BRITAIN OVERSEAS

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

Vol. 2 No. 2 March/April, 1972

CONTENTS

Published bi-monthly

Editor: Edward Holloway

Published by Commonwealth Industries Association Ltd., 60 Buckingham Gate, London, S.W.1.

Subscription rates: U.K. £2 p.a. Australia $5. Canada $6. New Zealand $5. U.S.A. $6.

BRITAIN'S OVERSEAS TRADE

During the course of the debate on the proposal that Britain should join the European Economic Community, much play has been made of the expansion of the economies of the Six and the growth of trade which we have experienced with the EEC countries. This has been compared with the relative decline in our trade with our traditional trading partners in the Commonwealth, sterling area and North America. This view was brought out very clearly in the Government's White Paper (Cmnd 4715) published in July 1971. This stated "The United Kingdom's share of the trade of the Commonwealth has declined sharply over the last decade. In absolute terms United Kingdom Exports to the Commonweath have grown only slowly, whilst our exports to the EEC have expanded much more rapidly, and in 1970 exceeded our exports to the whole of the Commonwealth."

In the light of this categoric statement, it is interesting to look at the trade statistics for 1971. These give a very different picture. According to "Trade and Industry" for 20th January 1971 trade between 1970 and 1971 increased to most markets, but the figures show that our exports to the sterling area were twice that of the EEC. Exports to Western European countries as a whole increased by 10 per cent, and the value of exports to the Six was also 10 per cent. On the other hand exports to the sterling area rose by 20 per cent and to North America by 17 per cent. The figures are given in the following table:

EXPORTS: AREAS
Overseas trade statistics basis

Seasonally adjusted values** — **£ million fob per month**

	Total	Sterling Area ***	Western Europe Total	Western Europe EEC	Western Europe EFTA	North America	Latin America	Soviet Union and Eastern Europe	Rest of World ***
1970	672	186	277	147	107	103	24	22	60
1971p	765	222	306	162	116	121	28	21	67

p Provisional estimates.

** No adjustment has been made in this table for special factors affecting the recording of exports.

*** Libya is included in the sterling area.

MARKET PATTERN

Between 1970 and 1971 there were increases to most markets. Exports to Western European countries increased by 10 per cent between the two years, with the value of exports to the EEC growing by 10 per cent and to EFTA by 8 per cent. Exports to North America rose by 17 per cent and to the sterling area by 20 per cent.

From: TRADE AND INDUSTRY.
20th January, 1972.

Considering that, for years past, all our concentration has been focussed on European markets, and away from our traditional trading area, it makes the idea that trade with our Commonwealth and sterling area partners must inevitably decline rather a spurious argument. There has been very little comment in the press on this changed pattern of growth in our exports in the past year, but it is typical of the way in which everything which appears favourable to our European adventure is given the widest publicity, while any trends in the other direction are played down.

FUTURE GROWTH

When we come to examine the outlook for future growth of trade with the Six Common Market countries, the outlook is by no means good. Instead of the dynamic growth so constantly referred to in the pro-market literature, we have countries which are all threatened with increases in unemployment together with rising prices and continued inflation. The one country which seemed to have escaped some of the difficulties and to be weathering the economic situation rather more successfully was France. Now, according to a recent report issued by the French National Institute of Statistics, they too are threatened with recession. The report, which was published on 21st February 1972, takes a very pessimistic view of the development of the French economy over the next few months.

The report estimates that unemployment which is already estimated to be in the region of half a million will probably continue to rise steadily over the first six months of 1972 as a result of progressively slower increase in industrial production. The economies of France's main trading partners are currently stagnating or growing very slowly and the report takes a very gloomy view of the prospects of recovery.

FREEDOM ENDANGERED

Unfortunately, the picture presented is all too familiar to us in Britain. Rising unemployment with continued inflation is clearly a new phenomenon which is afflicting most countries in the Western World and requires new policies in line with the needs of the 20th century. It is obvious that the existence of a Common Market provides no safeguards against underlying economic forces which arise from a failure to deal with economic problems and in particular with inflation. For this lies at the root of our present troubles. As Sir Arthur Bryant so cogently put it —"If in a free society anything goes wrong with its financial system, everything else will go wrong and freedom itself will be brought into disrepute and endangered."

In the White Paper the British Government expresses confidence "that membership of the enlarged Community will lead to much improved efficiency and productivity in British Industry, with a higher rate of investment and a faster growth of real wages." It is an interesting speculation to consider how confident they now are that we shall succeed in these objectives by joining a Community who are showing every sign of suffering from the same problems which bedevil our own economy!

One thing is certain, instead of spending hours of Parliamentary time on a Bill which hands over a great deal of control over our economic life to the bureaucrats in Brussels, they should now focus the attention of the nation on to the faulty diagnosis of our ills which lie at the root of our present weaknesses. We could do no greater service to our people and to the Western World than putting our own house in order at this critical juncture in our national life.

"WHY I VOTED AGAINST ENTRY INTO THE COMMON MARKET"

In this pamphlet* **Sir Robin Turton,** "Father of the House of Commons", presents a summary of his reason for voting against entry into the European Common Market. With the Debate on the European Communities Bill now in progress, this statement from a senior Conservative Member is of considerable topical interest.

In the first place, Sir Robin bases his opposition to entry upon the fundamental changes to the British Constitution which entry into the EEC will inevitably bring in its train. He states: "From the moment of Accession, Parliament will be shorn of a considerable part of its activities, because the decisions will be taken, not by the Executive appointed by the Sovereign, but by the European Commission and the Council of Ministers sitting in Brussels". He goes on to predict that: "When the extent of the limitation of the power of Parliament is fully recognised, there is going to be such a surge of opinion against entry that the nation will never forgive Parliamentarians of any Party who have voted for it."

He also examines the implications of M. Pompidou's demand that in joining the EEC Britain should accept Community Preference and turn from an Open-Seas policy. The dangers inherent in accepting this policy, particularly to the poorer developing nations, are spelled out: "It is inconceivable that the world can survive if the rich countries band themselves together, with artificially high prices for their primary products, whilst the poorer developing countries are left outside the gate to rely on charity or to starve unless they can be sponsored by a Communist Imperial Power whose aim and object is to destroy the foundations of Western Civilisation."

Sir Robin outlines the distortions that the Common Agricultural Policy will inflict on world trade, and discounts the view that by entering the EEC Britain can radically change this policy, which M. Pompidou has recently declared must not be weakened.

Finally, he sets out his views on what should be the relationship between Britain and Western Europe.

* *Why I voted against entry into the Common Market,* by Sir Robin Turton, K.B.E., M.C., M.P. Published by Commonwealth Industries Association, 60 Buckingham Gate, London, S.W.1. (8p, including postage).

NATION-WIDE SUPPORT

Sir Robin Turton's proposal to resign his seat and fight a by-election on the Common Market issue has brought a tremendous flow of letters of support from all over the country. The following brief extracts from the many hundreds of letters received are typical of the views expressed, coming from supporters of all political parties.

BURY ST. EDMUNDS: "The narrow-minded levelled the accusation of treachery against—Wellington in 1829 over Catholic emancipation—Robert Peel in 1845 over the Corn Laws—Joe Chamberlain over Imperial Preference in 1903—and against Churchill over his pre-war attacks on Tory governments; and yet history has vindicated these men as worthy patriots, ready to place national interest before petty, factional considerations—irrespective of the possible repercussions upon themselves."

CHISWICK: "I would plead with you to fight on regardless of all opponents. Should there be a by-election in your constituency I would be prepared to make myself available at week-ends for door-to-door work and distribution of leaflets."

LIVERPOOL: "Hearty congratulations on your courageous stand against the Common Market legislation—may your example encourage faint-hearted colleagues to rally round and prevent the European Communities Bill ever reaching the Statute Book."

ST. IVES: "Take heart from the fact that the majority of British people are behind you in that you truly represent our views and that we highly applaud your great courage and integrity."

GUERNSEY: "I am sure that in spite of the tremendous pressures you are facing, you will continue in your firm and courageous stand in future stages of the Bill, especially Part I, Clause 2(1)."

IPSWICH: "Will you please accept the profound gratitude of my adult family and myself for recording your opposition to the EEC Bill on February 17th, 1972."

MILBORNE PORT, DORSET: "Please vote to save **our freedom;** please vote to keep the 12-mile fishing rights; please vote to save our legal system, which involves Magna Carta and Habeas Corpus; please vote to save our democratic parliament and a free voice from the people."

BROMLEY, KENT: "I regard the 'gallant' colonel's public denigration of you as a 'traitor' as absurd, outrageous and disgraceful; and should it come to a by-election, I wish you every success."

TADCASTER: "If it is not an impertinence, I would like to congratulate you on expressing the view that represents about 90% of the population's ideas on the matter, in my experience."

CHARLBURY, OXFORD: "I hope you will not resign, because you would be out of the House for months even though you returned eventually in triumph. These next few months are vital to our Battle for Britain and we cannot afford to lose so true a fighter as you."

LONDON, E.8: "As far as I can remember I have never before written to a Member of Parliament, but I must applaud and encourage your intention to bring about a Common Market by-election. It would transform the situation if the electors in even one constituency had a proper chance to vote on this issue, and I hope the Labour Party (which I usually support) will have the honour and sense to help you."

SALFORD, LANCS: "God bless you and your colleagues who are fighting for what my wife and I firmly believe, and that is nothing less than this our country's freedom and that of all its people."

DORKING, SURREY: "I wonder if you have any idea of just how heartened the much-neglected Electorate is by the stand which you and your Anti-Common Market colleagues are taking at this time."

DRUMNADROCHIT by INVERNESS: "Just a line to offer my very sincere thanks for your stand against our being dragged into the Common Market."

WALMER, KENT: "I have just read of your intention to challenge the Government's Common Market policy by resigning your seat. This, in my opinion, and 102 members of my Bridge Club—all Conservatives—is the most courageous action by an M.P. within our memory."

LONDON, W.8: "I offer my sincere congratulations on a most courageous stand and hope that others will take more heart from your example."

HAYWARDS HEATH, SUSSEX: "I admire a man who will stand up for what he believes to be right when all the pressures are for him to surrender. History will not adjudge you a traitor."

TORQUAY: "I urge you not to give in to this pressure. I think it is an appalling fact that this Government is trying to pressure people into acting against their conscience."

PETERBOROUGH: "Mr. Heath would have us believe that life will be a lot better for us once we have joined the Market, but if this is so, why does Italy have areas of poverty, riots and financial crises (involving six changes of Government since 1969), as they have been a member since the inception of the Common Market."

AXBRIDGE: "May I congratulate you for your efforts on behalf of the British people who wish to remain an independent nation. Millions appreciate this."

BATH: "Please believe that there are hundreds of people in Somerset who will do their best to help you in every possible way."

WALTON-ON-THAMES: "We—in common with many Conservative Anti-Marketeers—are very worried indeed that the Government stubbornly ignores the British people's views on this important decision."

BETCHWORTH: "May we, as two housewives who have been against Britain's entry into the Common Market from the beginning, congratulate you on the firm stand you have taken and on your integrity in putting country before party expediency."

BRISTOL: "Please take courage from the fact that you have the people behind you, with others in the Government who are only just beginning to realise what acceptance of the Treaty of Rome really means."

INCOMES, PROFITS AND TAXES

The forthcoming budget which the Chancellor of the Exchequer is to introduce in the House of Commons on Tuesday March 21st comes at a critical stage in the life of the present Government. Following the setbacks to its policies on wages brought about by the settlement with the coal miners, the reversal of its tough policy towards "lame-ducks" in industry, the narrow majority for the second reading of the European Communities Bill, the budget takes on an even bigger significance than usual. The Chancellor is faced with the difficulty that, with so many major items of legislation before Parliament, in particular those connected with our proposed entry into the EEC, time will be an inhibiting factor. He cannot hope to get a major and heavily detailed Finance Bill through the House without sacrificing other legislation.

It is all the more important, therefore, that the budget proposals should be based on a sound diagnosis of the causes of our present ills. This makes the forthcoming publication of a research report commissioned by the Economic Research Council of particular significance. **Based on a most careful examination of the official statistics, it challenges the widely held assumption, on which the Government has based its policies, that the cause of inflation is excessive wage demands.** While it recognises that some wage-settlements have been excessive, it nevertheless points out that the average take-home pay (which is all the wage and salary earners are concerned with) has risen since 1960 at a rate which was insufficiently high to compensate for their increasing productivity and the depreciation of the value of money. It is clear from the tables provided in the report that the general level of prices has risen at a faster rate than average take-home pay, so that the claim that excessive pay settlements have been the *cause* of inflation is incorrect.

THE BURDEN OF TAXATION

While employees have suffered a slight dimunition in their share of the national cake, at the same time profits of industry have been squeezed, not by a disproportionate rise in average take-home pay, but by increasing taxation. The paper points out that total taxes paid in Britain increased by almost 100 per cent between 1964 and 1970, while the gross domestic product at current factor cost increased by less than 50 per cent.

As a result of this, the report suggests, neither workers nor employers have been getting their fair share of the national cake. In the 1950s the cake was divided so that employees took 71 per cent of the national income, employers 19 per cent and the Government 10 per cent. As a result of the swingeing increases in taxation in the late 60s, the proportions had changed by 1970 to employees 65 per cent, employers had declined to 12 per cent and the Government proportion had risen to 23 per cent.

The reason given by the authorities for the vast increase in taxes was (a) to siphon off excess demand, and (b) to put right an adverse balance of payments. Increased taxation did not reduce demand, it merely transferred demand from the private to the public sector, and did nothing to curb inflation. As regards the balance of payments, this, the report says, is controlled by world forces and it is beyond the power of government to swing the country's external trade balance from deficit to surplus by internal measures. Thus, the burden of taxes which now oppress the private sector did not reduce demand or thereby halt inflation. All they achieved was to reduce confidence which was aggravated by continuing inflation and eventually mounting unemployment.

PROFITS AND UNEMPLOYMENT

The report also draws attention to the correlation between the decrease in employers' profits and the increase in the number of unemployed. The sharp increase in unemployment from 1966 onwards was associated with a severe increase in taxation of employers' profits and it seems a reasonable conclusion that taxation which reduces the employers' disposable share of production income has had the effect of swelling the numbers of unemployed.

NEED FOR TAX CUTS

All this underlines the urgent necessity for the Government to reduce taxation by really sizeable tax cuts in the forthcoming budget. How could this be done? The report makes the claim that if Parliament were to oblige the Treasury to return to the rule that the capital expenditure of the public sector must be financed only by long-term borrowing it would make possible a very large reduction in the present burden of taxation. There would be no difficulty in doing this if sufficiently attractive terms and conditions were offered.

A distinction is drawn between capital expenditure by the public sector which goes on such things as the building of schools and hospitals on the one hand and the construction of power stations, supersonic aircraft, etc. The fixed capital formation of the public corporations and nationalized industries and of local authorities in respect of housing, which are all income-earning is the sector which, it is claimed, should be able to stand on their own feet in raising long-term capital from the market. Expenditure in this area has been running recently at about £2,500 million a year. If this were to be financed by long-term borrowing, it would result in a substantial alleviation of the tax burden. This would be returning to the former practice under which the management of our public finances was governed by the rule that capital expenditure must be financed only by long-term borrowing on the specific authority of Parliament.

Finally, the report suggests that consideration should be given to the flotation of a new series of "National Development Bonds" to finance as much as possible of the total public spending on capital account; a reduction of taxation by up to £2,500 million a year could be brought about in this way.

NATIONAL INSTITUTE'S CALL FOR TAX REDUCTIONS

The influential National Institute of Economic and Social Research has called for a massive reduction in taxation. In their current quarterly *Economic Review* they urge that there should be a cut in taxation of £2,500 million, a sum which exceeds even the T.U.C.'s call for a £1,500 million economic stimulus.

Their argument is that in present circumstances the recession facing the country is now so serious that such a substantial reduction is unlikely to bring about excessive inflation. They admit that this action may cause the large £900 million balance of payments surplus which Britain had last year to disappear over the next couple of years, but they argue that in these circumstances it would be better to devalue the £ rather than to allow unemployment to grow.

The report says: "There is a strong presumption in favour of tax cuts which directly or indirectly might reduce the rise in prices: cuts in indirect taxes, which have a direct effect on final prices, and modifications to income tax which reduces the marginal effective rate of tax at the lower end of the scale and so mitigate the pressure of wage demands."

It is interesting to note that the figure of £2,500 million cut in taxation called for by the National Institute corresponds with the figure advocated in the Economic Research Council's research paper referred to on pages 7 and 8 of this issue.

NORWAY AND THE COMMON MARKET

The Norwegian Labour Government has just issued a White Paper setting out its reasons for recommending that the country should join the Common Market. The Norwegian Parliament will probably discuss the White Paper in May or June and this will be followed by a referendum to be held on September 25th.

The final decision will be taken by the Norwegian Parliament a few weeks after the referendum has been held, but Members will not be bound by the outcome. It is likely, however, to have a considerable effect on the way Members vote, as present calculations show that there are a substantial number who have yet to make up their minds on this issue. An adverse vote in the referendum may, therefore, exert a decisive influence on the final vote in Parliament. A three-quarters majority is required if the treaty of accession is to be ratified.

To ensure that there is adequate debate in the country on this vital issue, a special grant is to be made to the political parties to finance their campaign on the Market question. The Government is also considering giving a grant to the two rival movements so that a fair presentation, both for and against joining the Market, may be given to the Norwegian people.

This contrasts with the action of the British Government in providing very adequate support for the pro-marketeers' case, but has left the anti-market case to be financed entirely by voluntary contributions from the public.

THE ADVANTAGE OF BRITISH ENTRY INTO THE EUROPEAN ECONOMIC COMMUNITY, TO COMMONWEALTH INDUSTRIES IN BOTH THE DEVELOPED AND DEVELOPING COMMONWEALTH

Mr. John Osborn, Conservative Member of Parliament for Hallam, supports the proposal that Britain should join the European Economic Community, believing that this would benefit the Commonwealth. We do not share his view but we have, nevertheless, invited him to state his case in "Britain and Overseas".

Nearly all producers in the developing as well as the developed, and industrialised, Commonwealth are naturally apprehensive about the impact that Britain's entry into the Common Market will have on their own specific activities, but this is equally true of industrialists and manufacturers in Britain. This will affect those who grow citrus fruits, and tropical products, as well as those who regard Britain as a main market for dairy products and meat. The extractive industries, including pulp manufacturers, also wonder whether their position will be secured against European producers.

The developing Commonwealth has depended, and will continue for decades to come to depend, on a substantial aid programme, investment, and generous commodity agreements, with Great Britain. Any decision that strengthens the British economy must reflect on all those in the developing Commonwealth who look to a Britain as a market, and as a trading partner. But any step which strengthens the British economy will also be to the advantage of the developed Commonwealth, yet it must be appreciated that it is probably political factors which provide greater justification for Britain's entry into the Common Market than the economic ones.

Despite preferential access to the British market, Commonwealth industrial exports have been restricted in recent years, by the sluggishness of the British economy. The anticipated increase in our economic strength will assist our trading partners in the Commonwealth, who because of the established position in the British market, will be well able to launch a marketing assault on an enlarged Economic Community. The wider Community accounts for a third of the world's trade, and will have a large propensity to import from the rest of the world.

MAIN APPREHENSIONS

What are the main apprehensions of the developed and industrialised Commonwealth. In Canada, there are raw materials, such as wood pulp, alumina, and plywood, which may compete with European supplies, but there will be little loss of preference of these goods since EFTA suppliers have already had access to the British market for some time. On the other hand, for many other raw materials, the common external tariff

is low or zero. This includes wool, which is treated as an industrial product, and this could be of particular advantage to Australia.

There are many who hold the view that the Community's common external tariff on non-agricultural goods holds little threat to the present trade of the developed Commonwealth. Indeed, the manufacturing industries of Canada and Australia could well receive a fillip that would encourage them to concentrate on high added value manufactured goods complementing some primary industries.

Already Canada, for instance, has found it difficult, due to tariff and non-tariff barriers, to sell many of her manufactures at competitive prices on the neighbouring American market. Canadian manufacturers see growing opportunities in Europe. Canada's trade with the Six has rocketed, for whereas in 1968 it was $744 million, by 1970 it had risen 40% to a total of $1,187 million. During 1970 Canada's exports to Britain rose by some 40% too.

REGIONAL ASSOCIATIONS

Commonwealth countries have, over a number of years, diversified their trade, mainly towards regional associations. In 1970, for instance, 27.1% of Australian exports went to Japan, as against 11.1% to Britain. Similarly, some 70% of Canada's exports go to the U.S.A., whilst the East African Commonwealth has energetically associated itself with the Community.

The Australia/New Zealand Trade Agreement and the 1965 U.S./Canada Products Agreement, are examples of regional associations in the developed Commonwealth.

On the other hand, the advantages resulting from loss of preference in British markets for those Commonwealth countries which cannot or do not associate themselves with the enlarged Economic Community, must not be overlooked. In the first place, although ancillary preferences which some Commonwealth countries afford others will probably cease to operate when reciprocal preferences between Britain and the Commonwealth end, there is no reason why these should not be re-negotiated or replaced by other preferential arrangements on a bilateral basis. Newly negotiated tariff rates might well be higher than those that now exist, although below less favoured nation rates.

Australia and Canada, for example, have openly hinted at the possibility of giving preferences to Japan in place of those offered to this country. The ending of a Commonwealth preference area could well give some Commonwealth countries more opportunity to protect domestic industries than they enjoy at present. They could also give these countries greater leverage and flexibility, in pressing for more liberalised international trade. For instance, some 15% of Canadian imports from the U.S.A. and Japan are adversely affected by competing goods entering under preferences accorded to British suppliers. Although this could be of concern to British suppliers, it does provide opportunities for additional bargaining power to Canadian negotiators.

YAOUNDE CONVENTION

But how would the position in the developing Commonwealth change? In Africa, the Pacific, the Indian Ocean and the Caribbean they will profit should they take up the option of association with the Community, under the Yaoundé Convention, which is the most comprehensive form of association yet negotiated by the Community. Exemptions to the mutual free trade are allowed so that associations may impose levies on EEC origin goods to further their own industrialisation. Similarly, the present convention grants preferential entry into the Common Market, for a greater number of processed as opposed to primary products, than under the earlier convention. When the Yaoundé Convention comes up for re-negotiation in 1975, there could well be pressures for the inclusion of more preferential imports, from the associates into the Community. Then again, when preferential access for manufactures and semi-manufactures from the developing countries under the UNCTAD Generalised Preference system is also considered, trade prospects for the developing countries could be enhanced and not diminished by Britain's participation in the EEC.

As associates of the EEC, the Commonwealth countries will be eligible for aid from the Multilateral European Development Fund, including aid for industrialisation and marketing, in addition to the aid they receive bi-laterally from the Commonwealth countries.

For the particularly sensitive agricultural products of the Commonwealth, and this applies to sugar as much as New Zealand dairy produce, arrangements have been negotiated which are acknowledged as satisfactory by all the countries concerned. The Commonwealth agricultural trade with Britain comes either within the prospective association arrangements, or within the transitional arrangements providing for remedial action in the event of sudden and serious disruption of trade.

INDIA—CLOSER TRADING TIES WITH EEC

Over the past few years India has been trying for a comprehensive trading agreement with the Community—pending this, the Community has suspended tariffs on a number of exports from India, and more are under negotiation. There is every reason to believe that the Community link will be more in India's national economic interest than the Commonwealth link.

The relatively more developed Asian Commonwealth countries will not benefit under the prospective association system of the enlarged Community, but they should benefit from the growing prosperity of a European Community, and should be able to negotiate agreements for their trade with the enlarged EEC which should be more satisfactory than those which prevail with Great Britain at the present time.

Mrs. Indira Ghandi is one of many such Commonwealth leaders who have toured Europe and is satisfied that the leaders of the Community countries are aware of this need, and is well aware that there should be possibility of co-operation in the industrial, technological and scientific fields.

Commercial and industrial leaders in the Commonwealth are faced with change, and this will inevitably cause apprehension. But already the more farsighted see that there are new opportunities which, if adequately grasped and negotiated, will give much greater advantages in future years.

AN ALTERNATIVE VIEW FROM THE COMMONWEALTH PRODUCERS

The most ardent pro-Marketeer would not deny that Britain's joining the Community, abandoning the Commonwealth preference system and adopting the regulations of the Common Agricultural Policy will present grave problems for the future of rural, pastoral and agricultural producers in countries of the Preference Area—particularly those which do not qualify for the description of developing countries able to seek a form of association with the enlarged Community. Those concerned are principally Australia, Canada, New Zealand (other than the dairy producers), South Africa, Malaysia and to some extent India. The thinking of the Brussels negotiators was evidently that these countries should be capable of shouldering responsiblity for their rural industries but it must be remembered that to the participants in those industries, both principals and labourers, these are human problems of great and immediate importance.

EVER-CHANGING

When confronted with this situation, the British negotiators have always admitted that trade being an ever-changing system, some difficulties of readjustment were inevitable but they have always insisted that in the Brussels negotiations their constant aim has been to secure the most generous treatment possible during a transition period long enough to permit of the painless achievement of these adjustments. Paragraph 86 of the British Government's White Paper (Cmnd 4715 of July 1971) stated that it had been agreed that the enlarged Community would be ready to take prompt and effective action to remedy any difficulties arising out of the transitional arrangements for agriculture and horticulture or any threat of abrupt dislocation to Commonwealth and other third country suppliers. The undertaking was reiterated in para. 101 of the same document. Protocol No. 16 to the Treaty of Accession contains the formal wording of the interpretation of this principle into Community law. It is a protocol of six paragraphs and its arrangement and wording give the impression of only the most grudging acceptance of the obligation implicit in para. 86 of the White Paper, encompassed by a fearsome array of Community standards which must be satisfied before any relief can be given.

The first paragraph rubs salt in the wound caused by the excision of the Ottawa Agreements by stating that the new members' application of the Community agricultural rules and transitional measures will, from the time of application, result in the extension to the whole of the Community of Community preference for agricultural products. The second paragraph emphasises that the essential feature of the CAP is to enable intra-Community trade to develop on the lines of an internal market. Para. 3 admits that the geographical extension of the Community may give rise to problems concerning the fluidity of trade. Para. 4 is a naïve statement that changes in the structure of international trade are a natural result of the enlargement of the Community.

GRUDGING CONCESSION

There follows the grudging concession; but only after a reminder that the provisions of Articles 39 and 110 of the Treaty of Rome must be respected (the basic purposes of the Common Agricultural Policy are the interests of European agricultural producers and the harmonious development of world trade). Article 5 states "If such problems do arise, the institutions will examine the specific cases in the light of all the factors relevant to the situation at the time, just as they have done hitherto in similar cases; and during the period of application of the transitional measures they will, insofar as is necessary, have to take measures likely to solve these problems in accordance with the principles of the Common Agricultural Policy and within the framework of its mechanism." The statement that it should be possible to meet problems which may arise for certain third countries and in certain specific cases carries a footnote which adds that these specific cases insofar as can be foreseen at present will be confined to butter, sugar, bacon and certain fruit and vegetables.

It will be noticed that even the circumscribed recognition of the liability to take measures to solve the problems contains the immediate qualification that action must be taken in accordance with the principles of the Common Agricultural Policy. As the first two of those principles are to increase agricultural productivity in the Community and to ensure a fair standard of living for the agricultural community by increasing the individual earnings of its members, it is evident that solutions favourable to third countries will be extremely hard to achieve. It is possible that one is taking too bitter a view of the whole protocol. Legal phraseology is invariably austere and the constant repetition of the Community safeguards and sanctions may be no more than a manifestation of continental dirigisme which is innate in their characters and which we must learn to live with. But deep human interests are involved and one must hope that in the application of this protocol and the promise it purports to give effect to, these human interests rather than the exact phraseology of the protocol will guide the responsible authorities.

From Commonwealth Producer, January-February 1972

THE EUROPEAN COMMUNITIES BILL

I believe that the House has—inadvertently and unintentionally—been placed in a humiliating position. We have before us legislation which, if it passes, is intended to remove permanently from this House its exclusive power in future to make the law of this country and to tax the people of this country, and to limit its ability to call the Executive into account. That is implicit, as has been recognised in these debates, in the action which we are invited to take.

It is monstrous that, when we are being asked to do that, we should be told at the same time—"And you are also prevented from debating, discussing, examining in detail, let alone amending, the terms and conditions upon which your sovereignty is thus to be given up. You are presented with a Bill which will permanently limit the sovereignty of this House, but the terms of which, and the contents of the Treaty by which it has been done, are substantially withdrawn from your examination." —I cannot believe that that is a humiliation to which this House will submit.

Extract from a speech by Mr. J. Enoch Powell, Conservative M.P. for Wolverhampton South-West, in the House of Commons on 1st March, 1972.

Since our treaty obligations will call for us to be automatically bound by treaties entered into by the Communities, their binding effect for member States cannot be dependent upon action by national Parliaments. Since they will be automatically binding upon us, it follows that our law must, in advance, be such as to enable us to give effect to any rights and obligations arising for the United Kingdom under them. Thus it is necessary, as the Bill provides, for these treaties to be automatically within the definition of treaties for the purposes of the Bill without the need for any further parliamentary procedure after their conclusion.

Extract from a speech by Mr. Geoffrey Rippon, M.P., in the House of Commons on 8th March 1972.

LATEST POLL

The latest Public Opinion Poll published on 4th March shows a continued majority against Britain joining the Common Market. 43 per cent were against, 36 per cent now in favour, and 20 per cent "don't know". The Poll was taken between February 21st to 28th, after the miners' strike had been settled.

McWHIRTER v. ATTORNEY GENERAL

Text of an Originating Summons served on 17th February, 1972 by Messrs. Trower, Still and Keeling, Solicitors, on behalf of Ross McWhirter of 2 Cecil Court, London Road, Enfield on the Treasury Solicitor.

A DECLARATION in the High Court is sought THAT:

Section One of the Bill of Rights (1 Will. & Mar. Sess 2, cap 2, 1689), being part of "an Act declaring the Rights and Liberties of the Subject", declares it unlawful to attempt any thing to the contrary of the proposition that it be enacted established and declared and faithfully promised for the heirs and posterities for ever of the Lords Spiritual and Temporal and the Commons in the name of all the people that the entire perfect and full exercise of the Regal Power and Government of this Realm be exclusively in and executed by Her Present Majesty. AND accordingly that the executive acts leading up to and culminating in and including that at Brussels in the Kingdom of Belgium on the Twenty-second day of January One thousand nine hundred and Seventy-two (purporting to bind, by a document styled a Treaty of Accession to the Treaty of Rome, this Realm to an agreement that purports to make Her Majesty's subjects in this Realm bound by laws and regulations made since the year 1958 by certain foreign powers and therefore without Her assent and bound by future laws and regulations unknown and unknowable to be made without the granting or withholding of Her Royal Assent) constituted attempts to diminish the entirety, perfection and fulness of the Regal Power and Government of this Realm exclusively invested by this Act of Parliament in Her Majesty and were hence inconsistent with and in conflict with and in breach of the said Statute in force and were accordingly unlawful.

From On Target, 4th March 1972.

Printed by Plaistow Press Magazines Ltd., (T.U.) 3, New Plaistow Road, Stratford, London, E.15