

Geoffrey Rippon, Our Future in Europe

Caption: In 1974, Geoffrey Rippon, Head of the British Delegation requesting the renegotiation of the conditions for the United Kingdom's accession to the European Communities, calls for the country to remain part of the Community structure.

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Geoffrey Rippon, *Our Future in Europe*

[...]

2. The political case

Interests in common

The fundamental political argument for British membership of the European Community has always been that our national circumstances are so similar to those of our fellow member states and our national objectives so much the same as theirs that it must be right for this country to work with them in the creation of an evolving Community whose joint strength and influence is so much greater than our own. We have never claimed that Britain could not survive outside the Community. But we do maintain that the burdens of doing so would become increasingly onerous as European unity proceeded without us in a neighbouring Community many times our size.

The world is now small and Europe smaller. Socrates told the Athenians: 'We live like frogs around a pond'. Today the oceans of the world represent the pond that the Mediterranean then was and the Europeans occupy no more than a tiny part of the surrounding land mass.

All of us today face new difficulties which threaten our democratic institutions and the quality of our lives. These problems are world-wide, but we must first tackle them together within our European Community. Our economies are increasingly interdependent. Our foreign policies must of necessity converge. Our defence interests are virtually identical. Even looked at from a purely national point of view, the restoration of British influence in the world from a European base is for us a major interest.

Our membership of the Community enables any British government to make sure that our trade and manufacturing interests are powerfully represented in the important international negotiations in the IMF and GATT whose outcome does so much to determine the terms and conditions on which we compete in the world. When the last Labour government had to do this in the Kennedy Round of GATT negotiations, Britain was outside the Community and the Government did not have the sort of influence on the outcome which it would have had if this country had then been a powerful member state. Now that we can operate from a position of strength and influence within the Community, we can ensure that Britain benefits from the overall bargaining strength of the Community as a whole.

Above all the real strength of the Community lies in the common interests shared by its member states. We are all concerned to fulfil certain clear external objectives:

- (1) to ensure that Western Europe increases its influence and is not left in the margin of events, whether in economic or political terms.
- (2) to maintain the Atlantic Alliance while at the same time strengthening Western Europe's ability to defend itself and the Western Alliance.
- (3) to encourage liberal trading policies and a sound monetary order.
- (4) to carry out Europe's unique responsibilities in the world at large, fundamental in the field of aid to the developing countries.
- (5) to build up and maintain good relations between the United States and Europe on the basis of equality, mutual respect, shared prosperity and responsibility.
- (6) to maintain the defence and security of Western Europe while working to improve the prospects for

peaceful co-operation between Western and Eastern Europe.

Within these general objectives there are a host of particular spheres in which our joint action is essential; for example: to secure supplies of oil and other sources of energy at stable prices; to tackle cross-frontier environmental problems; and to develop new machinery for co-operation.

It is not by the abstract constitution of federal institutions but by growing together through practical joint action that we will eventually create a united Europe. What the Treaty envisages is a kind of interaction between the economic and political aspects of European integration such that the one will support and further the other.

The political development of the Community must keep pace with its economic consolidation.

As Edward Heath said at the European Summit Conference in October 1912: 'We shall need, in particular, a strengthening and enrichment of the dialogue between the Council of Ministers and the Commission, and between each of these and the European Assembly'.

At the same time he emphasised that of course we must work with a sense of priorities, and within the limit of what is practicable. The development of the Community cannot be achieved by new formulae, new procedures, new machinery, conceived in a vacuum.

It is impossible to predict at this stage what institutions will be required as European integration goes forward. These will have to develop pragmatically as countries increasingly perceive their common interest, and as they grow more confident that they can pursue that interest more effectively together. Thus here is a strong case for more regular ministerial meetings, reinforced by the creation of a political secretariat.

If the British government of the day does not play a full and constructive part in these developments, it will not stop our Community partners from proceeding without British help. Within the Community the process of negotiation is continuous – but it is only from within that it can be conducted. This is what we were doing when in government and it is what our valiant Conservative Delegation to the European Parliament is still doing in the Parliamentary sphere. It is the best and most effective way of making a success of Community membership.

It is the Labour government's claim to be 'renegotiating' the terms of our membership – and doing it under the threat of withdrawal – which has brought confusion and uncertainty into a situation which would otherwise be quite straightforward.

Thus, one half of the political case for membership of the Community is that it makes this country better able to defend and advance our national interests, while the other half is that it provides all the member states with an effective institutional mechanism for the advancement of our common objectives. There is no alternative grouping of countries with similar circumstances and interests which could offer us the same opportunities.

The issue of sovereignty

Fears which have been expressed about loss of sovereignty are ill-founded. The whole history of political progress is a history of gradual abandonment of national sovereignty. We pooled national sovereignty to a degree when we joined the United Nations and, even more directly, in NATO and WEU. The question is not whether sovereignty remains absolute or not, but in what way one is prepared to sacrifice sovereignty, to whom and for what purpose.

Having joined the European Community and acceded to the Treaty of Rome, this country is now committed to support certain agreed aims defined in the Community Treaties. But it is as well to remember that this

broad commitment was the voluntary undertaking of a sovereign state to observe policies which we ourselves help to form now that we are in the Community. As a full member of the Community, we are pooling our sovereignty in the specific areas covered by the Treaties, so that we may have a share in the much more effective sovereignty of the Community as a whole. What matters in the world today – perhaps more than ever before – is the effective exercise of power for beneficial ends. This is the main purpose and *raison d'être* of the Community and one of the fundamental political reasons why we must stay in it.

In those areas where we and our Community partners reach common agreement to pool our resources and authority, we do so because each one of us considers that it is in our national interest. Thus the Community system rests on the continuing consent of the member states as expressed by the national governments responsible to their national parliaments. It is not a system designed to rob national governments of the power to pursue their national objectives in accordance with the will of their electorates. As we have already seen in the eighteen months or so of membership, the Community cannot and does not over-ride the vital national interests of any member state. However, it does enable all its member states to exploit the economic and political opportunities of membership and guarantees to each one of them a fair balance of mutual advantage.

Broad political perspectives

We must keep firmly in mind the broad political perspectives of membership. In the Community we are well placed to serve not only our own national interests, but also to advance those of our traditional friends and allies in the Commonwealth and elsewhere. As Sir Alec Douglas-Home has said: 'I believe in the Community. I believe in a strong Britain, and I believe in a united Europe and all are compatible, and, what is more, all are necessary'. In co-operation with our Community partners we can tackle the problems of technological innovation and development which would be too big for anyone of us on our own. We can act together to improve the European environment. We can do more to help the poorer countries of the world than any one of us can do on our own. And we have an institutional framework within which – given sufficient goodwill – we can take effective action to help each other.

Moreover, now that the world looks increasingly to the Community to speak with one voice, wise Europeans realise that it is only through unity that we can recover the authority and influence in the world which we have lost as individual nations.

3. The economic case

New economic considerations

When we put the case for British entry into the European Community, we concluded that there would be such improvements in our efficiency and competitive power as a consequence of membership that we would experience a higher rate of economic growth and so be able not only to pay the costs of membership, but also to provide for a real improvement in our standard of living. That was in 1971. Now in the middle of 1974 – more than eighteen months after Britain joined the Community and in economic conditions radically different to those which pertained before the last Middle East War – it is inevitable that we should have to view the economic advantages of membership in a new light.

This does not mean that the argument for British membership based upon the so-called dynamic effects has been disproved by events. It would have been too soon to form a final judgement on that question, even if times had been comparatively normal. In the first place we only obtain full tariff freedom in 1977. And secondly, most industries – even with the damaging uncertainties created by the threat of withdrawal – need time – time to plan developments in new markets.

What we must do is to reappraise the strong advantages of full membership of a Community which, along with the other European countries linked with it, provides the largest area of free trade in the free world, which has the agricultural capacity to make itself virtually self-sufficient in food and animal feedstuffs, and

which has the financial and monetary strength necessary to bargain effectively in international economic negotiations.

Inflation and recession

We now live in a highly inflationary world in which it is only possible to combat the problems of global inflation by taking effective international action. Such action is always difficult at the best of times when you are dealing with a large number of technically sovereign and autonomous nation states. However, it becomes significantly easier if you take action as part of a real community of nations acting together for the common good. And that is precisely what the European Community is capable of doing.

Equally alarming in this uncertain world are the perils of a possible international recession brought about by individual nation states taking independent action to cure their massive oil deficits by passing them on to other countries. This short-sighted, selfish and ultimately self-defeating objective could be achieved by the sort of competitive deflation and devaluation which took place in the 1930s with such disastrous results for all concerned. It is obvious that we must do everything we can in the free world to prevent the recurrence of such beggar-my-neighbour policies leading to a calamitous international recession with all the hideous consequences for employment and even national security. The European Community can help us to guard against the onset of such dangerous developments and can and does sanction practical measures to assist member states in acute financial difficulties – as we saw in the case of Italy a few months ago.

Energy and food supplies

There are two further powerful arguments for membership of the Community which hinge upon vital questions of energy, natural resources and food supplies. First, by dint of its trading and financial strength the enlarged Community is one of the two most powerful economic bargaining units in the free world. This is especially important in the vital area of oil supplies, since so many of the member states are so dependent on imported sources of energy. But it is likely to become equally important in the industrial raw materials sector as more and more of the producer nations seek to emulate OPEC's example. In the embryonic Community efforts to define a common position towards the Middle East, we have already seen the first fruits of European unity in this field and there is now good reason to suppose, following the lifting of the Arab oil embargo on Holland, that the Community as a whole will be able to develop a mutually beneficial relationship with the Arab oil-producing states.

The second argument concerns food supply. At present the Common Agricultural Policy of the European Community is the subject of widespread criticism.

No one has ever taken the view that it should remain unchanged forever. As Harold Wilson said when he launched our application to join the Community in May 1967 – we can influence it if, but only if, we are inside the Community. However, before we succumb to the temptation of condemning the CAP out of hand, we should remember the very real contribution it has made and will continue to make to stability of prices and security of supply in the European Community. As Mr Callaghan, as Foreign Secretary, said in Luxembourg on June 4th 1974: 'It can provide an assurance of supplies at known prices in a world where both prices and availability can be unpredictable'.

It has already helped to contain the price of butter, cheese, bread, beef and sugar for the British housewife, and – perhaps more important in the longer term – it has helped to contain the rise in the price of animal feedstuffs which has been the basic cause of the increases in end prices paid by the consumer.

There is now no more cheap food in the world – as was frankly recognised by Mr Callaghan in the House of Commons this summer – so we cannot hope to return to the situation which existed in the 1960s when this country was able to take advantage of historically low world food prices. In today's world it is the pressure of population growth upon available food supplies and the adverse movement of our terms of trade which make us in Britain increasingly vulnerable to the effects of a precarious world food situation. In such a situation it is greatly to our advantage to have secure access to the abundant food supplies of the enlarged

Community which is already self-sufficient in most of the key agricultural commodities.

Food is the most basic source of energy for human activity and at a time when the world food situation is precariously balanced and when there are no significant buffer stocks to draw upon in the event of another crop failure such as the one in 1972, we should recognise the very real advantages of our membership of the Community.

It may seem that these economic arguments are different in form and emphasis from those which we put forward in 1971, but the inescapable fact is that we now have to come to terms with a new world of global inflation, resource scarcity and economic uncertainty. In such a world we should exploit rather than reject the enormous advantages of membership of a powerful and largely self-sufficient European Community. We should see that our exporters continue to benefit from permanent and unrestricted access to our new European home market of some 300 million people. Only in this way can we secure the necessary economic base for our future prosperity.

4. The dangers of withdrawal

Loss of tangible benefits

While the arguments for continued British membership of the Community are strong, the arguments against British withdrawal are even stronger. In the first place, this country would lose all the tangible economic benefits which can be derived from membership. We should no longer receive benefits from the European Social Fund, which in 1973 brought us nearly £24m., representing nearly one-third of the total paid out in that year. This money provides welcome Community financial help for the retraining of redundant workers and for assistance to handicapped, elderly, young and women workers. We should no longer qualify for assistance from the European Investment Bank, from which in 1973 we received loans worth £32.5m. at 8½ per cent interest – little more than half the going international rate. These loans provide useful financial assistance for such projects as the expansion of a BSC steel works at Llanwern in South Wales and the construction of a new power station at Peterhead in Aberdeenshire. Our steel workers would no longer benefit from the Community funds which will be made available to them in the event of redundancy. Our miners would no longer benefit from the Community grants which help to finance NCB research into mining safety and mining disease. Last but by no means least, our regions would not be eligible for help from the proposed Community Regional Development Fund which, though not yet established, is agreed in principle and which could well be brought into operation in the near future if we got our priorities right and showed the necessary political will to succeed.

Threat to exports and jobs

Secondly, British withdrawal from the Community would do great damage to our exports and hence to our hopes for a revival of export led growth. Our exporting industries would find themselves outside a vast 'home market' of nearly 300 million people which now takes 32 per cent of our total exports and which is our fastest growing export market. Naturally, if Britain withdrew, we would continue to send our goods to the Continent, but we would no longer be able to compete on a basis of equality with our competitors in the Community. Our goods would have to surmount considerable non-tariff barriers. We could not be sure that the Eight would not restore their external tariff against us, particularly in certain sectors where British industry is highly competitive, such as carpets, commercial vehicles and telecommunications. But most important of all, the interests of British industry would not be taken into account when the Council of Ministers made the vital decisions which affect the terms and conditions on which trade is conducted within the common market. This would apply particularly in the important area of harmonised standards for industrial goods and services, and it would place us at a real disadvantage *vis-à-vis* our competitors on the Continent.

In view of these serious threats to our economic future, it is not at all surprising that the overwhelming weight of business and industrial opinion in this country is strongly opposed to British withdrawal. Indeed, a

poll conducted for *The Economist* towards the end of last year showed that 84 per cent of Britain's largest companies expected long-term benefits from membership and 78 per cent expected to be harmed if Britain were to withdraw. This is just one piece of evidence underlining the folly of British withdrawal, a course of action which would put at risk not only our exports and investment prospects, but also our jobs and our very livelihood.

No EFTA or Commonwealth alternatives

Thirdly, British withdrawal would not open the way for a wider European free trade area of the kind unsuccessfully sought by Mr Mauling in the late 1950s. We should be in no doubt whatsoever about this fundamental point. Of course, there are still some who argue that we could make trading arrangements with the Community which would guarantee us full unrestricted access to the market of the Eight without our having to pay any of the costs of membership in terms of our contribution to the Community budget. This is little more than wishful thinking, since our economy is in no way comparable to the economies of those of our former EFTA partners – like Norway – which have concluded free trade agreements with the Community, and since our Community partners in the Eight would be most unlikely to show any generosity to a country which had just deserted them. Furthermore, it should not be supposed that either Denmark or Ireland – the two EFTA partners who entered the Community with Britain in 1973 – would be keen to pull out again just because we had decided to do so. The likelihood is that both these countries would want to remain in the Community to protect their interests in the much larger and more prosperous Community market. They would not benefit from tying themselves to an inward looking and declining Britain.

Equally, we should not delude ourselves into thinking that we could resurrect arrangements between Britain and the Commonwealth of the kind which existed before our entry into the Community. Even when we were outside the Community the pattern of our trade was changing rapidly. If it had been possible to create inside the Commonwealth a common market with all the characteristics of the EEC – a common tariff and all the rest – we would have done so five years ago. But that was never feasible. As it is the other Commonwealth countries have had more than a decade in which to come to terms with Britain's intended and now actual membership of the Community and in many ways they have taken a more realistic and positive attitude than some people in this country. Meanwhile within the framework of safeguards provided in the Treaty of Accession already twenty of the developing Commonwealth countries are engaged in discussion with the Community as part of the negotiations for a renewed Yaoundé Convention and all of the developed Commonwealth countries have made or are now making trading arrangements to safeguard their interests.

It is probably fair to say that no Commonwealth country now wants Britain to withdraw from the Community; but that if we did, we should find that nearly all of them would choose to develop a trading relationship with the Eight rather than try to put the clock back to the days of Commonwealth Preference with Britain. Naturally they hope not to have to make such a choice, but we can be almost certain that if Britain were to be foolish enough to withdraw from the Community, there would be no queue of Commonwealth countries waiting to develop trading links with us rather than with a prosperous and dynamic Community of some 200 million people. Indeed, even New Zealand, whose dairy farmers certainly secured very fair terms in 1971, has now diversified her trading links in the way she wished in an almost irreversible manner so that she now sends 75 per cent of her dairy exports to markets other than Britain. The world has moved on since the 1960s and the Commonwealth countries have been both realistic and far sighted in moving with it.

Dangers of weak isolation

With no realistic prospect of returning to a European Free Trade Area which would entail the unravelling of the Community's achievements so far, and with no clear demand from any Commonwealth country for a return to Commonwealth Preference, it is therefore virtually certain that British withdrawal from the Community would lead to dangerous economic and political isolation, entailing the most serious consequences for this country. In the economic sphere, it would deny us the considerable bargaining strength which we now derive from membership and it would cut us off from our present secure access to Community agricultural supplies at stable prices. In a dangerous international climate of inflation and

economic uncertainty it would make it much more difficult for any British government to protect the vital economic interests of the British people.

In the political sphere, it would make us vulnerable to dangers which are no less real for being impossible to quantify. Whatever the present short-comings of the Community, it must be clear that any British government is far better placed to ensure the security of this country and to make an effective contribution to the security of the free world as a whole if we remain inside the European Community than if we were to withdraw into weak isolation outside. To advocate withdrawal would be a dereliction of duty and a reversal of the whole direction of British foreign policy under successive governments.

5. Our future in Europe

Labour's way back

We in Britain should not now be taking up the time and energies of our Community partners by persisting with Labour's version of renegotiation. If this process is being conducted with serious intent, then it would be far better not to proceed with the implicit threat of British withdrawal. Whereas if it is merely supposed to serve the short-term and parochial needs of Labour Party unity, then it is unnecessarily obstructing the much more important task of building a European Community worthy of the name. The process of renegotiation, as it has so far been presented by the Labour government, is essentially backward looking and contributes nothing to the future evolution of the Community. Instead of harping on the past and tinkering with the 1971 terms of entry, the Labour government should concentrate on working out the broad lines of our European future.

Necessary economic policies

The first goal for which we should work is closer economic unity within the Community. This is essential if we are to construct the necessary economic foundation on which to base all our other policies. It is only through closer economic unity that Britain and the other member states will be able to take effective action to contain global inflation and to guard against international recession. The Chancellor of the Exchequer should encourage his Community colleagues to elaborate effective procedures for ensuring that the Community speaks with one voice in international monetary discussions, and so is able to deploy its considerable financial power in the cause of monetary stability. He should also try to secure the agreement of his Community colleagues to a firm commitment against national trade restrictions of the kind which have recently proved necessary in Italy. If such agreement can only be reached on the basis of a firm reciprocal commitment by all the member states to take swift and united action to assist any one of their number in acute economic difficulty, then he should urge his colleagues to give such a pledge and to reinforce its credibility by making available the greater part of their national reserves as collateral for any future Community support operation.

Within the framework of progress towards closer economic unity, we should throw our full weight behind the elaboration of a fully-fledged Community regional policy. This is precisely what Mr Heath did in Paris in October 1972 and it was at that Summit Meeting that the decision was taken to establish a Community Regional Development Fund by the end of last year. Unhappily it proved impossible to secure the establishment of the Fund in the tricky conditions created by the energy crisis of last winter. However, now that the Community is in somewhat calmer waters, the British government should waste no time and spare no effort in launching a renewed attempt to get the Regional Fund established. It may initially have to be of modest proportions, but the vital need is to get it established and to see that it has an in-built capacity for growth in future years. Such a Fund will be an essential feature of the broad progress towards closer economic unity and an earnest of the Community's original intention, expressed in the preamble to the Treaty of Rome, to 'strengthen the unity of its (national) economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions'.

Another important objective which we should pursue is that of a comprehensive industrial policy for the Community as a whole. In view of the dangers of international recession, we need a renewed British and Community commitment to a number of fiscal, legal and technical changes which will enable our manufacturers to realise the full potential of the vast 'home market' and which will encourage the formation of truly European companies on a scale sufficient to compete on equal terms with the corporate giants of the United States and elsewhere. This is not a policy of gigantism for its own sake. It is simply a policy to ensure that we hold our own as Europeans over the full range of industrial and business activity. In that sense it is as much a policy for job security as any of the measures which are adopted under the heading of social policy.

However, in the light of all the significant developments which have taken place since the outbreak of the Yom Kippur War last autumn, perhaps the most important objective for us now to pursue is that of a real Community energy policy. It is worth recalling that it was Mr Heath who called for 'an energy policy for the enlarged Community designed to make the best use of the resources available to us and of the technology which the Community commands' – an appeal which he made back in October 1972. This policy should now be developed and put into practice on a truly Community basis. Undoubtedly, we in Britain will have a major contribution to make in view of our oil and gas resources and our historic ties with many of the oil-producing countries in the Middle East. It is an area in which we can bargain from strength inside the Community and expect to exert a major influence. No mistaken doctrine of nationalisation for its own sake or false conception of the relationship of Community policy to national policy should prevent us from making the energy sector a prime candidate for a new British initiative in the Community.

Needless to say, it should also be a major British objective to see that the Community continues to attach high importance to the welfare side of modern life. This does not mean that we Conservatives are intent on establishing a huge welfare state on a Community scale – far from it. But it does mean that in all our efforts to improve the economic performance of the Community we should never lose sight of the social and human dimension of economic growth and even economic recession. We should therefore reaffirm the social policy commitments made at the Paris Summit and expand the area of initiative taken in the Social Action Programme. This means that we should press for the enlargement of the Social Fund and for a co-ordinated policy on employment and vocational training. We should do everything possible to improve working conditions, including the status of women, and we should delay no longer in implementing a suitable version of the Commission's proposal for worker participation in industry. In all these ways and many more we should see that the Community continues to help ordinary working people with the problems that face them in their daily lives.

Necessary political developments

While it is virtually meaningless in today's interdependent world to try to separate economic and political issues, it is worth reminding people of the political benefits of closer European unity. These benefits will become more and more apparent as the Community member states succeed in reaching common positions on an increasingly wide range of issues. We have already had some real success in working towards a common European foreign policy. Examples which come to mind are the common stand taken by the Nine at the Conference on Security and Co-operation in Europe, the common position worked out in our relations with the Arab oil-producing states, and the useful procedural agreement on methods of consultation with the United States. In the future we shall need to extend and strengthen this pattern of co-operation and we shall need to bring it to bear upon all the great international issues of the day.

We in Britain should also do everything we can to develop and strengthen the Community's democratic institutions. We should continue to attack the Labour Party for its petty and persistent boycott of the European Parliament, especially in the light of the last Labour government's signature of the Anglo-Italian Declaration in 1969. However, we should welcome the fact that the Council of Ministers recently agreed to a further extension of the European Parliament's powers and we should see that much of the credit for this move goes to Peter Kirk and his Conservative delegation.

Revival of the European ideal

What we need during the crucial months ahead is a revival of the European ideal on a practical basis in ways which impinge upon our day-to-day lives. To this end we should do everything possible to lift the veil of ignorance and misunderstanding which still obscures the nature of the Community's purposes and achievements. We must ensure that the British people are given the facts. The facts about the benefits that membership is currently giving us. The facts about the cost of withdrawal. More people should be encouraged to go to Brussels and other Community capitals to see how our European partners really live and how the Community institutions actually work. Only in that way can judgements be formed upon a true and realistic assessment of our position.

Our European task amounts to nothing less than the need to fire the imagination of the British people. We must do everything in our power during the months ahead to communicate the long-term advantages of British membership of the Community and the historical imperatives of European unity. To secure the future of Europe will require a great and persistent effort of political will. The prize we seek is a glittering one. A strong Europe, alive to her responsibilities, is the best guarantee of a stable future for us all and for the safeguarding of the civilisation we share together.

We are now part of the European Community. Therein lies our future. We must see that we make a success of it.