

door would be pushed open for the Communists.

A number of other uncommitted nations are being forced into the Communist camp because of the high tariff wall which surrounds the E.E.C. Yugoslavia is a case in point. As the door to her markets in West Europe was slammed she was forced to look once more to Russia.

In short, therefore, far from the Common Market presenting a Bulwark to Communism, it is going to boom-erang against the West.

Yours faithfully,
LYNDON H. JONES.

Hornchurch, Essex.

E.E.C. PRIMARILY POLITICAL?

SIR, — The letters you received from five different free traders in five different countries last month with their varying conclusions as to the wisdom, or otherwise, of Great Britain's joining the Six are an indication of the complexity of the subject and of the care required in reaching a decision. We are certainly on the horns of a dilemma. If we stay out, are we not refusing the opportunity to enlarge the existing free trade area; and, if we go in, shall we, as Miss Noble suggests be cutting ourselves off permanently from the rest of the world, and permanently denying to others the advantages of really free world trade?

My first reaction to the idea of the Common Market was to reject it because I accepted the argument that once we joined the Six we should be prevented for ever from adopting full free trade in this country with the rest of the world. But as Mr. Clancy asks, what are our chances of persuading any British Government to adopt an out-and-out free trade policy? It seems possible therefore that, fiscally speaking, we should lose nothing, even if we gained nothing, by joining the Six. Mr. Olsen suggests that Denmark would follow us in, and Mr. Ole Wang thinks that Norway would do the same. If it is true that Ireland and Switzerland and perhaps Spain and Portugal contem-

plate seeking admission it might not be long before the whole of Europe outside the Iron Curtain became a free trade area. Moreover there are signs that America is lowering her tariffs in face of the threatened change with the consequence, as Herr Zincke points out, that the outer wall of the Six is already being lowered, a matter of surprise surely to those protagonists of Protection who always maintain that tariffs are a necessary weapon of defence against those of other countries.

But what of the political implications. Membership of the Common Market would certainly mean loss of tariff autonomy and of freedom of action in a number of other related fields. During the negotiations for a Free Trade Area which ended in failure three years ago, the British line was that for this country to enter into a Custom Union, with a Common Tariff against the rest of the world, was a sheer impossibility. So the fact that we are now trying to join the Common Market which involves precisely that obligation is a measure of the importance which the Government attaches to the political, as distinct from the commercial, aspects of membership. Hence it may be that, since the Government's motives for seeking to join the Common Market are primarily political, any purely economic argument against joining, however cogent, must inevitably miss the point.

Yours faithfully,
WILLIAM E. BLAND.

Watford Heath, Herts.

IMPLICATIONS OF ARTICLE 189

SIR, — Mr. R. Clancy writes persuasively from New York. I find myself in total disagreement, however. He admits that joining the Common Market would not be free trade, but asks what chance we have of persuading the British Government to adopt an out-and-out free trade policy as an alternative. The answer is that we have as good a chance as the British people did say in the 1830's. In 1846 it happened. But if we joined the C.M., never again in history would we ever be able to have free trade for Britain.

Furthermore, joining the C.M. would be infinitely worse even than the unsatisfactory *status quo* for the British people, for they would have to pay considerably more for their food and raw materials and would receive substantially less for their manufactures.

He says that Britain's political status would depend on negotiations. It is impossible to talk one's way out of the implications of Article 189. It means total loss of independence over vital economic matters and therefore, and inevitably, total loss of sovereignty. This is admitted by Lord Gladwyn himself.

The objection to joining the Common Market is not really so much to do with trading relations with the Commonwealth, because since 1932, for a free-trader,

E.E.C. THEORY AND PRACTICE

THE benefits of tariff-free imports enjoyed between Common Market countries can be short lived, according to a recent press report, for while tariffs come down, taxes go up!

In Belgium the brewers were concerned with the increased competition from wine and vermouth when customs duties were abolished. In Germany the brewers stood to suffer from increased competition from coffee. When these customs duties were duly abolished they were promptly replaced by equivalent excise duties. The tax on wine and vermouth imported into Belgium, and on coffee imported into Germany thus remained the same. These were entirely new taxes but they had no offset disadvantages since domestic production of these particular goods is nil.

these have been on the wrong basis anyhow, depending on preferences and discrimination. The Commonwealth was built up on the capital-accumulating propensity of Britain. That came from buying in the cheapest market and selling in the dearest. This capital the Commonwealth is crying out for today. Britain can no longer provide it.

But she could start to accumulate again if she adopted the right policies: not, however, by merely substituting discrimination in favour of Europe against the Commonwealth for discrimination in favour of the Commonwealth against Europe. It is discrimination itself which is wrong. The answer is in a gradual lowering of tariffs through the enforcement of the unconditional most favoured nation clause.

For my part, I much prefer the fragmentation of economic power to its concentration in a few large and powerful blocs. If we must have wars, let them be little ones.

Yours faithfully,
OLIVER SMEDLEY,
Chairman.

Keep Britain Out Campaign, London.

RAMPANT PROTECTION

SIR, — At present, the prices of many articles when imported from Common Market countries are considerably higher here than there. I am convinced that if we join this Market the British manufacturers concerned will not willingly forego this protection. They will be able, by linking up with trade associations or comparable organisations in Europe, to maintain prices at a monopolistic level. In fact an increase in cartelisation is beyond dispute.

We should not be concerned with the success or otherwise of the Common Market or the Schumann Iron & Steel Plan but with the inalienable right of individuals to exchange freely the products of their labour. There is no need for Ministers of State to fly a shuttle service between Great Britain and Europe in order to achieve free trade.

If the whole world by international agreement became a Common Market, and tariff barriers disappeared, protection would still be rampant. Price stabilisation schemes, subsidies, levies, fiscal manipulation, authoritarian economic planning and land monopoly, all part of the domestic political scene throughout the world, would continue and so ensure that the Common Market is not a *Free Market*.

Contrary to reports all is not well in the "Six." German car manufacturers are in trouble for raising their prices; French farmers are protesting against low prices, and strikes are prevalent.

The whole set-up is a cunning protectionist plot based on the universal fear of communism.

Yours faithfully,
STEPHEN MARTIN.
Fordingbridge, Hants.

AUGUST & SEPTEMBER, 1962.

ONE HAPPY FAMILY

THE latest round of Market ministerial meetings, which are now averaging two a day in Brussels, is showing that after ten years of Community life the six still feel as free as ever to give vent to their national emotions.

The Dutch have been claiming that Dutch administrators have a far greater sense of integrity than Italians. The French are fighting like wildcats to keep essentially nationalistic, or possibly even imperialistic, links with the 16 former French African territories and for something similar to imperial preferences on Sahara oil.

The Belgians, partly to please some very nationalist-minded Belgian trade union leaders, have been trying to take back some of the powers they gave to the High Authority of the Coal and Steel Community for controlling coal prices in Belgium. Certain non-community-minded Belgians are smuggling butter from Holland to the tune of 6,000 tons a year in violation of Community rules.

The Germans and the French are locked in a nationalistic argument about which has the right to force the other to change its farm prices.

France, according to the Belgians, is beginning to exploit the clash between French-speaking Belgians and the Flemish by encouraging French Belgians to establish closer links with France.

But this does not mean that the House of Europe is in danger of falling. The patriotic demonstrations are looked upon by the Six as part of the Community game. As Mr. Pisani, General de Gaulle's Minister of Agriculture — and a former professor of gymnastics — says during every big crisis, "We in the Common Market are condemned to agree." *Daily Telegraph*, June 26.

EARLY VERSION OF E.E.C.

SIR, — Some overseas correspondents who suggest that British Free Traders should support the Common Market as a partial acknowledgement of free trade principles, are not fully aware, I suspect, of the completely protectionist view of the nature of trade implicit in all the publicised arguments of the English Marketeers. If Free Traders as a body support Great Britain's entry it will be assumed that they endorse the idea of trade as a collectivist operation, requiring almost as much state organisation and direction as a military campaign. On this premise the Free Trade case becomes untenable and protectionist fallacies are confirmed. The Liberal Party, in its present enthusiasm for the Common Market, virtually expels Free Traders from its ranks.

Although we cannot exactly foretell future events, past experience does suggest in what direction Free Traders can most usefully exert their influence.

Under the persuasion of Alexander Hamilton a common tariff was substituted for the various State tariffs of the American Union. In accord with modern expertise
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