There is also the positive side that a Western European Community with Britain a major member will have the experience and the weight to make a constructive contribution to economic peace-making in the very dangerous world which lies ahead. This is what the European Community and Britain owe, not only to their own peoples but to mankind as a whole.