

## Parliamentary debates in the House of Commons (12 March 1975)

**Caption:** On 12 March 1975, the House of Commons considers the impact of the decisions adopted the previous day in Dublin at the conclusion of the first European Council.

**Source:** Parliamentary Debates. House of Commons. Official Report. First session of the Forty-seventh Parliament of the United Kingdom of Great Britain and Northern Ireland. Twenty-fourth year of the reign of her Majesty Queen Elizabeth II. Dir. of publ. Hansard. 1974-1975, No 888; fifth series. London: Her Majesty's Stationery Office. "EEC (European Council Meeting)", p. 510-519.

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[...]

**The Prime Minister (Mr. Harold Wilson)** : With permission, Mr. Speaker, I would like to make a statement about the meeting of the European Council of the Heads of Government of the European Community held in Dublin on 10th and 11th March at the invitation of the Prime Minister of the Republic of Ireland.

[...]

On renegotiation, we reached agreement on the budget correcting mechanism and on access and pricing provision for New Zealand dairy produce.

Our agreement on the correcting mechanism for the budget was based on the proposals made by the Commission. I do not need to take the time of the House with a description of the Commission's proposals, since they were the subject of a debate in this House on 27th February. Certain suggestions made this week for modifying those proposals-suggestions which would have had the effect of making them less favorable to us-were not accepted. On the other hand, we got them improved. The House will be able to study the changes in the documents which are being circulated in the *Official Report*. The two main changes were on the operation of the balance of payments criterion and on the proposed limits on refunds, two issues which were strongly urged on the Government in the debate by hon. Members on both sides of the House.

Under the balance of payments criterion proposed by the Commission, a member State would have ceased to be eligible for a budget refund if it had run a balance of payments surplus on average for three years. This criterion was modified so that even if a country has a balance of payments surplus on average over three years it can continue to qualify for a refund related to its VAT contribution, provided that it meets the other criteria.

On the limits on refund, the Council agreed to drop the Commission's proposal that refunds should be limited to two thirds of the amount by which a country's share of the budgetary contribution exceeded its share of the Community's GNP. We got rid of the two-thirds limitation. Instead, the Council agreed upon a ceiling of 250 million units of account on the amount of a refund to any qualifying country in any single year. This would give a refund at current exchange rates of up to about £125 million in any year to a member State that qualifies. It was also agreed that if and when the total Community budget came to exceed 8,000 million units of account, the ceiling from then on should be 3 per cent of the budget total.

The arrangements which the Community has now agreed would, if Britain remains a member of the EEC, give us an assurance of a repayment of hard cash if we found ourselves in the future paying an unfair share of the Community budget.

On New Zealand dairy products, the Heads of Government were concerned not with the detailed arrangements for access after 1977 but with laying down the political guidelines on which the decisions on these matters are to be prepared. These represent a substantial improvement on the existing protocol. First, it was agreed that annual imports of butter for the first three years after 1977-from 1978 to 1980-may remain close to deliveries in 1974 and 1975. The Heads of Government accepted what had been strongly urged upon us by the New Zealand Government-the need for periodic review of the prices received by New Zealand-and provided for these to be adjusted as necessary to take account, among other things, of future developments in the levels of Community intervention prices. In the existing protocol signed in 1972 the special arrangements for cheese expire altogether after 1977, but it is now accepted that this creates problems which, in the words of our agreement yesterday, will be examined by the Community with due urgency. In other words, we have now kept open the option for some continuing imports of New Zealand cheese after 1977 when they were due to cease under the 1971 terms. The Commission has been invited to bring forward its report for the review of the protocol together with the necessary proposals. I would expect this to be done during the summer.

I made clear to the other members of the Council that, with these agreements on the budget and on New Zealand, we had now taken our discussions within the Community on renegotiation as far as they could go. The Cabinet will shortly be reviewing what has been achieved over the last year in the renegotiation as a whole on the basis of the objectives set out in our party manifestos of February and October last year. I expect to announce the Government's decision to Parliament before the Easter Recess.

**Mrs. Thatcher :** The Prime Minister has made a long and complicated statement and we shall need to look at the documents involved and consider them.

I should like to put two points to the right hon. Gentleman. First, will he confirm that he received maximum cooperation and good will from all the other Heads of Government at Dublin indicating their capacity to be flexible within the treaty and their desire to help him and Britain in tackling the problems involved?

Secondly, will he now use his personal authority to recommend that we stay in Europe?

**The Prime Minister :** I agree with the right hon. Lady that the House will need to study these somewhat complicated documents before forming a view of the provisions that I have briefly summarised this afternoon.

The right hon. Lady asked whether I could confirm that we received the maximum co-operation and good will. I can certainly confirm that. It was an extremely friendly and constructive conference. Despite forecasts or headlines there was no confrontation. There was a real desire to solve these problems. But these problems would never have been brought forward for decision if we had not insisted on renegotiation a year ago. Certainly the Heads of Government showed every desire to help.

On the right hon. Lady's second question, the Government's decision will be made before Easter. The recommendation on which the Cabinet decides, whether to stay in or to come out of the Community-

**Mr. Skeet :** What is the Prime Minister's view?

**The Prime Minister :** -will be announced to Parliament, I expect, before Easter.

**Sir G. de Freitas :** Is my right hon. Friend aware that there is on this side of the House a great deal of support for what he and my right hon. Friend the Foreign and Commonwealth Secretary have achieved?

**The Prime Minister :** I am grateful to my right hon. Friend. I should like to make it clear, in case of any misunderstanding, that in the renegotiations, apart from the other major issues which we discussed, we were dealing in the main with only two questions. I have said that I enlarged on my right hon. Friend's statement on steel. The other items had been taken as far as they could go-for good or ill, which is for every hon. Member and the country to decide-in meetings before the Dublin meeting as a result of the patient and constructive negotiations of my right hon. Friend.

**Mr. Thorpe :** Is the right hon. Gentleman aware that many of us are delighted that after a period of high drama and calculated suspense the right hon. Gentleman has brought back exactly what we always expected, namely, terms that he could enthusiastically recommend to his Cabinet colleagues? May we wish him well in trying to convert even those of his colleagues who, whatever the terms, are anti-European? May we await the moment when he will recommend to the British people their acceptance of our stay in Europe? But may we just remind him that if we have to pay a bill of £8 million every time the Government cannot have a collective Cabinet view it will get rather expensive.

**The Prime Minister :** The right hon. Gentleman has shown over the years that his desire was to be in Europe regardless of the terms. He just dismissed the terms. He opposed what we said in our two manifestos about the need to renegotiate the terms, which we regarded as profoundly unsatisfactory and on which we have made considerable progress.

I thought that I heard the right hon. Gentleman say in the October election, though it may have been in February, that if the Labour Government won the election he would give co-operation and support in the referendum. I shall be looking at last night's Division lists a little later.

**Mr. Jay :** Has the EEC Council yet agreed to a fundamental reform of the common agricultural policy?

**The Prime Minister :** I think that my right hon. Friend the Foreign and Commonwealth Secretary dealt with that this afternoon.

**Hon. Members :** No.

**Hon. Members :** Yes.

**The Prime Minister :** There seem to be two views about that.

The stocktaking and the fundamental review called for by the Federal German Chancellor at the December Summit in Paris, and strongly supported by me, is taking place. Already, as a result of our renegotiation over the past year, fundamental changes have taken place. As a result of our saying that we could not go on with such things as the beef mountain, there have been big changes. I cannot, and shall not, say that the fundamental review has been completed, because that is not so.

**Mr. John Davies :** Will the Prime Minister clarify whether within the corrective mechanism any compensation becoming due would be limited to the extent of the VAT contribution?

**The Prime Minister :** I thought that I had explained that. I am sure that the right hon. Gentleman, with his expert knowledge of the subject, will want to study the documents. There is a limit of 250 million units of account in respect of a country if certain qualifications are fulfilled. I said in my statement that we have had the Commission proposals for the balance of payment deficit requirements changed so that if, after three years, there has been a surplus on a moving average, there will be a limit to the refund.

**Dr. J. Dickson Mabon :** My right hon. Friend referred to world aid. Will he confirm that the negotiations on aid and the signing of the convention at Lomé represent a substantial advance in principle towards helping the hungry nations, and in that respect is greater than anything done by the Soviet Union or the United States of America?

**The Prime Minister :** Before I answer that question, may I make it clear, in case I did not make it clear to the right hon. Member for Knutsford (Mr. Davies), that duties and levies, as well as VAT, are taken into account in the computation of what is due for refund.

Both in the House and elsewhere I have paid tribute to what was achieved in the Lomé Convention, not only on aid but on the beginning of a significant scheme for stabilisation of the prices of primary commodities, as an incentive to help primary producers all over the world to maintain production and avoid boom and bust, both for world food and for essential raw materials, feeding stuffs and fertilisers.

Her Majesty's Government have taken an initiative in Washington to build on the World Food Council and on other actions which we and others have taken. The matter will be pursued in Jamaica.

**Mr. Marten :** In spite of the Wilson fan club which is building up on this side of the House, will the Prime Minister set a good example by referring to the Common Market and not to Europe? Like so many distinguished people on this side of the House, he seems to confuse the two.

Will the right hon. Gentleman undertake to re-read the Labour Party election manifesto, which I have here, and then to state clearly where the renegotiations fall short of the objectives set out in the manifesto, so that the electorate may know how far they can rely on the pledges given by the Labour Party at a General

Election?

**The Prime Minister :** I hope that I always use the correct phraseology here. I do not use the word "Europe" to cover the area of the Nine. Europe goes much further, to the north, south and east of the Nine. I think that today I have used the phrase "the European Community ". I hope that that is all right.

I am glad that the hon. Gentleman carries the Labour Party manifesto around with him, as I do. I welcome his ambition to join me as the custodian of the manifesto. Not only do I know it, I am sure, as well as he does, but my right hon. Friend the Foreign and Commonwealth Secretary has at all times stressed in the negotiations the exact wording. It is now for all of us and for the country to decide how far the manifesto terms have been achieved. As to 100 per cent., they obviously have not. I have referred to the CAP. But we must all form our own views as to how far the terms have been achieved.

I do not think that the hon. Gentleman will quarrel with my statement that but for the renegotiation and the terms I have announced we should still be stuck with the totally inadequate terms that the right hon. Lady the Leader of the Opposition and her colleagues fell over themselves to accept. As far as I know, she has not dissociated herself in this respect from the actions of the Government of which she was a member at the time.

**Mr. Buchan :** Does my right hon. Friend agree that the kernel of the common agricultural policy problem was stated in the manifesto specifically to be the removal of food taxes and those matters which impeded trade with the Third World? Has the failure on that front been a failure in the renegotiations, or was there no attempt to remove the various levies and taxes?

**The Prime Minister :** We have tried to make the maximum progress on this matter. The manifesto criticised the way in which the CAP had been constructed. It went on to refer to the need for continuing access of food from outside sources. My hon. Friend will be delighted with the fact, although some people in this country seem to get rather bored by the matter, that we made such an issue of the entry of New Zealand products into this country, which had been thrown away by the previous Government.

**Mr. Donald Stewart :** Does the right hon. Gentleman accept that the Dublin meeting had all the reality of wrestling of television, and that the contestants despite the grunts and cries of pain, did not intend to do any real damage to each other, and that, in fact, the real fight is the contestants versus the spectators? Does he accept that a great deal of regret will be felt in Scotland at the fact that nothing has apparently been achieved on such matters as fishing, energy and steel? Will he accept that whatever his partners in the Common Market are, the very last thing they are are Socialist comrades?

**The Prime Minister :** I am grateful to the hon. Gentleman for his concern on the latter point. If his idea of negotiations is that they should be a slogging match on television, with grunts, groans, black eyes and so on, that is not my idea of negotiation. The hon. Gentleman had every opportunity for seeing a very successful exhibition of real, hard athletic struggle when Scotland won their recent match against Wales.

**Mr. William Hamilton :** Can my right hon. Friend say at this juncture whether all our Commonwealth partners agree with what has so far been achieved? Will he say whether he is satisfied that the Industry Bill which is before the House can be implemented within the terms so far renegotiated? Will he further say what the exact timetable is now? May we be assured that there will be a debate on the Government's recommendation before the legislation on the referendum is introduced, since if the House agrees to that there will be no need for the referendum?

**The Prime Minister :** Knowing that my hon. Friend, as always, is trying to be utterly helpful in all these matters, I know that he will be glad to know that there has been this morning-I heard on the radio-a warm welcome to the agreement by the Prime Minister of New Zealand. He is rightly reserving the right to study the exact details, particularly so far as the matters to which he attaches importance are concerned-the question of the price adjustments and the periodic reviews of prices.

Concerning the Industry Bill-and here I would also include anxieties about steel and the regions, because these are very much manifesto points-we have been into these matters very thoroughly. I did this, indeed, myself last night, with the President of the Commission, and my right hon. Friend was with me. My hon. Friend will be aware-whether or not it excites him I do not know-that there is nothing in the Community whatsoever to limit the ability of a national Government to take industries into public ownership. I cannot find any evidence that what is intended, by at any rate a majority in the House, in the Industry Bill would be impeded at all by the Community.

Whether in private or in public industry, there is always the question of international competition and taking unfair advantage, but that is a matter on which we had very strict regulation in EFTA, and we have also strict regulation of the matter in GATT.

Concerning the timetable, I thought I had indicated that we hope to make a statement before Easter on the Government's recommendation to the country when the Cabinet has so decided. I know that my hon. Friend will co-operate to the full in helping to get the Referendum Bill through so that the issue on which the Government fought the election-a free decision by the British people-can take place as quickly as possible.

**Mr. Gwynfor Evans :** Did the Prime Minister raise in Dublin the question of the representation of Wales and Scotland in the institutions of the EEC?

**The Prime Minister :** That was not discussed in these discussions.

**Mr. Spearing :** Does the Prime Minister recall that one of the fundamental objectives of the renegotiation was the retention by Parliament of policy and power over the British economy? Will he tell the House in what particular regard these have now been improved on in the terms negotiated by the right hon. Member for Sidcup (Mr. Heath)?

**The Prime Minister :** There will certainly be opportunity to go into these matters in detail when the Cabinet makes its recommendation. But I would remind my hon. Friend that in that particular section of the manifesto there was reference particularly to the test case and fiscal matters. So far as this is concerned, we have not needed to improve things very much, except, concerning fiscal matters, that I do not believe that the harmonisation of VAT, about which many of us were anxious, is now a real threat to us, Parliament or anyone else.

The other issues were regional, on which we have now got a very significant advance on what was negotiated by the Conservative Party, specifically and in terms.

The third matter was industrial questions. I gave notice many months ago that I was particularly interested in steel here, because the result of the previous Conservative Government's repeal of Section 15 of the Iron and Steel Act is capable of creating a total shambles in the steel industry. That is why my right hon. Friend raised this matter last week, and I gave him full and detailed support yesterday.

**Mr. Alexander Fletcher :** As for the time being collective responsibility has been suspended as a feature of our system of Government, does the Prime Minister feel free to tell the House whether or not he supports our continued membership of the EEC?

**The Prime Minister :** So far the Cabinet has not taken a decision. Therefore, there is nothing on this question. It is the usual thing for the Cabinet to decide these things and then to inform the House. It is true that there is very serious concern about collective responsibility, and the Conservative Party is now throwing over everything it did when in office, and no one at the time had the guts to dissociate himself from the policy the Conservatives now condemn.

**Several Hon. Members** *rose-*

**Mr. Speaker :** These are obviously matters for debate.

[...]