



## A Blast of Icy Wind

**I**N the next few months, the whole question of Britain's membership of the European Economic Community will be set before the public again. There has been some recent indication that the E.E.C. countries themselves may also be dissatisfied with the existing arrangements. The Common Market, of course, has various aspects — political as well as economic, but leaving aside for the present the compelling political arguments against Britain's membership of the E.E.C., we limit our comment here to the overriding economic aspect involved.

Seldom have comparatively straightforward matters been more thoroughly obfuscated by politicians than this Common Market question. At the risk of restating the familiar, let us indicate what has happened. The Common Market arrangements, as set down in the 1957 Treaty of Rome, are lucid enough. The member-states propose an arrangement whereby tariffs and other trade barriers between themselves shall be broken down, and a common trade policy presented towards the outside world. They also propose to pursue certain common internal economic policies, particularly the "Common Agricultural Policy" (C.A.P.). The initiative for all these policies comes from a body of virtually irremovable public administrators called the Commission — which body acts through a group of representatives from the member states, the "Council of Ministers". There are provisions for giving effect to E.E.C. policy in the member-states—if necessary, over the heads of the governments and parliaments concerned. There is a body called the European Parliament, meeting at

Strasbourg; but this body is not directly elected, and in any case its only control over the organs of the E.E.C. is that it could require the resignation *en bloc* of the Commission. The terms of the Treaty of Rome were negotiated by the original "Six", obviously with no regard to any interests but their own. The later negotiations, which concluded in Britain's admission to the E.E.C. in 1973, did not concern the Treaty itself, but the transitional arrangements which should apply during the period of several years which would elapse between Britain's adherence and the full operation of the conditions of membership which govern the others.

Where do we, as Free Traders, stand on all this?

We welcome reciprocal Free Trade between the United Kingdom and the Common Market countries. Yet the Common Market does not, and never can hope to, provide more than a relatively small part of Britain's overseas trade; for the Common Market countries, like us, are temperate countries, whose principal surpluses are of manufactured goods, not food or raw materials. Thus far, our position seems similar to theirs. But in one vital respect it is fundamentally different. Britain, unlike the continental E.E.C., has twice as many people as it can feed. For well over a century, the United Kingdom established itself as a manufacturing nation, importing vast quantities of food and raw materials from overseas, and sending out manufactured goods in return. During that same period, the main continental countries deliberately aimed at economic self-sufficiency, largely for military reasons. If the rest of the world now sank beneath the waves, leaving only the continental E.E.C. standing, they could survive; but if Britain alone were left standing, half our people would die of starvation. It is, of course, true that the disastrous tariff policy pursued from 1932 onwards diminished Britain's position as a trading nation; yet relatively free importation of food and raw materials has remained Britain's policy right to the moment of joining the E.E.C.

There is, therefore, a fundamental clash of interests between the continental Common Market countries on one side and Britain on the other. While it is true that they, like us, would ultimately benefit from Free Trade, we cannot expect their industrialists and farmers, who have been acclimatised to Protection, to see it that way. It suits them fine that Britain should be compelled to buy their occasional agricultural surpluses — while the fact that they cannot give us a regular supply of food is our worry, not theirs. It suits them fine that British manufacturers, who have been used to the benefits of cheap food and cheap raw materials, should be compelled to buy food and raw materials at high prices — for that will naturally re-

duce the British manufacturers' power to compete with themselves in outside markets. In other words, while Free Trade between Britain and the continental E.E.C. would be a thoroughly desirable thing, the obligation to impose E.E.C. tariffs on outside goods, and to follow the Common Agricultural Policy of the E.E.C., is an unqualified disaster.

What, then, should our statesmen do during the negotiations which are currently in progress? They should tell the E.E.C. countries that we are perfectly willing — nay, that we are anxious — to foster reciprocal Free Trade with them; but that we cannot possibly accept the obligation to impose common tariffs with them towards the outside world, or to follow the C.A.P.; and that if these policies are an essential condition of our membership, then we must leave the E.E.C.

Two arguments call for immediate comment. It is often said that the era of cheap food and raw materials is over; that world prices of those things will inevitably rise both absolutely and relatively. That is probably true; but *makes it the more important that we should be free to buy them in the cheapest markets we can find*. The second argument comes from people who say that we should "reform the Common Market from within". We ask them: what earthly chance will Britain have, especially in her present economic condition, of exerting any substantial effect on the policies of people who want something fundamentally different from what we want, and who can manage without us perfectly well?

Now we come to the last ditch argument of the pro-Marketees. What can Britain do outside the E.E.C.? The answer is clear enough. We must pursue a deliberate policy of reducing tariffs and other trade restrictions towards all outside countries — within or outside the E.E.C. We must allow our people to buy in the cheapest market and sell in the dearest, whomsoever that may please or offend. We must gradually remove all the innumerable special advantages which this that or the other interest has been able to obtain in the past from successive governments. We must gradually expose the economy of this country to the facts of world competition.

Of course the transition will be unpleasant for many. Of course there will be agonies of readjustment. Of course some artificially-fostered industries will suffer. But the alternative is worse. We have all read the prophecies, in which disparate economists seem broadly agreed that within a few years our people will be in the economic condition of the Iberians. Unless we take very rapid action about it, the prophecies may well prove to be optimistic rather than the reverse.

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