

SUGGESTED SPEECH FOR M. HENRI SIMONET, VICE-PRESIDENT
OF THE COMMISSION, FOR THE BELGIAN-BRITISH
CHAMBER OF COMMERCE, THURSDAY,
27 FEBRUARY, 1975.

(1) Introduction

The question to which most Britons -- and quite a few Europeans -- will be addressing themselves in the next 100 days is the extent to which Britain's membership of the European Community is relevant to her ability to pull herself out of crisis and rediscover her sense of purpose. My answer is unequivocal -- it is not only relevant it is crucial.

(2) Trade share

Thanks to membership of the Community Britain is already a part of the leading economic unit of the world, whose members account for around 40 per cent of world trade. To the country which has once the world's greatest trader, that in itself should be enough of a challenge. Britain should feel at home in Europe.

(3)

British trade heritage

The danger of British withdrawal from the European Community is not an isolated danger. It would affect not merely the hopes and aspirations of those who see in Community membership the same opportunities the British merchant venturers of the sixteenth century saw and that their successors in the Victorian era found in an Empire geared to trade. It would affect eight other member states of a Community in its infancy; it would affect forty-six African, Caribbean, and Pacific nations who have just cemented ties with a giving and understanding Europe; it would affect the Atlantic partnership; it would affect *détente*, and it would affect all those non-Community countries who aspire to a closer relationship with a larger Europe rather than with any single nation state.

(4)

Current world economic situation

But the grave world economic situation has compounded Britain's internal problems and has threatened the basic foundations of her social progress, her economic prosperity, and even, unthinkable for that cradle of democracy, her political stability.

(5) It was not so long ago (in the post-war era) that we in Continental Europe had to face problems which were not dissimilar. But the problems now are not merely ones of recession, inflation, unemployment, and energy. They are international in scale and of a commercial, economic, and fiscal character.

(6) Arguments for staying in -- general

There are multitudinous arguments for Britain remaining in the European Economic Community -- reasons which you gentlemen -- concerned with trade -- will readily understand. The European Community provides:

- increased opportunities for large scale investment in a wide and fast growing market, creating pressures for greater efficiency and reduction of unit costs in order to meet competition within that market
- wider product and service choices for the consumer and reduced inflation because of competition
- increased investment by British investors in Britain because of increased confidence in the future of the British economy and with it increased Community investment in Europe and increased investment by non-Community countries.

(7) Arguments for staying in-- specific

Investment

Now higher investment leads to a higher level of employment in the long run, and it could provide the City of London with an increased opportunity to reassert itself as the most important financial center in the Community.

(8) Food supply

And membership of the Community will ensure stability in the supply of food. We have already seen how susceptible Britain, the world's biggest importer of food, has been to the soaring prices of world food and the role that Community prices have helped to play in keeping Britain's food bill down. The European Community paid import subsidies on sugar imports into Britain from the world market and actually filled the gap in British sugar supplies last year -- while the CAP subsidized British sugar imports at 40 pounds per ton cheaper than Britain would have had to pay for Australian sugar in the present conditions of world shortage.

(9) Britain derives benefits from other Community policies -- the social policy, the regional policy, and competition policy.

- (10) Multinationals
- Problems generated by multinational corporations exercise many governments in the contemporary world. These problems cannot be effectively attacked by one country in isolation and Britain, for example, would have little leverage in dealing with such problems. They can, however, be dealt with on a Community-wide basis in Western Europe -- indeed, the Community has a fine record in this respect.
- (11) Harmonization
- In case anyone is under any illusions, it is not EC policy to dwell overlong on the comparative length of asparagus tips. Harmonization does not mean making things uniform. The fear of having to drink Euro-beer instead of British beer or German beer, and having to buy Euro-bread, is a distortion of the idea of allowing citizens of one country to enjoy the products of another by the removal of restrictions.
- (12) Economic policy influence
- As part of a unit -- the European Community -- Britain can carry greater weight in the fora of the world responsible for international economic policy such as in the development of the petro-dollar recycling facility through the IMF, the forthcoming GATT talks, the OECD/IEA energy policy, and can benefit from enhanced security for British borrowing from oil producers, provided by Community membership.

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Influence on Community policy

Most important of all, membership of the Community enables Britain to influence Community policy from the inside, as opposed to being on the outside. It enables her through membership of the Community to have a share in the reality of world events. What is the use of freedom for any European nation to posture in isolation in a world which has already turned to look for decision where there exist the economic strength and influence to back them up. I believe that the British people will always be counted in the mainstream of history, not in some unknown tributary.

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Reasons for UK inflation

One of the many arguments leveled by anti-Marketeters is that the European Community has been principally responsible for inflationary trends in the United Kingdom. In fact, these trends were evident in the United Kingdom long before membership and current inflationary trends in the U.K. can be attributed to the rapid rise in world commodity prices, the upsurge in unit labour costs, and the impact of Sterling depreciation, as opposed to the misguided notion that British membership of the European Community aggravated the inflation spiral.

- (15) CAP
- The adoption of the Common Agricultural Policy actually lead to prices below world market level on many important imports, as well as making the United Kingdom eligible for the monetary compensation plan designed to counter rising prices as a result of Sterling depreciation. Moreover, Britain's membership of the Community has lead to substantial tariff reductions on industrial goods.

- (16) Food prices
- May I quote the Right Honorable Shirley Williams, who on the 11th of November, in reply to a Parliamentary question, said, "Official estimates now show that food prices are, on balance, very slightly lower than they would have been were we (Britain) not members of the Community."

(17) Trade deficit

A matter which has greatly exercised the anti-Marketeters in Britain is the question of her ever-increasing trade deficit -- particularly in relation to the European Community. Britain's traditional pattern of trade has always meant a great interdependence on the advanced market economies of the world. Withdrawal from the Community has devastating implications in terms of British policies -- with the inevitable contraction of world trade and a potentially crippling loss of investment from abroad, especially from oil-producing countries.

(18) Comparative advantage in trade

European Community membership provides Britain with an opportunity to allocate its resources more efficiently through specialization on the principle of comparative advantage -- a principle of which you in Britain have been the leading exponents and beneficiaries since 1846. Membership provides Britain with access to a dynamic, fast-growing market and a wider spectrum of choice.

(19) Export statistics

The stark statistics are there for all to see: the proportion of Britain's exports to the EC in relation to her total exports rose from 26 per cent in the mid-1960s to 33.7 per cent in the first quarter of 1974. The European Community supplied 32.86 of the U.K.'s imports in 1973.

(20) Commonwealth

With the world economic order changed and evolving still, Britain's Commonwealth partners, too, are diversifying their markets so as not to depend on any one market. And in the old order of things that mean dependence on the United Kingdom.

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It was a moment of deep significance when the Australian Prime Minister, Mr. Gough Whitlam, came first to Brussels rather than to London to discuss his relationship with the Community before Christmas, and that he has been preceded and followed in quick succession by Mr. Trudeau of Canada and Mr. Rowling of New Zealand. All three leaders of the "Old Commonwealth" have made it their clear preference to deal with a dynamic and developing Community as a whole and not merely with a nation state with which they have had such close ties in the past. Were Britain to withdraw, is it really conceivable that in the new economic realities it could possibly recapture its former special relationship with its Commonwealth partners?

(22) Statistics -- investment, GNP

During the ten years prior to British accession to the Community, total gross investment rose by 63 per cent in the Six, as opposed to 12 per cent in Britain. Exports rose by 142 per cent in the Six and by only 63 per cent in Britain. Gross national product rose by 56 per cent in the Six and 26 per cent in Britain. The figures speak for themselves.

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Industry

The present uncertainty about the referendum is a threat to British trade and investment. A November 14 London Observer article points out that "Of the 250 major companies polled, 150 replied to the questionnaire sent to them by the British Delegation to the European Parliament. Of these companies, which together have two billion pounds worth of business in the Community, 95 per cent were in favour of Britain remaining in the EEC, and none were against." U.K. withdrawal from the European Community is bound to have serious economic and political consequences for Britain, causing damage to British companies' operations.

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Age of present Community

But the full benefits of EC membership cannot and will not become apparent for several years after entry and don't forget that the Community of Nine is only 26 months old. The effects on trade of the first tariff cuts on April 1, 1973 and January 1, 1974 have already been obscured by the impact of Sterling depreciation.

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Energy -- North Sea oil

Perhaps as a European Vice-President responsible for energy policy I might be permitted to say a word or two about energy and that means North Sea (or is it Scottish!) oil. Or is it Welsh or Yorkshire coal?! In case there is any misunderstanding, the Community recognizes that North Sea oil is a major national resource belonging entirely to the United Kingdom and that the benefits which may accrue from it are in no way affected by Britain's membership of the Community.

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But the Community can help Britain exploit that asset to the benefit of Britain and in consequence to the whole Community. A Euro-energy policy, formulated by the Community, could help relieve the resource cost and development of North Sea oil and reduce dependence on private sources of finance. A further acceleration of the British nuclear effort would reduce the overall cost of energy to the British consumer and help relax pressures on the United Kingdom's balance of payments. A substantial and meaningful long-term Community energy policy would benefit British coalminers through its political and financial guarantees.

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Renegotiation

A fortnight from now the nine Heads of State or Government will meet in Dublin at which stage it is hoped that the technicalities of renegotiation will be over. Ever since the British Foreign Secretary, Mr. Callaghan, defined British requests for modifications in the Community budget, the Common Agricultural Policy, the Community's relationship with the Commonwealth and developing countries, and the regional and industrial policies, the Community has demonstrated its willingness to be flexible; its willingness to understand Britain's problems; and above all its determination to find common solutions which would enable Britain to continue its membership of the European Community. The rapidity with which technical solutions have been found to Britain's problems is proof enough of the manifest desire of Britain's partners that she remain in the European Community.

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Reasons for establishment of the Community -- peace, etc.

But the most powerful arguments for Britain staying in the European Community are the "gut" arguments -- the intangible and unquantifiable arguments which will shape the lives of European men, women, and children from now till the end of this century. The arguments are deeply political and nonetheless valid for that.

(29) The national rivalries whence sprang the devastation of two world wars have now been channeled into the peaceful habits and institutions of European cooperation. Europe has already overcome the danger of latter-day Balkanization in the post-war period. She is now a center of some coherence and organization. The European idea has already contributed to the peace of the world and to the economic well-being of its peoples. The foundation of Europe's prosperity has been the movement of Europe toward a single, unified, and outward-looking market.

(30) Conclusions

As Mr. Peregrine Worsthorpe of The Sunday Telegraph recently said: "Belonging to a great Community should not only mean wider markets for material goods. It should also mean an expansion of cultural stimuli and satisfactions. It is time that Europe ceased to be associated in the public mind with arguments about tariffs, quotas, committess, headquarters, taxes, important as all these are, and become again synonymous with "la douceur de vivre."

(31) The Europe of Robert Schuman, Jean Monnet, de Gasperi, and of Adenauer, is a mere 20 years old. The Europe of Nine, barely two years old. It is unthinkable that Britain, mindful of the close ties between commerce and its history, mindful of its place in a changing world, will not confirm her ties to the renaissance of Europe. As Edmund Burke said, "There are ties, which, though light as air, are as strong as links of iron.

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