

'Understanding Britain's true position' from 30 jours d'Europe (July-August 1974)

Caption: In July and August 1974, in the monthly publication 30 jours d'Europe, Jean-François Deniau, a former member of the European Commission, considers the circumstances that led the United Kingdom to ask for a renegotiation of the conditions for its accession to the European Communities.

Source: 30 jours d'Europe. dir. de publ. Fontaine, François ; RRéd. Chef Chastenet, Antoine. Juillet-Août 1974, n° 192-193. Paris: Service d'information des Communautés européennes. "Pour lever les ambiguïtés britanniques", auteur:Deniau, Jean-François , p. 12.

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Last updated: 22/12/2016

Understanding Britain's true position

by Jean-François Deniau

Behind the request, submitted by the Wilson Government, to 'renegotiate' the Treaty of Accession there clearly lie short-term electoral considerations and the longer-term concern to keep the Labour Party intact. This request does, however, in the way it was presented and interpreted, raise fundamental questions and point to a fairly serious misunderstanding, not so much about what membership implies, as about the nature of the Community Britain has joined. One of the points raised by James Callaghan is significant here: Britain's contribution to the Community budget.

The solidarity principle

As with all aspects of the Common Market, the funding scheme for the Community budget has both a direct, technical purpose and a broader, political significance. The aim is to provide the Community with the resources it needs, but not in just any form and not by just any means. The basic principle is that since the Community is, first and foremost, a customs union, customs duties (and their equivalent in agriculture, the levies) no longer belong to the Member States but automatically become Community property. Hence the expression 'own resources', used advisedly in place of 'contributions'.

This principle is subject to some qualification, both qualitative and quantitative. Since total customs duties and levies would not be enough to cover all Community expenditure, there is provision for additional income in the form of a percentage of the VAT that each Member State collects. This percentage of VAT in fact corresponds directly to GNP, that tax being proportional to aggregate turnover in the country concerned. As Community expenditure grows (with, for example, the introduction of new social, regional and industrial policies), this criterion will come increasingly to determine revenue levels, and the emphasis on the basic criterion of foreign trade will decline accordingly. That basic criterion will nevertheless remain essential as a means of cementing the solidarity that underpins what is being undertaken.

There were two other developments in the membership negotiations. Firstly, there was to be a gradual implementation of the treaty mechanisms with regard to Great Britain, with a reduced participation in the early years building up to complete application of the rules at the end of the transitional period. Secondly, a clause allowing for a review of the measures applying to own resources if experience were to show that the current provisions created serious imbalances to the detriment of a Member State.

Currently, Britain's contribution is small, as we are still at the beginning of the transitional period. In a few years, it will be paying more, but, at that stage, thanks to North Sea oil, it is likely to be in a better position than the countries of mainland Europe, particularly with regard to revenue and expenditure denominated in foreign currencies. So, if the system is called into question now, it can only be in order to challenge the very principle on which the Community is based, which is that own resources no longer belong to Member States, just as certain instruments of economic policy (external tariffs, quotas, etc.) are gradually taken away from Member States so that they can be applied at the level of the Union.

What does the Labour Party want?

It is always possible, during the lifetime of a union that is permanently evolving, to debate one or other of the terms. But, in this case, it is the very spirit of the undertaking that is at stake.

Compared with earlier attempts, the talks that led to British accession had one fundamentally new aspect: this time, Great Britain had accepted the Treaty of Rome and the advances made by the Six since it was signed. So the discussion was not about renegotiating the Treaty itself but about applying it to the new Member States, with the necessary adaptations and transitional periods. It is difficult to know in what respect the Labour Government now wants to disown what was done by its predecessor. It may just want to talk about timescales or practical arrangements. But that would not be renegotiation, simply everyday Community business. It may, on the other hand, be intent on rejecting the Community altogether, what it

stands for and what it is seeking to achieve, as manifested in a number of key aspects of the process of European integration. In that case, though the talk may be of ‘conditions of membership’, the real issue would no longer be one of seeking to improve on those conditions, but rather of wanting to accede to a Treaty that does not exist.

The moment of truth

The Community is not in the best of health. There are many problems and many exceptions to the rules; inflation and monetary inconsistencies are tending seriously to disrupt the Community from within by distorting all the integration mechanisms that were originally articulated around trade. Those mechanisms were established more than 15 years ago, and although they seem to have delivered all that they were capable of delivering automatically, they have not brought about the qualitative leap that is now required. However, none of this can justify glossing over the British question; quite the contrary.

Minimising its importance and playing for time can serve a purpose only if the problems are minor or if everyone agrees to consider them as administrative issues. However, it could ultimately prove fatal to add to the Community’s difficulties a basic and lasting ambiguity in its relations with one of its leading Member States. Far better to go without delay for a moment of truth between all Member States, old and new. Far better not to reply to the Labour Government on technical matters concerning budgetary resources, price support for beef or on any other existing regulation that only the experts in Brussels can understand. And far better to ask ourselves what sort of Community we want for the future, and that means what are we prepared to pool, with whom and how?

Defining what the European Union should look like by 1980 is the real answer to the British request for ‘renegotiation’ because that alone justifies all that has been decided, undertaken and accomplished until now.

Jean-François Deniau