BRITAIN OVERSEAS

A DIGEST OF NEWS AND VIEWS ON BRITAIN'S ECONOMY AND OUR ROLE IN OVERSEAS TRADE AND PAYMENTS

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Editor: Edward Holloway
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IS THIS THE BIGGEST "CON" IN HISTORY?

The most important question ever to come before the British people — whether or not we should join the E.E.C. — was not made an issue at the last General Election. The manifesto issued by the Conservative Party clearly stated: "Our sole commitment is to negotiate". The Labour Party manifesto made no mention of the Common Market issue. WHAT WAS NOT MADE CLEAR TO THE ELECTORATE WAS THAT THESE NEGOTIATIONS WERE NOT ABOUT THE PROVISIONS OF THE TREATY OF ROME BUT MERELY ABOUT THE TRANSITIONAL PERIOD. As this fact has become increasingly clear to the people, and they have realised that our negotiators started off by accepting all the Community's rules and principles as they stood, and the matters for negotiation concerned only the relatively short period of transition, there has grown an increasing feeling that they have been tricked into a position where they have no say in their future.

This feeling of frustration has led to increasing demands for a referendum. What is particularly nauseating is the reaction to this demand of those very people who were responsible for the avoidance of discussion of this vital issue at the General Election. Under the British democratic system, a General Election gives electors their opportunity of voting for or against policies, but on the Common Market issue this opportunity has been denied to them. Instead of welcoming a proposal for a referendum as a means of making good this deficiency, those responsible express horror at the thought of such a departure from Parliamentary democracy!

YET, AT THE SAME TIME, THE GOVERNMENT ARE ADVOCATING A POLICY WHICH, IF ACCEPTED, WOULD **COMPLETELY** CHANGE THE WHOLE SYSTEM OF PARLIAMENTARY DEMOCRACY IN BRITAIN. Under Article 189 of the Treaty of Rome, regulations emanating from the Council and the Commission are "binding in every respect and directly applicable in each Member State". So that acceptance of the Treaty's provisions means inevitably surrendering the independence and sovereignty of the British Parliament over a large area of our national life and entails the acceptance of over 3,000 regulations that have already been passed prior to our entry. Can hypocrisy go much further?

PRECEDENCE OVER NATIONAL LEGISLATION

The way this works is clearly shown by the following extract from "European Community" for December, 1970:

> "The Council's most important duties are those vested in it by the Rome Treaty establishing the E.E.C. . . . Among the Council's main tasks is the shaping of law through regulations and directives. Council regulations are in effect European laws. . . . If they come within the Community's field of competence, they have precedence over conflicting national legislation. In particular, they are binding on national courts and administrative authorities.
>
> Directives are instructions to one or more member states, which are binding in respect of their aim but not as to the means of application, so that the member states retain a certain latitude for individual action. Directives become effective once they have been communicated to the Government of the member state concerned, and the Government must then apply them at national level, e.g. by amending the relevant law or laws.
>
> Among the major sectors in which the Council has the right to issue regulations are agriculture, free movement of workers, transport, rules governing competition and the European Social Fund. The Council is empowered to issue directives in fields such as right of establishment and freedom to supply services, capital movements and harmonization of legislation."

To say, therefore, as many pro-Marketeers do, that acceptance of the Treaty of Rome entails no more surrender of sovereignty than membership of G.A.T.T., I.M.F., N.A.T.O., E.F.T.A. and similar international agreements is to falsify the issue. In addition, the Treaty of Rome is "for an unlimited period", and it becomes very clear that the Treaty of Rome is very different from other Treaties in many vital respects.

Much of the propaganda put out to persuade people to change their minds in favour of joining the E.E.C. is full of these half-truths, and sometimes descends to utter falsification. One glaring example is a leaflet issued by the European Movement. It is headed in bold type:

YOU'VE LOST £7 A WEEK IN YOUR PAY PACKET.

It goes on to say "We are losing about £7 a week because we're still outside the Common Market. Incomes in the Market are growing twice as fast as in Britain". Yet, Mr. John Davies, Secretary for Trade and Industry, when speaking to the Federation of German Industry at Dusseldorf, stated categorically that "Britain's entry into Europe would reinforce the need to reject inflationary wage demands." When Mr. Arthur Lewis, M.P., asked the Secretary of State for Employment "whether, now that H.M. Government have accepted terms and conditions for Great Britain's possible entry into the E.E.C., he will state what action he intends to take to increase wage rates in Great Britain to those as now paid in the countries of the Six", the reply was "None".

Again, assurances have been given that the future of the Commonwealth would be safeguarded. Look at the pitiful results. Australia is to be phased out of a considerable proportion of her trade with us; New Zealand is to get transitional agreements to cover a decreasing quantity of her exports of butter and cheese; Canada to lose part of her trade; the developing Commonwealth sugar-producing countries, for whom Mr. Rippon did ask for "bankable assurances", now fobbed off with a promise that when the Commonwealth Sugar Agreement is terminated in 1974 the Community will "have at heart" or "bear in mind" (depending on the translator) their future needs.

Constant reference is also made to the rate of growth in the Common Market countries, but here again the fact is that this is now slowing down. "The Times", on 5th July, 1971, refers to "A Six-Point *Plan to curb Italian recession by boosting production and investment*" and on July 20th reference is made to "the sick Dutch economy". West German growth rate, now at 2.5%, is less than the Chancellor's estimate of Britain's, which is 4%. The E.E.C. forecast a slowing down in the rate of growth in 1971. Moreover, prices in the Common Market rose further last year than in any year since the Treaty of Rome came into force in 1958. The final survey for 1970 warns that "prices continue to be in great danger of rising further with the upward trends of wage costs playing a major part".

DYNAMIC EFFECTS!

Then there are the dynamic effects on Britain's economy which the pro-Marketeers love to dangle before us. But when asked to quantify these, no estimate can be made. Some industries will benefit; others will be harmed; but no assessment of the overall effect on our economy can be made. Even some of those who reckon they will benefit may have an unwelcome surprise. Lord Stokes, who took a full page of advertising in the major national dailies, saying how his industry would benefit, has been challenged in this view by two Cambridge economists. They say: "If we join the E.E.C., our exports of vehicles and components to the E.E.C. should no doubt show a considerable increase. But our domestic market will be open wide to competition from the E.E.C. countries and we shall lose our privileged position in other E.F.T.A. markets. There can be little doubt that in the U.K. and other E.F.T.A. markets the motor industry of the Six will make enormous gains at our expense". The country at large will have to pay a very high recurrent membership fee for the privilege of mutual free access to industrial markets with the E.E.C.

A firm of stockbrokers have made their own assessment of the gainers and losers from E.E.C. entry. According to this, there are eleven industrial products which would be expected to gain from entry, and no less than TWENTY which would suffer. On this basis the "dynamic" effects on industry will be a very patchy affair; increasing loss and unemployment on one side will not necessarily be off-set by gains on the other. This certainly does not lead to the conclusion that overall the effect will be advantageous to British industry.

The effect of all this on British public opinion is shown by reports which are coming in from all over the country. The Nottingham Evening Post put the question to their readers: "Should Britain join the Common Market?" The percentage of the large number of votes cast showed 4.9 per cent in favour and 95.1 per cent against. "Focus", a newspaper circulating in S.W. London, is conducting a poll. The first returns show *362 against entry, 44 for entry. The poll is still open. A poll was taken* at a meeting held in Cleethorpes, and the vote taken at the conclusion was that 3 were in favour and 400 against. Another debate held in

Bury St. Edmunds voted 10 in favour and 110 against. At Carshalton, the voting at a meeting was 2 in favour, 66 against. In Battersea, it was 4 in favour, 50 against. In a secret ballot held at a meeting in Croydon 44 were in favour, and 111 against. Signatures to the Petition *to the Queen are pouring in at an increasing rate.* Many more are expected before an initial presentation is made in October. It was the hope of the Government that with the vast propaganda campaign now taking place, public opinion would swing in favour of joining the E.E.C. The figures quoted could be multiplied several times and show the reverse effect. In other words, the British public are now showing what they think of the biggest "con" in history.

WHAT DO YOU KNOW ABOUT THE COMMON MARKET?

Mr. Antony Fisher, a well-known business man whose interests range from poultry in Britain to turtles in the Cayman Islands, began a rather belated study of the Common Market and, in his own words: "I *astonished myself with my ignorance". Arising from this study he* produced a Memorandum which the Commonwealth Industries Association published on 21st June.*

The Parliaments of the Six had no say in the drafting of the Treaty of Rome, and it was put forward for ratification with no chance of amendment. Now, the British Parliament is to be asked to accept the Rome Treaty in its entirety, only the transitional arrangements are negotiable. Articles 110–116, he says, "embody one of the biggest surrenders of national sovereignty, placing with the EEC Commission the conduct of trade negotiations with third countries."

The author goes on to say that: "Regulations and Directives are now being issued at the rate of 3,000 a year. Going into the Common Market will be like going into a series of gigantic compulsory egg-marketing boards with vast 'subsidies' and intricate regulations which are already disturbing trade."

As a result of his investigations, Mr. Fisher says: "I can find no basis for going into the Common Market whatsoever, and a vast array *of convincing evidence that it is thoroughly dangerous to go in and that* we must stay out."

The Rt. Hon. Sir Robin Turton, Chairman of Commonwealth Industries Association, contributes the foreword in which he says: "In my view every Member of Parliament should have read this memorandum before he votes on the most vital issue that has ever been put before the British Parliament."

* *What Do You Know about the Common Market? by Anthony Fisher, with a foreword by Sir Robin Turton. Published by Commonwealth Industries Association, 60 Buckingham Gate, S.W.1. 15p.*

THE UNITED KINGDOM AND THE EUROPEAN COMMUNITIES

As an exercise to change the minds of the majority of the British public, still steadfastly opposed to joining the EEC, the Government's White Paper (Cmnd.4715) is not a very impressive document. Since Britain first applied to join in 1961, the British people have been subjected to a bombardment of half-truths and evasions which have, in the course of time, revealed themselves for what they are. Now we have the official Government document which is riddled with the same kind of propaganda. Had the Government set out a really objective assessment of the advantages and the disadvantages of entry and on this basis argued that the balance should be favourable to Britain, then it would have commanded respect from the fair-minded British people. But it does nothing of the sort, it is almost hysterical in its desire to bull-doze the public into acceptance and to persuade them that there is no alternative.

It is only possible in this survey to deal with a few of the points made in a document running into 45 pages. Part one gives a general summary of the background. In Paragraph 26 it states: "Our geographical, military, political, economic and social circumstances are so similar to those of the Six, and our objectives so much in common, that it is in our best interest to join forces with them in the creation of a wider European Community of free nations, whose joint strength and influence on the world can be so much greater than that of its individual members." This is a complete contradiction of all that was said when we tried to get the Six to agree to a free trade area. When President de Gaulle said "NO" to Britain in 1967, he rightly described us as a maritime nation with vast overseas commitments and were not therefore strictly a European nation. He was right then, and **it is only because Mr. Heath has persuaded M. Pompidou that we are now prepared to turn our back on our widespread overseas interests and that we are now truly "good Europeans" that the door has been opened.**

Sovereignty

Paragraph 29 says: "There is no question of any erosion of essential national sovereignty." What is meant by **essential?** Article 189 of the Rome Treaty makes it clear that Regulations and Directives issued from the Commission have to be accepted by the Parliaments of member nations without amendment. Thus, decision making in an important area of Britain's life will become even more remote from those whose lives will be affected. We already suffer too much from the men in Whitehall knowing best, but how will it be when it is the men in Brussels?

To deal with those who would like to see the development of an extended free trade area, the document states in Paragraph 36: "The Six have firmly and repeatedly made clear that they reject the concept that European unity should be limited to the formation of a free trade area." Yet that is precisely what President de Gaulle suggested to our

Ambassador, Mr. Soames, in a private discussion which was then deliberately leaked to the Press by the Labour Government, thus effectively destroying a really worth-while initiative.

Determined to show that there is no alternative to the Common Market, Paragraph 37 says: "Nor does the Commonwealth by itself offer us, or indeed wish to offer us, alternative comparable opportunities to membership of the European Community." This completely ignores the fact that no attempt has been made to develop and sustain the Commonwealth trading relationship since the war. In 1945 we agreed to forego any new preferential arrangements and only to scale down existing preferences. Moreover, ten years ago a British Minister visited the Commonwealth countries to inform them that they had better diversify their trade, as Britain was determined to join Europe. British industry was pressured to focus on the European markets, and in these circumstances it is hardly surprising that the proportion of our Commonwealth trade has tended to decline and that other countries, particularly Japan and the U.S.A., have taken over some of traditional trade with Commonwealth and sterling area markets.

An "Act of Faith"

Perhaps the most crucial issue is dealt with in Paragraph 45. It says: "The Government do not believe that the overall response of British industry to membership can be quantified in terms of its effect upon the balance of trade. They are confident that this effect will be positive and substantial, as it has been for the Community." So we are invited to accept the Government's judgment "as an act of faith". Governments have been wrong in their judgments before and no doubt will be again. Perhaps we should remind ourselves of the words of Cardinal Newman — "It is dishonest in a man to make an act of faith in what he has not had brought home to him by actual proof."!

What can be shown beyond any possible doubt is that Britain, by cutting a proportion of imports from Commonwealth countries will suffer a diminution of its exports to those countries. Mr. Anthony, Deputy Prime Minister of Australia, has estimated that as far as his country is concerned this may amount to a loss of British exports of £200,000,000 a year. New Zealand will lose 29 per cent of her dairy trade with Britain. Canada will be faced with a diminution of her trade, South Africa, also within the preference area, calculates a loss of about 9 per cent of her trade. All will be faced with seeking alternative markets and the result can only be a diversion of their imports as well as exports. This means that Britain will have to obtain a really massive increase in exports to the Common Market if we are to make good our losses elsewhere. All we get from the White Paper is the vague hope that it will be "positive and substantial".

Again, in Paragraph 56: "the Government are confident that membership of the enlarged community will lead to much improved efficiency and productivity in British industry, with higher investment and faster growth of real wages." These desirable ends are not dependent on joining the EEC. The main requirement is that the Government should create an economic climate which encourages growth instead of it being held back, as it has in recent years. Japan, with a land area much smaller and with a population only marginally higher than the EFTA group has attained a rate of growth of 12½ per cent per annum. So far as Britain is concerned, the first step is to deal with inflation which is having such a disruptive effect on the economy. Inflation in the Common Market is no less a problem than in Britain and they seem no more able to deal with it. Prices in the Common Market rose faster last year than in any year since 1958, when the Rome Treaty was signed. Italy is currently threatened with recession. Western Germany's rate of growth is now lower than that forecast by the Chancellor of the Exchequer for Britain.

Narrowing Base?

Harping on the theme of no alternative, the White Paper says in Paragraph 62: "Either we choose to enter the Community and join in building a strong Europe on foundations which the Six have now laid, or we choose to stand aside from this great enterprise and seek to maintain our interests in the narrow — and narrowing — base we have known in recent years." As the basis of the Common Agricultural Policy, which we have accepted, is the creation of a guaranteed market, closed to countries outside the Community and aiming at self-sufficiency, it could be argued that we would be narrowing our base by joining the Market. What the world requires in this age of scientific and technological advance is expansion of trade, particularly with the poorer developing countries. It is these which offer the greatest hope of expansion in a world where over-production in the wealthy countries is a real threat to their stability.

Had we put the same determination and single-minded purpose behind linking EFTA with the Commonwealth preference area as we have in trying to join the Six, who can doubt that we should have failed to reach an agreement with countries who have so much to gain by such an arrangement. In the longer term it would provide a solution to the Common Market's problems of over-production which have arisen and will arise again for it would provide a far larger potential market with illimitable prospects for growth.

Paragraph 76 says: " . . . The United Kingdom will be able from entry to play a full part in the management and future development of the Community." Ten votes out of a total of 61 is our quota!

Commonwealth

Paragraph 97 will undoubtedly arouse some bitter comments from some of our Commonwealth partners. It says "the interests of Commonwealth countries have been a major concern of H.M. Government throughout the negotiations." Already we have the comment of Mr. J. D. Anthony, Deputy Prime Minister of Australia — "I regret that I must say that, in my view, the case of Australia has not received the attention which we would have expected it to receive in the light of our long association with Britain."

On Commonwealth sugar "a specific and moral commitment has been obtained", but this is more moral than specific as the Six have

promised only to 'take to heart' the problems which will arise when the Commonwealth Sugar Agreement is terminated. Although New Zealand's Government seems happy about the transitional arrangements made for them, the Opposition is far from satisfied. Mr. Rowling, Opposition spokesman on overseas trade, said that he was shocked that his Government not only accepted, but hailed as a victory, an agreement that meant the loss of 29 per cent of New Zealand's dairy trade with Britain.

Paragraph 101 of the White Paper makes it abundantly clear that so far as Australia and Canada are concerned—"special arrangements . . . are inappropriate."

Sterling

When we come to the important question of the future of sterling the White Paper adds nothing to the vague statements made in Parliament. The same applies to economic and monetary union. These are matters left for settlement after membership has been achieved, though we have undertaken to "discuss measures by which a progressive alignment of the external characteristics of sterling with those of other Community currencies." This means bringing to an end the sterliing area as we know it. This in spite of the fact that the Radcliff Committee on credit and currency stated in its conclusions: **"Sterling is too valuable a constituent of the total volume of liquidity for it to be an admissible objective of the United Kingdom to bring about a limitation or reduction of its use."** Surely we need some better explanation than has been provided as to the reasons why it is now proposed to progressively align the external characteristics of sterling to those of other Community currencies which play only a minor role in the world's payments mechanism.

It is significant that the White Paper makes no mention of the highly important invisible earnings which contribute so largely to our balance of payments. Only about 15 per cent of our invisibles arise from the Common Market, while some 68 per cent come from sterling area, North America and EFTA. The loss of a significant part of our invisible earnings would materially worsen our balance of payments situation.

In fact, the White Paper makes no attempt to give any estimate of the total cost to our net balance of payments as a result of entry. In addition to our contribution to Community funds we have to take into account the adverse effects of the extra cost of imported food; the diversion of trade; capital movements; our subscriptions to the European Coal and Steel Community and the European Investment Bank, as well as any loss of invisible earnings. Some estimates put the net loss as between £500 million to £600 million per annum, and this would saddle us with an intolerable burden.

On food prices, the White Paper states that "the gap between United Kingdom and Community food prices has narrowed considerably." This is no source of encouragement to British Consumers who will be faced with even higher prices arising from the dear-food policy of the

Community. Prices may be even further increased if the Value-added tax is applied to food. There is no guarantee in Paragraph 132 that this will not be imposed on food and other essentials.

There are many other points raised in the White Paper which will require most careful study. Capital movements, fiscal policy, regional policies, movement of labour, the Coal and Steel provisions, all having an immense bearing on the future of Britain. For the next 12 months the British Parliament will be bogged down in argument on these and many other complicated issues. This at a time when more than ever we need to be paying attention to the need to put our economy right. One would have thought that this should take priority over all other issues at the present time.

CONSERVATIVES "MARKETING THE COMMON MARKET"

by Jim Bourlet

At a packed meeting at the House of Commons recently Conservatives opposing British entry to the E.E.C. decided to distribute information to counter the massive pro-Market publicity drive now in progress through the 'official' channels. The organisation is to be called 'The Conservative Anti-Market Information Service' and may be popularly known as 'The Conservative NO group'. The aim is only a modest one — to supply information and to give guidance to Conservatives who feel that the best contribution they can make both to the strength of the party and to open debate within the party is to ensure that ALL the relevant facts and opinions are available to members. It is hoped that this will be valuable at 'grass roots' level and at important party meetings. Essentially a 'service' is to be offered to any Conservatives who want leaflets and other information for distribution — it is a response to the many requests which have been made to Anti-Market Conservative M.P.s.

Four Conservative M.P.s form the central basis and are assisted by several London party members who have volunteered to help. The President is the 'Father of the House', the Rt. Hon. Sir Robin Turton, M.C., and the Chairman, Roger Moate. The Vice-Presidents are The Rt. Hon. Sir Derek Walker-Smith, Bt., Q.C., and Neil Marten. Far from forming a 'splinter group' they all know that it is better to try to oppose entry in party ranks, than to support a policy which will be damaging to the country and if pursued might well bring about the downfall of the government.

What kind of information can the 'No' group distribute and how is it to be done? Information will be of two main categories:—

(1) Criticism and further information on Conservative Central Office publications.

(2) Information published by other groups which would not otherwise reach party members and supporters.

The publicity campaign launched by central office might, if done by a large business be called 'marketing the Common Market Package' but when done by a political organisation called simply 'propaganda'. Indeed at least one marketing executive from a large company is involved in the strategy and highly sophisticated 'marketing techniques' are being used to 'sell' the proposal. In addition to the 'factsheets' available free through the Post Office, the Central Office is distributing freely a set of leaflets entitled 'Europe and You' and it is to these that the 'No' group must give attention. Some of the most brazen examples of misleading, incomplete or unjustified information are to be found in these 'factsheets'. In one it is said that Winston Churchill once said 'If Europe were once united in the sharing of its common inheritance, there would be no limit to the happiness, to the prosperity and glory which those three or four hundred million people would enjoy'. Then the implication is drawn that Sir Winston was not only a kind of founder of the E.E.C. but would support British entry today. The fact that he also said 'Each time we must choose between Europe and the Open Seas, we shall always choose the Open Seas' is ignored. Indeed he might well have said, in the present circumstances 'Never in the history of this country has so much been given away, by so few, for so little!'

In another sheet the rates of economic growth of the E.E.C. countries during the past 10 years are shown in comparison with that of the U.K. The paragraph reads 'Here is the evidence — where it matters'. It goes on to say that 'pessimists' in each member country said in 1958 that the E.E.C. would cause 'economic disaster'. The implication is drawn that if we join, our growth rate will double or treble. But no mention is made of the many special differences between the situations in the E.E.C. countries (such as the movement of the agricultural labour force into industry) and ourselves. No mention is made of other countries outside the E.E.C. whose growth rates have been impressive, or of the fact that growth was as fast before 1958 in the E.E.C. as afterwards. The majority of leading British economists, who believe that entry will not improve our growth rate, are simply labelled 'pessimists'. On each sheet a map shows Britain (in strong ink) superimposed over the 'Six' (in outline) with the British Isle almost the same size as the whole of the E.E.C. This is visual misprepresentation designed to mislead.

So the 'No' group must publish parallel factsheets to give at least a more complete picture.

But secondly, there are many valuable publications which must reach voters. The Common Market Safeguards Campaign publishes useful pamphlets; the 'Open Seas Forum' is publishing some of the most thoughtful assessments possible; the 'Anti-Common Market League' has a variety of papers available and the 'Keep Britain Out Campaign' can supply excellent car stickers, posters, and other assistance. In addition many useful articles appear in journals which need to be brought to the notice of interested party supporters. All these can be distributed — but of course the major problem is finance.

It is hoped that in addition to regular bulletins, 'No' group supporters

— and indeed any interested Conservatives, will receive 'sample' copies of these items. They are then asked to collect (say) £5, £10 or £20 and send this together with an 'order' for copies of those items that they would like to distribute. They are free to sell them or give them away.

BRITAIN COULD LOSE HALF ITS MARKETS IN AUSTRALIA

Britain could lose exports of £200,000,000 a year to Australia if Australia were to lose reciprocal benefits in the British market following British entry into the Common Market, said the Deputy Prime Minister of Australia, Mr. J. D. Anthony.

Mr. Anthony, speaking in London at a meeting of the *Australian-*British Trade Association, said that if Britain entered the Common Market, the United Kingdom government would have to end the U.K.-Australian Trade Agreement.

"It should be clear to all that if Australia lost the reciprocal benefits in the British market it will not be prepared to unilaterally continue the preference now accorded to British exports in the Australian Market," Mr. Anthony said.

A protective system

"The Common Market to date has tended to be very much devoted to becoming self-sufffficient in agricultural products. It has constructed a protective system around the Common Market which means that external suppliers are allowed access only when shortages develop within the Common Market itself. And the internal prices have been at well above world prices, so that production has been stimulated."

Mr. Anthony said that despite all the changes in the Australian economy in recent years — developing industries, new mineral discoveries, and so on — Australia remained vitally dependent on its agricultural industries, the Minister continued Although declining in relative importance, agriculture still accounted for 53% of Australian export income.

It was particularly in respect of its effects on Australian agriculture that the Australian Government was concerned about the terms and conditions for Britain's entry into the Common Market. British entry into the EEC would mean a major reshaping of Australian policies and *Australian trade and industry.*

"Let me speak today on the assumption that Britain will enter the Common Market — and that the terms and conditions now emerging from the negotiations are accepted by the British Parliament," Mr. Anthony said. "What are the consequences for British-Australian trade — our commercial relationship?

"Our relations for some years have been governed by the United Kingdom-Australia Trade Agreement. In return for duty preferences virtually across the board in the Australian market, Britain grants duty-free entry with preference for Australian exports to the United Kingdom — mostly agricultural products.

"Australian exports will lose their current duty-free preferential entry and be faced in some cases with duties, with a preference given to EEC suppliers and to a whole string of countries associated with the Common Market. Even worse, in the case of most agricultural products, there will be the variable levy system, which is designed to exclude imports from outside the Common Market completely when prices fall below certain relatively high levels.

Huge exports at risk

"Australia's direct exports to the United Kingdom at risk amount to about $A360,000,000 (£Stg.168,000,000) — almost 10 per cent of our total exports. The main area at risk is in certain agricultural commodities where production was specifically developed for the U.K. market, and there is just no alternative market *available in the world to absorb* the amounts displaced. In major industries like the dairy industry, the sugar industry, and for the producers of fresh, canned, and dried fruit, the prospect is a sharp contraction of their U.K. markets and greatly decreased prices in markets remaining outside the expanded Community.

"This comes about in two ways, quite apart from the effects of the levies on direct imports. Firstly, with the substantial increases in prices of some foodstuffs in the British market there will inevitably be a decline in consumption. This will happen, for example, in butter, where the British market for imported butter, currently about 400,000 tons, constitutes about 70 per cent of the total world import markets. If the price of butter is virtually doubled, as it must be over a period as the Common Agricultural Policy is adopted, it will inevitably cause a fall in consumption of butter in Britain — a reduction in total world consumption.

"At the same time, the increased returns available to British dairy farmers will no doubt cause a rise in butter production in this country. All of this butter diverted from the expanded Community must try to find a home in the then free world market — the remaining 30 per cent of present world markets. There is no need for me to explain to you what the effect on prices on the free market will be. Some of the competition in this free market will also arise from subsidised export of EEC surpluses generated by the Common Agricultural Policy — with subsidies provided by what seems to be an almost limitless purse.

Ruinous prices forecast

"*The disruption of export markets* and the inability to dispose of current production will almost certainly cause disruption of the home market in Australia. It is impossible to maintain an orderly market at home while there is a considerable unsaleable surplus caused by a sudden restriction of outside markets. The ruinous prices available outside will be quickly reflected at home.

"The scale of the problem for some of our exports may be gauged from the fact that almost 70 per cent of our butter exports, 60 per cent of our canned fruit exports, 50 per cent of our apple and pear exports, almost 40 per cent of our dried fruit exports, 26 per cent of our sugar exports and 30 per cent of our cheese exports are sold to the U.K. market, and, more importantly in terms of production 40 per cent of all Australian canned fruit, approximately 30 per cent of dried fruit, 16 per cent of sugar, almost 20 per cent of apples and pears, and 28 per cent of butter production goes to the U.K. market.

"Agricultural production is not something which can be turned on and off like a tap. There is considerable investment in livestock, mature trees and vines. Farmers are people and they do not easily abandon farms which have been developed over decades.

Time could not be worse

Furthermore, the problem could not have come at a worse time for Australian farmers. Wool prices are currently as disaster levels. They have not been so low since the depression of the 1930's. It is not easy to find any profitable line of farming into which large sections of Australian agriculture can be re-directed. The problem is a major one, threatening the whole well-being of rural Australia. The dependence of large communities in Australia on the production of rural products means that Australia faces major regional economic and social problems — affecting something like one or two million people."

Turning to Australian trade to the United Kingdom in manufactured goods, Mr. Anthony said:

"Manufacturers — albeit a small proportion of our trade with Britain — are growing rapidly in importance. Against a general background of a static level of total Australian exports to Britain, our exports of manufactures to the British market have doubled over the past 10 years.

"Again our progress in the sale of manufactured goods in your market is largely due to the provisions of the United Kingdom-Australia Trade Agreement, which generally provide for duty-free access to the British market. In those cases where duty is payable there is a Commonwealth preference of 10 per cent, 20 per cent or sometimes even higher.

Manufactures also threatened

"Thus, what we stand to lose in the event of British entry into the EEC is not limited to the harm that will befall our exports of agricultural goods. We also stand to lose our growing trade in manufactures.

"Australia has made known to the British Government and the EEC over some years the problems which could arise for us out of British entry unless reasonable conditions could be achieved. We have not claimed that the total national economy would be irreparably damaged, as could that of New Zealand, but we do need some reasonable continuing access to this market and time to adjust as the market shrinks.

"We have clearly been told by the EEC that in the entry negotiations they could only consider matters put to them by the British Government. We are not a party to the negotiations. Thus, we have had to rely on the British Government to bring home to the EEC the problems caused for Australia and seek reasonable conditions on our behalf.

"I regret that I must say that, in my view, the case of Australia has not received the attention which we would have expected it to receive

in the light of our long association with Britain."

The British Government had always suggested that the provision it would seek in the negotiations for Australia's benefit would be the longest possible transition period, said the Minister. This would allow Australia gradually to accept whatever Australia's losses turned out to be on the British market. "But I have been dismayed to learn that in the May negotiations the British delegation accepted an arrangement which, while affording a transition for British agriculture and for raising food prices in Britain, faces Australia with the prospect of possible immediate exclusion from this market for some of our traditional exports and harsh consequences for many others. Although problems for third countries are foreseen, no specific provision was made which would ensure any firm or predictable degree of access for Australia. I find this a totally unacceptable basis for planning for our industry.

"Cast off"

"I find it hard to accept that Britain's largest Commonwealth trading partner will be cast off with the scantiest of consideration and with little sympathy for our immediate and consequential problems. Yet there is no specific guarantee of access sought or obtained for any of our products during the transitional period. I repeat that Australia is Britain's largest Commonwealth trading partner."

Mr. Anthony said that since Britain first indicated a wish to enter Europe, Australia had consciously attempted to diversify its trade.

"However, we could not have been expected to abandon the British market until it became clear that Britain was to be permitted entry to the Common Market," he said.

"Furthermore, as I have said before, for some commodities there simply are no other available markets which could absorb anything like the quanties we have been selling to Britain.

"With the development of Japan as a market, with mineral and oil discoveries, and with industrialisation in Australia, the severence of our long-standing ties is not the fatal blow for the Australian economy it would have been in the early nineteen-sixties. But the relationship is still important. Australia is still Britain's fifth-largest export market and we still buy 20 per cent of our imports from Britain.

British exports

"Turning to the other side of the picture, what happens to these British exports to Australia when Britain joins the Common Market? In 1969/70 Australia bought imports worth something like £Stg.400,000,000 from Britain. Of these, 83 per cent received a preference in the Australian market and, in fact, 67 per cent entered Australia duty-free. The preference deriving from the U.K.A.T.A. is generally a minimum of 7.5 per cent ad valorem.

"With entry into the EEC the United Kingdom Government must terminate the United Kingdom-Australia Trade Agreement. It cannot continue to grant Australia the current access to the United Kingdom market. If the United Kingdom-Australia Trade Agreement is terminated by the British Government, the question of the future of the preferences is for determination by the Australian Government. But it should be clear to all that if Australia has lost the reciprocal benefits in the British market, it will not be prepared to unilaterally continue the preference now accorded to British exports in the Australian market.

"It is difficult to tell precisely what this means for the future of British goods in the Australian market. Certainly the British Government has published no estimate. An estimate has been made in Australia. By taking the U.K. share for each commodity on the United Kingdom's largest non-preferential import market — the U.S.A. — and applying these proportions to the Australian import market, it is possible to estimate that Britain could lose something like more than 50 per cent of its existing market in Australia — or exports amounting to £Stg.200,000,000 a year.

"This would not necessarily happen immediately. We would not be erecting the all-exclusive barriers against you which we can expect to face. I have no reason to doubt that Australia would continue to rely virtually solely on the tariff to afford protection for Australian industry on the basis of allowing for reasonable competition from imports. But British goods will probably be expected to compete with goods from all other countries without the benefit of the current preferences, both in the field of substantive tariff rates and on by-law rates.

"Clearly, on both sides, we can expect quite significant diminution of the present trade volumes. This obviously affects shipping and freights, foreign exchange transactions and the whole spectrum of commercial transactions between our two countries."

EXPORT OR DIE?

The author of a new booklet takes a look at Export Credits. He says—**"to put the situation in homely terms, official enthusiasm to increase exports has resulted in selling £2,422 million of British goods to foreigners on tick at the expense of British industry and British citizens have been so squeezed of credit that they are desperate. At the same time the operation has put the government in hock overseas to the tune of £1,611 million."**

The booklet clearly reveals that the two major factors contributing to the need for government overseas borrowing are—

(a) loans to developing countries, and
(b) export trade credits.

To deal with these it is suggested that the former might be better provided by the international banking system or else by the British private sector supported if necessary by government guarantee. It would also be very much in the national interest if export credits were financed through the British banking system by borrowing from the international banking system. If this were done all outstanding government overseas monetary debt could be repaid. However, Government Export Guarantees should continue in order to protect British exporters from political risks.

* *"Export Credit and Government External Debt is it all really necessary?" by Patrick de Laszlo. Published by the Economic Research Council, 50p.*

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