'Partner in the largest trading bloc in the world' from Luxemburger Wort (4 January 1973)

Caption: On 4 January 1973, in its coverage of the United Kingdom's accession to the European Communities, daily newspaper Luxemburger Wort examines the political motivation for the decision taken in London.

Source: Luxemburger Wort. Für Wahrheit und Recht. 04.01.1973, n° 3; 126e année. Luxembourg: Imprimerie Saint-Paul. "Partner im grössten Handelsblock der Welt", auteur:W. G.Krug , p. 1.

URL:
http://www.cvce.eu/obj/partner_in_the_largest_trading_bloc_in_the_world_from_luxemburger_wort_4_january_1973-en-39691cbb-e3f6-4fb6-97b7-b13d424d711c.html

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Britain joins the EEC

Partner in the largest trading bloc in the world

— By W. G. Krug (London) —

The extent to which Britain's entry into the European Community was governed by economic necessity and not at all by any conviction of the ideal of the unity of all Europeans is evident from a recent Government White Paper. It says that, if Britain's position within the Community is to be wholly effective, Britain must ensure that its industry is efficient, competitive and enterprising, that inflation is kept under control, and that all demand for its commercial products and services is compatible with a rising economic growth rate.

These represent exaggerated hopes and an almost childlike confidence in a miracle that will take place when Britain enters the enlarged European Economic Community. At the start of the year, the EEC became the largest economic and trading bloc in the world, with 255 million inhabitants in nine countries and an annual growth rate so high that Britain will be bringing up the rear. None of the three new members (Denmark and Ireland, as well as the United Kingdom) was able to negotiate with this huge organisation from a position of strength, since it was they who needed to join the EEC as a matter of urgency and therefore had to pay a high price for entry. All three openly concede, however, that the price of staying out would have been very much higher.

Britain stagnated while its Continental neighbours flourished, but it now seems to be on the threshold of a new age of prosperity. Although many industrialists and businessmen fear the allegedly imminent invasion of cheap Continental goods, the City and entrepreneurs are convinced that technical know-how, a strong background in trade and commerce, and relatively low production costs will facilitate a potentially huge expansion on an enormous market that has now opened up on the other side of the Channel. The Conservative Government is also firmly convinced that membership of the largest trading bloc in the world will, for the first time, bring Britain the prosperity previously so consistently denied it by its apparently insoluble problems, particularly its industrial relations.

For the man in the street, and particularly for the housewife, the two seemingly eerie words 'Common Market' signal a drastic change to their daily life as they have known it. They are afraid that their standard of living will fall sharply as the expected price rises begin to have an impact. New Zealand butter will disappear, along with Australian apples, tropical fruit from South Africa, and the many consumer goods with the familiar message 'Made in Hong Kong'. Since, from the time Britain enters the EEC, all trade agreements will have to be made solely through the Community as a whole, this puts paid in practice to the concept of the Commonwealth and means the loss of preferential treatment within the Commonwealth family. Although the 19 African and West Indian members of the Commonwealth now have the same opportunities for association with the enlarged EEC as have France's former colonies have under the Yaoundé Convention, any convention will now have to be negotiated with all nine Member States and not in London. For the first time in British history, moreover, the Government cannot enter into trade agreements with its colonies and with dependent territories such as Hong Kong on its own authority but only via Brussels. For reciprocal trade purposes, British overseas territories will now be treated in the same way as Taiwan, mainland China or Japan, for example.

In short, entry into the EEC has radically altered the perspective of the British people and has given British trade and industry a new focus. Freedom of trade and the free movement of goods turns the natural divide of the Channel into a tie that binds Britain to the European Community. The barriers represented by borders and passports disappear, to be replaced by a genuine, close community with foreigners, something absolutely alien to the British. Sweden also looks very likely to join the enlarged Community sooner or later. Norway, which voted against entry at the last minute, is then very likely to follow, almost as a matter of course. At the southern end of Europe, Greece and Turkey have Association Agreements which provide for the possibility of full membership, and Spain has repeatedly expressed its desire to join.

On the date of entry, Britain still had a floating pound, that is to say a fluctuating exchange rate. Since this cannot be reconciled with the monetary policy of its new partners, the City generally expects a return to a fixed exchange rate by no later than the start of the new financial year on 1 April. After that, Britain will no longer be able to go its own way, since the nine partners will firmly link their currencies and will only float them together until they achieve their aim of a single European currency and even a common European Central Bank.

If it is to be a strong partner in the enlarged Community, Britain must now put its economic house in order as a matter of urgency. This cannot be done easily or without drastic changes. On the plus side, its balance of payments remained remarkably favourable last year, despite a record number of 24 million working days lost through strikes; its currency reserves — at £2 650 million — are substantial; an economic growth rate of 5 % was achieved for the first time in a decade; and unemployment went down by over 100 000 to 750 000, even in the winter months, for the first time in over 30 years. On the minus side, however, industrial relations are still in a mess, now that the Industrial Relations Act has not lived up to expectations. What is more, the 80-day pay and price freeze imposed by the Government, to be extended by a further 60 days on 15 February, has not halted galloping inflation (at an annual rate of 12 %), thus considerably increasing trade union pressure for a new wave of strikes.

This will all change dramatically once Britain is plunged into the icy waters of European competition; at least, this is what Britain's captains of industry hope and the Government expects. The new venture will and must save Britain, and its position in the new Community must become a springboard to a new form of greatness in a different arena. The cold light of the new year will probably soon reveal whether Britain is going to be an influential, leading partner in the largest trading and economic bloc in the world or whether this largely remains a pipe dream.