

# Speech by Hugh Gaitskell against UK membership of the Common Market (3 October 1962)


**Caption:** On 3 October 1962, Hugh Gaitskell, leader of the Labour Party, delivers a speech at the annual Labour Party Conference in which he lists the reasons for which opposes the United Kingdom's accession to the European Economic Community (EEC).

**Source:** Britain and the Common Market, Texts of speeches made at the 1962 Labour Party Conference by the Rt. Hon Hugh Gaitskell M.P. and the Rt. Hon. George Brown M.P. together with the policy statement accepted by Conference. London: Labour Party, 1962. 40 p. p. 3-23.

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## Speech by Hugh Gaitskell (3 October 1962)

I present to Conference the document *Labour and the Common Market*, and ask you to give it your whole-hearted support. I ask this not only because I believe that this document will commend itself to the large majority of delegates, but because its compelling logic makes it a fine statement of the Party's point of view on this immense problem.

We can all agree on the tremendous significance of this debate. We can also agree that it is already warm in this hall, and likely to become much hotter as the day goes on. Do not therefore, let us get over-heated. I plead at the start for tolerance, tolerance in particular between those who hold the more extreme views in this controversy – those who, on the one hand would like to see Britain enter Europe whatever the conditions, and those who, on the other hand, are opposed to Britain entering Europe on any conditions. I suggest that they would do well to tolerate one another, because they both have some strange bedfellows. If one attacks the other because of its allies, retaliation is extraordinarily easy!

I ask for something else. There are certain ways in which we should *not* decide this issue. It is *not* a matter to be settled by attractive pictures of nice old German gentlemen drinking beer on the one hand or, on the other, by race or national hatred stimulated by past experiences. It should *not* be decided because on the one hand we like Italian girls, or on the other, we think we have been fleeced in Italian hotels. It should *not* be decided on the basis of whether we think French food is the best in the world, or because, as one of my correspondents put it, she was afraid Europe was out to poison us!

I say this to start with, because I do not think the level of argument in the Press has been all that high so far.

This is a crucial, complex and difficult issue. Anybody who thinks otherwise is a fool. It is not easy to find one's way through all the ramifications, the effects upon us in this country, the effects on the Commonwealth and the effects on the world.

I propose to begin with the effects upon ourselves, particularly the economic effects.

Are we forced to go into Europe? The answer to that is, No. Would we necessarily, inevitably, be economically stronger if we go in, and weaker if we stay out? My answer to that is also, No. There is no real evidence that this is the case. Is it true to say that by going in we shall become all that more prosperous so that, because of our prosperity, the Commonwealth automatically gains, whatever the terms may be? Again my answer to that must be No.

I have some good authority for this. Here is a description of what is involved economically in entering the Customs Union in Europe. 'If the United Kingdom were to join such a Customs Union, the United Kingdom tariff would be swept aside and would be replaced by this single common tariff. That would mean that goods coming into the United Kingdom from the Commonwealth, including the Colonies, would have to pay duty at the same rate as goods coming from any other country not a Member of the Customs Union, while goods from the Customs Union would enter free. Judged only by the most limited United Kingdom interests, such an arrangement would be wholly disadvantageous.' That was said by Harold Macmillan in November, 1956. It is only the first of a series of statements which will no doubt be referred to repeatedly as time goes on.

Personally I prefer to rely on better authority. I will quote the conclusion of Sir Donald McDougall, the Deputy Director of the N.E.D.C., a man who served the Coalition Government in the war, was closely associated with the Prime Minister of that time, a man whom some of us know personally, and who has recently been appointed by a Conservative Government to this vital post of chief economist in our planning set-up. This is what he wrote recently at the end of a closely reasoned examination. 'There is no really compelling economic argument for Britain's joining unless it is thought that, without being exposed to the blast of competition from the continent, she will never put her house in order.'

**Not Accepted**

It may be the view of the Government that this is the only way Britain can put her house in order. Conceivably this might be true under a Tory Government, but it is not something that we in the Labour Party will accept.

I also prefer to rely upon the facts. For Britain's entry into a Customs Union – such as the Economic Community of Europe – has a double effect. The barriers go down between us and the six countries of Europe. But they go up between us and the Commonwealth. We shall find it easier to sell in the markets of the six, because we shall no longer be faced with tariffs against our goods. How much are they now? Ten to fifteen per cent. But we shall be at a disadvantage in the rest of Europe compared with our position today, because in the European Free Trade Area we now have a tariff advantage over and against the six countries, which we shall lose if we go in. And since it would be rash to assume that the advantages which the Commonwealth countries give us in their markets will be retained by us when we deprive them of the advantages they at present have in ours, we shall also lose in Commonwealth markets for the same reason.

What does all this amount to? In 1961, 16.7 per cent of our exports went to the Common Market countries: 13.1 per cent – not so very far off it – to the rest of Western Europe – the E.F.T.A. countries, and 43 per cent went to the countries of the Commonwealth Preference System. We would gain in markets where we sell less than one-fifth of our exports and lose in markets where we sell about half our exports. This needs to be qualified a little because of the level of the tariffs. But nobody who has even glanced at this problem can really suppose that there is any advantage to be expected from the switch.

### **Exports Compared**

I have heard some things in recent weeks from manufacturers, even from politicians, which suggest that the Commonwealth is a market that no longer matters to us. One would think from the way such people speak that the Commonwealth countries were not accepting British goods at all, that they were raising tariffs against us and making it impossible for us to sell there. Let me therefore remind you of how much some industries sold to the Commonwealth in 1961 in relation to other markets. For instance, in man-made fibres, yarns and fabrics – in other words, artificial textiles – our exports to the Commonwealth today are more than seven times our exports to the Common Market. Our exports to the E.F.T.A., to the rest of Western Europe, three to four times as much as to the Common Market. Our iron and steel exports to the Commonwealth are four times our exports to the Common Market – and again E.F.T.A. takes half as much again from us as the Common Market does. Our exports of electrical machinery, apparatus and appliances, are nearly four times as much to the Commonwealth as to the Common Market. We sent eighteen times as many railway vehicles to the Commonwealth as to the Common Market. Road vehicles and aircraft – four times as much to the Commonwealth as to the Common Market. I could go on. I make the point only to deal with the silly nonsense which is talked about this, and the dangerous nonsense as well. This is a matter which we would do well to try to understand, since it affects our livelihood.

Again, to hear some people speak, you would suppose that the Commonwealth Preference System, as far as our manufacturers are concerned, had virtually disappeared. Yet the fact is that in Australia today 85 percent of the British exports get a preference averaging 10 per cent. In Canada again I could quote you case after case where, to be sure, there is protection for Canada, but where, nevertheless, in comparison with every other country or group in the world exports from this country to the Commonwealth have substantial trade advantages. These are the facts.

There is another fact we better remember. It is an essential part of the Common Market agricultural policy – and we shall not be able to escape this unless there are some very striking changes in the terms so far negotiated – that we are to be obliged to import expensive food from the Continent of Europe in place of cheap food from the Commonwealth. Nor can it be denied for one moment – and Mr. Heath had the courage and honesty to admit this – that food prices at home are certain to rise.

Of course, these are not the only arguments in the economic field. There is the question of the size of the market. Is it not tremendous to have a home market of 220 million people? Will not this make it possible for our firms to expand and to reduce costs, and so become much more efficient? There is something in this

argument. I do not deny it for a moment, but in my view it is considerably exaggerated. The idea if the world being divided up in this way so that, as it were, you only sell in a market where there are no tariffs, and never sell anything anywhere else is, of course, rubbish. We sell to the world, not just to Europe. It may be that some of our firms could be more efficient if they had larger markets. They mostly follow this attractive prospect by joining up with other firms. We all know that it is one of the most powerful influences in the direction of monopoly. There will be quite a lot of it in Europe as well!

## **Efficiency**

You may ask where the greatest industrial efficiency lies today, and answer – the United States. It certainly has a very high level of productivity and, consequently, a very high living standard, but it also has its difficulties as an economy. You do not protect yourselves from stagnation, even if you have a large market. You do not protect yourselves from unemployment. You do not protect yourselves from uncertainty.

And if we are to take firms, I do not think you can judge their efficiency simply by the size of the country to which they belong. Some of the most efficient firms in the world are from small countries, from Switzerland, Holland and Sweden, with no large home market at all.

Then there is the argument which is described as “the fresh breeze of competition.” It is a strange argument to use. It is said that we should go into the Common Market because tariffs will be reduced against us, that it is because it is going to be easier to sell there, and our competitive position is improved. But they say at the same time, ‘Our firms will benefit from finding it harder to compete at home, because they no longer have the protection they enjoy at present.’ You cannot have it both ways. It is either better for industry to have tougher competition – which it will certainly get at home, or better for it to have easier conditions which it will get in the markets of the Six. Both arguments cannot be true.

## **The Impact**

What of the impact of going into the Common Market upon the movement of capital? I know that some people are frightened lest, if we do not go into the Common Market, British industrialists will move their plants abroad, invest in Europe, with bad effects upon us at home. These are not easy things to decide, but you must know this – that at the moment while we are outside the Common Market that process is subject to Government control. It will no longer be subject to Government control if we go into the Common Market.

The emphasis on ‘dynamic Europe’ has played a large part in this controversy. It is an attractive idea. If indeed it could be shown that the establishment of the Common Market had produced the remarkable industrial expansion in Europe in recent years this would be a most compelling reason. But this cannot be shown. Nor is it true. As a matter of fact, the rate of expansion in Europe, however you measure it – by industry, by exports, by gross national product – was faster in the five years 1950-55 than it was in the five years that followed. Indeed one can hardly say that as yet the Common Market, which is only in its early stages, has had any effect. The truth is that the reasons for European expansion are different. I will not bother you with them. I can assure you, however, that it is not mainly because of the Common Market that Europe has had this remarkable growth recently.

We are told that the Commonwealth is static. Is it? Here are a few figures to refute that argument. Australian imports (what she took from the rest of the world) grew between 1953 and 1960 by 83 per cent – not a bad rate of growth; Pakistan by 86 per cent; India by 57 per cent; Nigeria by 99 per cent. But we did not retain our share of the rising imports of the Commonwealth. Whereas Australian imports rose by 83 per cent in those seven years British exports to Australia rose by only 23 per cent; to India by only 32 per cent; to Pakistan only by 22 per cent. This is the story in almost every Commonwealth country – not a story of stagnation but a story of expansion in which our manufacturers have failed to obtain their share.

One last point. If, indeed, the Common Market today were Britain’s economic salvation, that would be the greatest industrial indictment of Tory economic policy and judgment in the late fifties! I cannot forbear from reading you another of these interesting quotations. Mr. Maudling, now Chancellor of the Exchequer, said

this: 'We must recognise that to sign the Treaty of Rome would mean having common external tariffs, which in turn would mean the end of Commonwealth free entry, and I cannot conceive that any government of this country would put forward a proposition which would involve the abandonment of Commonwealth free entry. It would be wrong for us and for the whole of the free world to adopt a policy of new duties on foodstuffs and raw materials, many of which come from under-developed countries at present entering the major market duty free.'

That was Mr. Maudling on the 12th February, 1959 and the most important pronouncement on the subject prior to the General Election of that year. That is where they stood then. If they now say to us 'Our only hope is to go in,' what an indictment that is of what they were saying and thinking then!

The truth is that our faults lie not in our markets or the tariffs against us but in ourselves; in the failure to invest enough; in the 'stop, go, stop' four-year cycle to which we are all so accustomed, in the failure to spend enough on research; in the failure to solve the apprenticeship problem, even to do anything about it, and to build up the necessary reserves of skilled labour; in the continued existence of an antiquated and unfair tax system; in our failure to develop an income policy which can only succeed if it is based upon social justice and a fair distribution of wealth. I shall not say more on this, for these things are to be debated tomorrow and you will hear, from James Callaghan, a fine statement on what he thinks should be done and what the country needs. He has done a wonderful job as our spokesman in the House of Commons. You will be able to judge for yourselves the merit of his performance tomorrow.

### **Tired of Nonsense**

If I have spoken strongly about these economic arguments, let me say particularly to those who are favourable to our entry into the Common Market that it is not – I beg them to believe this – because I start with a prejudice, it is because I am sick and tired of the nonsense and rubbish that is being written and spoken on this subject. With all that, I am not saying that the economic effects would definitely be worse for us, though some well-known Tory economists – Sir Roy Harrod, for instance, are convinced this is so. I am content to stand where I have stood and say the arguments are no more than evenly balanced. That, believe me, is the overwhelming view of all those who have made any serious and objective study of the matter.

I turn to the political aspects. None of us surely would for one second deny the idealism implicit in the desire of European people in Germany and France and Italy and the Low Countries to join together, to get rid of the old enmities which have so often destroyed their countries and to be at one with each other. Let us recognise in particular the deep desire of the social democratic parties of the Six for this joining together. Let us pay tribute to them for this. It is no part of our business as socialists to seek to prevent countries who wish to join up from doing so.

And we must recognise this. The European Economic Community has come to stay. We are not passing judgment on that; it is not our affair. It may well be that political union will follow. It would be the height of folly to deny that therefore in the centre of Western Europe there will in all probability develop a new powerful combination, which may be a single state, and it would, of course, be absurd to question the immense impact that this can have upon world affairs.

### **Over-riding**

Nor would I for one moment question the force of the argument so frequently put that it would be better, since this thing has come to stay, that we should go in now and influence it in the best way.

These are powerful arguments and we would be very foolish to brush them aside. But that is not to say that I, for one, am prepared to accept them as overriding everything else. They must be brought into the balance, but the balancing has not been completed.

And let me say this: Not all political unions are necessarily good in themselves. They must surely be judged by their consequences. If, for instance, it were proposed today that Britain should join a bloc of neutral

countries, which I should be strongly against, as you know, and which I think a number of those in favour of our entry into the Common Market would be strongly against, they would not say this was a good thing. If it were proposed that we should join the U.S.A., I do not think it would be universally popular or accepted as necessarily a contribution to world peace.

It all depends, does it not? For if we were presented today with a tremendous choice, whether to go into a world federation under a world government – which alone would finally prevent war – there is not one of us who would say No.

So let us have less of this talk of narrow nationalism. It is not a matter of just any union, it is a matter of what are the effects of the union. Is it an aggressive one? Is it damaging to others? Is it selfish? Is it inward-looking or is it internationally minded? Is it power-hungry or is it satisfied. Does it erect barriers as well as pull them down? All these questions have to be asked, if we are honest, before we can decide.

There is another point: I have already said that I understand and deeply sympathise with the people of France and of Germany in their desire to get rid of the conflicts which have so often broken out between them and which indeed are all too fresh in our minds. But I sometimes wonder whether the great problems of the world today are to be found in the unity or disunity of Western Europe. I would have said there were two problems outstanding above all others: the problem of peace and the problems of poverty; the problem of East-West relations that plagues us and the problem of the division of the world into the 'haves' and the 'have nots.'

### **Proof Required**

I know some will say with great sincerity 'But we recognise that and we believe that by Britain going into Europe a great contribution can be made to these problems.' Maybe so, but it is for them to submit the proof. So far it is hard to be convinced. For although, of course, Europe has had a great and glorious civilisation, although Europe can claim Goethe and Leonarde, Voltaire and Picasso, there have been evil features in European history, too – Hitler and Mussolini and today the attitude of some Europeans to the Congo problem, the attitude of at least one European government to the United Nations. You cannot say what this Europe will be: it has its two faces and we do not know as yet which is the one which will be dominant.

But here is another question we have to ask; what exactly is involved in the concept of political union? We hear a lot about it; we are told that the Economic Community is not just a customs union, that all who framed it saw it as a stepping towards political integration. We ought to be told what is meant by that, for if this be true our entry into the Common Market carries with it some very serious political obligations. But when you ask it is not easy to get a clear answer. When Mr. Macmillan speaks of belonging to a larger political unit what does he mean by 'belonging'? What are we supposed to be joining?

I can see only three possibilities outside the obligations that we accept specifically in the Treaty of Rome. It may mean that there is no obligation upon the Government of Britain to do more than talk, consult more frequently with the President of France and the Chancellor of Germany. I see no harm in these talks, but I am not terribly optimistic about what they will produce. It is hard to see this kind of thing producing, for example, any solution to the present attitude of President de Gaulle towards N.A.T.O.; it is hard to see that it will change the views of Dr. Adenauer on Berlin; it is hard to see that out of this will emerge a satisfactory solution of the problems of preventing the spread of nuclear weapons. If indeed there is to be a major European state it is not going to be very easy in that kind of atmosphere and spirit to prevent that state having its own advance independent store of nuclear weapons.

But what else? If it is not just talking what is it? The second possibility is majority decisions on political issues, just as we are to have majority decisions on economic issues. Do we want that? Well, I suppose you might say we would be able somehow or other to outvote those we disagree with. I would like to be very sure of that before I committed myself.

Then, of course, there is the idea and the ideal of Federal Europe. Now I know it will be said by some, 'Why



bring up federation? It is not immediate, it is not imposed upon us, it may not happen.' But we would be foolish to deny, not to recognise and indeed sympathise with the desire of those who created the Economic Community for political federation. That is what they mean, that is what they are after when they admit freely that under the present constitution of E.E.C. the Assembly has no powers except the very far-reaching, overriding one, which they are most unlikely to use, of dismissing the Commission by a two-thirds majority. When it is pointed out that the Commission is a body which has powers but is not responsible or under anybody's control, what is the answer? The answer they give is: 'That is why we should set up a Federal Assembly with powers over them.' This is what they are arguing.

What does federation mean? It means that powers are taken from national governments and handed over to federal governments and to federal parliaments. It means – I repeat it – that if we go into this we are no more than a state (as it were) in the United States of Europe, such as Texas and California. They are remarkably friendly examples, you do not find every state as rich or having such good weather as those two! But I could take others: it would be the same as in Australia, where you have Western Australia, for example, and New South Wales. We should be like them. This is what it means; it does mean the end of Britain as an independent nation state. It may be a good thing or a bad thing but we must recognise that this is so.

### **Desperate Attempt**

At the Liberal Party Conference, of course, the idea of our going into a European federation was greeted with wild enthusiasm by all the delegates. They are a little young, I think. I am all for youth but I like it to be sensible as well. After the conference a desperate attempt was made by Mr. Bonham-Carter to show that of course they were not committed to federation at all. Well, I prefer to go by what Mr. Grimond says: I think he is more important. When he was asked about this question there was no doubt about his answer – it was on television (laughter) – I see what you mean!

'Yes,' was the question, 'but the mood of your conference today was that Europe should be a federal state. Now if we had to choose between a federal Europe and the Commonwealth, this would have to be a choice, wouldn't it, you couldn't have the two?' and Mr. Grimond replied in these brilliantly clear sentences: 'You could have a Commonwealth link, and not of course a direct political link; you could have a Commonwealth link of other sorts. But of course a Federal Europe I think is a very important point. Now the real thing is that if you are going to have a democratic Europe, if you are going to control the running of Europe democratically, you've got to move towards some form of federalism and if anyone says different to that they are really misleading the public.' That is one in the eye to Mr. Bonham-Carter!

### **End of independence**

We must be clear about this: it does mean, if this is the idea, the end of Britain as an independent European state. I make no apology for repeating it. It means the end of a thousand years of history. You may say 'Let it end' but, my goodness, it is a decision that needs a little care and thought. And it does mean the end of the Commonwealth. How can one really seriously suppose that if the mother country, the centre of the Commonwealth, is a province of Europe (which is what federation means) it could continue to exist as the mother country of a series of independent nations? It is sheer nonsense.

I referred to the Liberals. Of course, the Tories have been indulging in their usual double talk. When they go to Brussels they show the greatest enthusiasm for political union. When they speak in the House of Commons they are most anxious to aver that there is no commitment whatever to any political union. I do not often sympathise with Dr. Adenauer, but I am bound to say in the recent exchanges with Mr. Macmillan I was all for him.

But let me come back to what Britain's role should be. To start with, do not let us confuse the question of whether we think it is good or bad for the Europeans to get together in Western Europe and form their federation with the question whether we should be in it. The first question is their affair and it may well be the answer to their problem. It is not necessarily the answer to ours. For we are not just a part of Europe – at least not yet. We have a different history. We have ties and links which run across the whole world, and for

me at least the Commonwealth, the modern Commonwealth, which owes its creation fundamentally to those vital historic decisions of the Labour Government, is something I want to cherish.

It comes to this, does it not? If we can associate ourselves with Europe, with the other states in Western Europe, in a larger community with our links with the Commonwealth fully maintained, if by so doing we can achieve that influence upon European development which has so often been urged upon us and which I fully accept as very desirable, this would be a fine ideal: it would be the building of a bridge between the Commonwealth and Europe. But you cannot do that if at the beginning you sell the Commonwealth down the river.

That brings me to the terms, for all that I have been saying so far has been to justify, as I think it does abundantly, the attitude which we have adopted from the start, that this is not an open-and-shut issue, that this is not a clear-cut thing, not a matter of either going in unconditionally or staying out on any terms. On the contrary the arguments, when you think them through, massive and difficult as they are, are evenly balanced: and whether or not it is worth going in depends on the conditions of our entry.

We laid down last year at this conference, we laid down in the House of Commons what became five conditions. They have been expressed in different ways. They are expressed I think, as clearly as they can be in the document before you. We said: 'If these terms are agreed, if our demands are met, right, we go in. But if they are rejected, no, we stay out.' And all of these terms are relevant to the analysis which I have been presenting.

Let me briefly go through them. Take our condition that the countries of E.F.T.A. – the rest of Western Europe – must have their reasonable interests safeguarded. In so many words this means that those who want to come in as full members should be allowed to come in as full members and those who, for special reasons, want to come in as associate members should come in as associate members. This is important to us: it is important to us because the Scandinavian states have a very special relationship with this country and with this Party particularly; for social democracy has prospered in Scandinavia as it has nowhere else in the world.

It is important to us that we should have these friends with us if we go in. I do not say that they will always vote with us, but there is a fairly good chance that they will, and it might be very important.

### **Not unimportant**

Nor are their markets unimportant to us. I quote again the figures of our exports because you might suppose, by reading the newspapers, that this is unimportant: 16.7 per cent of them to the Common Market, 13 per cent of them to the E.F.T.A. countries. If they are out, we lose the advantage. Indeed, we shall, I suppose, have to face tariffs against our goods in those countries.

Then there is the problem of the members of E.F.T.A. who are neutrals, Sweden, Switzerland and Austria. There are those who say, 'We do not want you in because you are neutral.' They are not asking to come in as full members; it would be difficult for them to do so. They want to be associate or, if you like, trading members. But when people say, 'We will not have them because they are neutral. We should treat them like all other non-members.' I say that this is to convert the Treaty of Rome into a military alliance. That, at least, it should not be. There are other ways of handling our defences.

One even hears it said: Perhaps we might allow Austria in because she cannot help being neutral: and Switzerland, after all, has a long tradition of neutrality; but Sweden – well, we disapprove of Sweden being neutral: she has no excuse, so we will not allow her in at all.' This is a profoundly dangerous argument. It is dangerous to treat people like this because they have decided on a neutral policy, a policy which maybe is far better for all of us than if they were to join N.A.T.O.

You will not accuse me of being weak about my support to N.A.T.O., but I have never said that everybody should join it, all the same.



## **Without our friends**

There is another argument we must bear in mind. If Sweden does not come in, what is the position of Norway and Denmark to be? Are they to raise tariff barriers against their fellow Scandinavian states? I very much doubt if they are prepared to do so. They might therefore have to stay out, and we should have to go in without our friends. Therefore we insist that the Government stand by the pledge they gave to these friends of ours in E.F.T.A.

I come to the second condition: that we would be free to plan our economy. I will not spend much time on this. There are, I must frankly tell you, many unsound arguments used in this matter. There is far more public ownership in Italy and in France today than there is in Britain, and more central planning, at any rate in France. And it is true, I believe – I know the Socialists who do it – that they are anxious to introduce more central planning in Europe. Equal pay is laid down and is coming into operation; so is three-weeks' holiday with pay. There is no need for us to turn against these things or reject them or suppose that they are not valuable because in certain other fields we have legitimate anxieties.

We do have these and they relate, frankly, to employment. We want to be quite sure that we are free to deal with the problem of local unemployment in the way we think best. A friend said the other day that people were most interested in what was going to happen to them under the Common Market than in what was going to happen to the Commonwealth. That is understandable. But there are areas in Britain which already have 5 per cent unemployment or more. It would be as well to make sure that the Government is going to have the power to deal with it if we go into the Common Market.

Nor can we ignore the possibility that in view of the removal of controls on capital movements we could be faced with a dangerous situation in this country and yet lack the independent power to deal with it. Indeed, some of the measures which Selwyn Lloyd took in 1961, could not have been taken without the approval of the Commission and the Council of Ministers. I do not press this very hard, but I say we must know. The T.U.C. were absolutely justified in pressing upon the Government the need for the special and indeed overriding recognition of the importance of maintaining full employment. For my part, I should like to see it made plain that a British Government is bound to put this as its top priority and that it cannot be deprived of the power to use whatever methods it thinks are necessary to secure and maintain security for our people.

There was thirdly, agriculture. We had a system of planned production through guaranteed prices and production grants which has been modified under the Tories, but it still gives a very great deal of security to the British farmer in respect of the major commodities. This system – make no mistake about it – cannot continue to exist if we go into the Common Market. The British Government will no longer have the power to decide – that is the essential point. It may be that it will work out all right, but I am not surprised that the farmers are worried and anxious when certainly guaranteed prices are to exist for many fewer commodities than they do under the present system and when majority decisions can be taken which might be very serious for at least some of the farming community.

## **Foreign policy**

Fourth, there is foreign policy, the right to maintain as at present our own independent foreign policy. I have discussed this already and I will state simply what I think should be said and made clear. That is this. We need to lay down, if we go into the Common Market that there is no commitment whatsoever by going in which involves any political institutional change of any kind. The right of veto in this matter is imperative and must be maintained. We must be free to decide whether or not we want any further political development. And I think we should say a little more, in all honesty, than perhaps the Government are inclined to say. I do not believe the British people now, at this stage, are prepared to accept a supranational system, majority decisions being taken against them, either in a Council of Ministers or a Federal Parliament, on the vital issues of foreign policy.

Then there is the Commonwealth. I should not have thought it was necessary to say much on this subject,

but I have been surprised at some remarks that have been made lately. I remember the Prime Minister's broadcast and that curious nostalgia, thinking back to the past when we were just a little group of predominantly white countries at the Prime Ministers' Conference, and the way in which it had changed to become, of course, a much larger group predominantly represented by coloured Prime Ministers. A few years ago it was our pride to say that it had changed in this way. I do not think we should go back to that.

I am the last person in the world to belittle what we might call the old Commonwealth. When people say, 'What did we get out of New Zealand; what did we get out of Australia; what did we get out of Canada?', I remember that they came to our aid at once in two World Wars. We, at least, do not intend to forget Vimy Ridge and Gallipoli; we, at least, do not intend to forget the help they gave us after this last war. Harold Wilson will remember the loans from Canada, the willingness of New Zealand and Australia to accept very low food prices to help us out year by year.

### **To cast aside**

Then we have the new Commonwealth. Why, what a comment it is that some people should be ready, no sooner is it created to cast it aside! It means something to us and to the world. Where would our influence be in the world without the Commonwealth? It would be very much less. And I believe with all my heart that the existence of this remarkable multi-racial association, of independent nations, stretching across five continents, covering every race, is something that is potentially of immense value to the world. It does matter that we have these special relations with India and with Pakistan, with the African states as well as with Canada, Australia and New Zealand; for together we can, I believe, make a great contribution to the ending of the cold war. Let nobody underestimate that.

So these were our terms, and last year we hoped they might be met. I must say that the White Paper issued in August came to us all as a most profound disappointment. I know it is not complete; there are a lot of things still to be cleared up. But much is already clear, and what has happened, briefly, is this: that the government have given away our strongest cards. They have said, 'Yes, we will scrap the whole of the preference system and replace it by a system of preference for Europe.'

They have agreed, so far as one can see at least, to an agricultural policy adopted by the Six of imposing levies on foodstuffs from outside Europe, which is one of the most devastating pieces of protectionism ever invented. They have agreed to a system which really means that first you settle the prices, then you get a certain output from Europe itself, and unless there is a gap between the demand to be settled and the European supplies you do not let anything else in. What sort of chance have our Commonwealth producers against this? Is it surprising that Walter Nash said to me, 'Under this system we could lose the whole of our butter market in Britain.' It is true.

And what have we got in exchange for this? The promise of special consideration to New Zealand. Now it may well be true – I profoundly hope it is true that the Six will make concessions here. But I do not think and I hope the British Government does not think – that it will be adequate to give New Zealand a seven years' dole and then cast them away like an old glove. It is the same with Australia, Canada and again New Zealand. In return for the loss of the British market they are promised world commodity agreements. Of course we need these. Of course we need a system which will provide security for agricultural producers everywhere, which protects consumers, which ensures that surpluses, if there be surpluses as there are today, are made available to the hungry people of the poorer countries. That is right. But who can tell whether these agreements will ever be made or what they will contain?

India and Pakistan are struggling with tremendous problems of economic development. The Prime Minister said they had got very good terms. What are those terms? I will tell you. They lose the preference they have had in the British market. It is replaced with a European preference which comes in gradually up to 1970; then it is all over. Oh, they get, of course, free entry for tea; but the revenue duties in Europe are some 80 to 90 per cent, and the customs duty which goes is 18 per cent. It is true we are not obliged – it is very kind of them! – to impose a customs duty on tea here. We are allowed to drink our national beverage as we like. Very handsome! But apart from that, what do they get? The promise of a trade agreement by 1966. Are you

surprised that they came to us and said, 'If nothing better than this is done, it will be crippling to our prospects of economic development'?

### **Trade – not aid**

You see, there is a difference here. We in Britain have done quite well in helping them to develop, in recognising, as all Western countries ought to recognise, that if these great, vast underdeveloped areas are to grow and prosper we must trade with them. It is not a matter of aid; it is a matter of trade they want. They do not want to go on indefinitely being just the producers of raw materials and foodstuffs, with prices turning against them all the time. They want to be able to produce their own manufactured goods. Hard as it may be for us to face, we have to face that – all of us.

And Britain has a proud record here in the vexed question of textiles. We now have quite a high proportion of imports to domestic production. Only one of the Six can boast even half as high a production, and that is Holland. In all others the figures are negligible. Why are they negligible? – because of quotas, restrictions and tariffs. In 1950-51 India exported 114 million dollars' worth to the Six. Ten years later, despite the great expansion of the Common Market, her exports had actually fallen to 108 million. It was not her fault; it was the impossibility of getting past the trade barriers that were erected. Is it surprising that India should say, 'We lose the one help you have given us and we get in exchange no more than promises which may mean nothing at all'?

### **Patronising**

Then there are the proposed associated overseas territories, the African and Caribbean countries. The Prime Minister described them as having wonderful terms. What a patronising attitude! Wonderful terms if only they would accept them! Why do they not accept them? Why have almost all turned them down? Because they regard them as implying a political commitment to Western Europe which they do not want. If you ask why they do that it is because of the history of the relationship between France and the French Colonies and the relationship which exists there today. That is why this special A.O.T. status was proposed. I cannot feel it right that African countries like Nigeria and Tanganyika should be penalised, as they will be under the present arrangement, just because they prefer not to do anything which might imply an absence of political neutrality.

You know what is going to happen under this. The people who think the Commonwealth will survive had better remember it. If this goes through we shall be giving a preference to cocoa and palm oil from Senegal and penalising the same products from Nigeria in the British market. How can you sustain a Commonwealth on that kind of treatment?

It is not surprising, after all this, that the Commonwealth labour leaders felt bound to issue the statement we did. It is not surprising, after all this, that the Prime Ministers themselves, in no uncertain terms, made it plain to the British Government how totally unsatisfactory the present arrangements were.

But what makes the whole thing the more astonishing and more odious is its contrast with the solemn pledges given by the Tory Government. For in this very hall the Secretary of State for Commonwealth Relations a year ago, said this:

'We have promised our partners in the Commonwealth that we shall not join the European Community unless we can make arrangements to safeguard their vital trading interests. We made that promise. We stand by that promise. It remains as it was, unqualified and unaltered.'

That is what he said a year ago. Will he repeat it at Llandudno?

When the Commonwealth Prime Ministers' Conference began one might have supposed that the

Government would say, 'Here is what we managed to do so far. It is not very good and we should just like your views on it. We will take your views back and try to get better terms.' That would have been understandable. After all, it is not the fault of the Government entirely that the Six have been so difficult. But this is not what happened.

On the contrary, what happened was this. Instead, and after a pledge which had also been given that the Government would not make up their minds until after the Conference, there was a continual stream of comments: 'We are going in, anyhow. You had better take it, because there is no chance of our changing our minds.' Day after day the Tory press poured this out. Did they invent it? Of course not. It came from the Government, and it came from Mr. Sandys in a desperate attempt to bulldoze the Commonwealth into accepting what had been done.

The saddest feature of the whole thing in my view is the damage already done by the handling of the Commonwealth Conference. I would never have believed it possible a year or two years ago that such a Conference could take place, with such bitterness and hostility. I know very well that many of the Prime Ministers have said nice, friendly things. Of course, they would, and I welcome them. Nevertheless, have no illusions about it if you read the newspapers from Australia and New Zealand, what they are saying is: 'Britain is going to go in, and we had better shift for ourselves. We have got to look for new ties, new trade, new alliances with Japan and the United States.' That is what they are saying.

### **Precision needed**

What then should now be done? This is what we say: 'Make these vague promises of the Six into precise agreements.' That is what the Government should do – go back and try and fulfil their pledges. And it must be done – those promises must be fulfilled, made concrete – the special treatment for New Zealand, the World Commodity Agreements, the Trade Agreements for India, Pakistan and Ceylon and new arrangements for those Commonwealth countries which, for political reasons refuse to be Associated Overseas Territories – all this must be done before we go in, before we start dismantling the preference system; for once we have done that, once we have started on that path we follow an irrevocable course; step by step, year by year, the preferences go and the counter-preferences come in. Then what is left of our bargaining position if we are already obliged to do that anyhow?

The other reason why we must get these precise agreements before we enter is that, once we are in, we are going to be subjected to majority rules. Let us not underestimate the power of the vested interests in the Community. There are good features of Europe, but there is a very powerful protectionist lobby, and most of the Governments of the Six depend upon it.

Moreover, why should these concessions not be made?

We are told that nothing can be re-opened. This, about an agreement – no, not an agreement, but something that was described as a 'provisional outline agreement' that is not even finished. This was the promise they made to the House of Commons. What is the good of a provisional agreement unless you can change it?

We are told it will take too long. Is it really too much to ask the Government and your friends in Europe to take a little longer to try and meet the pledges given to the Commonwealth? Is it not in their interest as well as ours to carry the Commonwealth with us in this, even if it means that the Government's timetable cannot be kept?

### **Impossible conditions?**

We are told that our conditions, all five of them, are impossible. Why? Who said this a year ago? Is it impossible to demand that we maintain an independent foreign policy, as at present? Is it unreasonable to ask this? And if the Six refuse it, what conclusion do we draw? Is it unreasonable to say that the Government must retain the reserve powers to maintain full employment in this country?

Our other three conditions are all Government pledges! – the pledge to safeguard the Commonwealth and British agriculture and to stand by our partners in E.F.T.A. Surely they cannot be impossible to meet?

Then there is the argument: ‘But what if the Six refuse?’ The question implies, of course, a decision to enter whatever the conditions. But we are not forced to enter. I have made that plain already – abundantly plain. Indeed, if this were so, why lay down conditions at all? If you were merely saying: ‘Go in on the best terms,’ what are all the Government’s pledges worth? The Government have made their pledges; we have made ours. But there is a difference between us. We mean to keep ours.

I must ask your indulgence – I know this is very long, but I am coming to the end, and it is a major issue.

What is the alternative? It is not a disastrous one at all. If we are obliged to say: ‘Well, we cannot accept these terms,’ to suspend the talks for the moment, we are not going to face economic disaster. But there is much that could be done – a conference with E.F.T.A. and the Commonwealth to enlarge the trade between us (and indeed, this would be necessary after the shocks of the last year) followed, as I would hope, by a wider world conference to reduce tariffs everywhere – for indeed, this is the only solution.

Let me say to those who seem to think that the alternative involves some kind of tight Commonwealth, that that is not so. None of us have thought in those terms at all. We are thinking not in terms just of the Commonwealth, but of the world. Nor is this position – the breach that may come in the negotiations, necessarily for ever. The fact is that today our bargaining position is as bad as it could be. On the one hand, the Government have gone into these negotiations making it abundantly plain that in fact, whatever they may have said, they are determined to go in on any conditions. If that be the case, why should the Six make any concessions to us?

The Government are also in a bad bargaining position because, as I think is well-known, neither President de Gaulle nor Chancellor Adenauer are over-enthusiastic to have us in. There may be some changes there eventually!

Then we are told that we shall miss the political boat. This is a serious argument. But by a strange paradox I do not think it likely that so long as President de Gaulle remains in charge of affairs in France there are likely to be any very serious political developments within the Six. For he has made his position abundantly plain again and again, and I do not think he is likely to change. He will not give up any jot or tittle of French independence. He will agree to unanimity rules: he will accept arrangements where no one is committed unless all are agreed. But that is all. I do not think we need fear any immediate developments beyond that.

So all these arguments, I suggest, can be dismissed. Why then is the British Government in such a hurry? I think I know the answer. They had a timetable. They wanted to get this thing agreed, to sign the Treaty of Rome, to force the legislation through Parliament, to get the whole thing finished and complete before the British people could have an opportunity to comment upon it.

I repeat again my demand: if when the final terms are known, this Party – the major Opposition Party, the alternative Government of the Country – comes to the conclusion that these terms are not good enough, if it is our conviction that we should not enter the Common Market on these terms, so that there is a clear clash of opinion between the two major political groupings in the country, then the only right and proper and democratic thing is to let the people decide the issue.

## **Precedent**

There is a pretty good precedent, you know. Stanley Baldwin, in 1923, after a year in office, decided to introduce tariff reform. The changes were not on the scale contemplated today, but they were a significant change. He insisted, despite his parliamentary majority, despite that fact that he had only been a year in office, in putting the issue to the country and he was defeated; and that is how the first Labour Government came into existence. Well, I wish we had still today in Conservative leaders the kind of honourable approach which used to exist.



Of course, Mr. Macmillan has given a pledge in his broadcast. He said: 'When we know the final position, then it will be for us here in Britain to decide what to do.' For us here in Britain? Who does he mean? Does he mean the Government? Or the Tory Party? Or the British people?

We are now being told that the British people are not capable of judging this issue – the Government know best; the top people are the only people who can understand it; it is too difficult for the rest. This is the classic argument of every tyranny in history. It begins as a refined, intellectual argument, and it moves into a one-man dictatorship; 'We know best' becomes 'I know best.' We did not win the political battles of the 19th and 20th centuries to have this reactionary nonsense thrust upon us again.

Of course, they extend the argument now. 'We must go in,' they say, 'not because the power of logic, of fact and conclusion suggest that it is to our advantage; we must go in because the people who really understand it, the top people, all want it.' They contradict themselves. If their minds are so arid that they can think of no other arguments, they are a long way down in the intellectual class. But what an odious piece of hypocritical, supercilious, arrogant rubbish is this! And how typical of the kind of Tory propaganda we may expect upon the subject – the appeal to snobbery: 'the big people know best; you had better follow them!' It is all on a par with the argument of inevitability. 'You cannot escape: you must be with it. You must belong, no matter to what you belong.' What a pitiful level of argument we have reached!

It is said, of course, that the young are in favour of this. The young are idealists; they want change; we know that. We welcome it, and I have no desire to belittle this. But if I were a little younger today, and if I were looking around for a cause, I do not think I should be quite so certain that I would find it within the movement for greater unity in Europe. I think I would find it outside in the world at large. I would rather work for the Freedom from Hunger campaign; I would rather work for War on Want. I would rather do something to solve world problems. And if we look for examples here, we can find them, as a matter of fact, in the United States.

### **A fine concept**

Sometimes ugly things happen in that country. But surely we can all of us pay tribute to the fact that today no less than 10,000 young men and women from America are working and living at the same standard of living and speaking the same language after six months rigorous training, teaching and practising agriculture in the underdeveloped countries of the world. That is the Peace Corps and it is a fine concept.

You may say: 'You can have this in Europe, too.' Yes, but only on our conditions, only if Europe is a greater Europe, only if it is an outward-looking Europe, only if it is dedicated to the cause of relieving world poverty, only if it casts aside the ancient colonialisms, only if it gives up, and shows that it gives up, the narrow nationalism that could otherwise develop.

There is that possibility. But there is another side in Europe and in the European Movement – anti-American, anti-Russian, pro-Colonial; the story of the Congo and Algeria, the intransigence over Berlin. We do not know which it will be; but our terms present what I believe to be the acid test.

### **The open door**

We do not close the door. Our conditions can still be met; they are not impossible; they are not unreasonable. I profoundly hope that they can be met. Nor has the time yet come for a final decision. We are passing judgment today only on what we know so far. That judgment on what we know so far must be unfavourable. We must reject the terms so far negotiated, for they are quite inadequate, they do not fulfil either our own conditions or the Government's pledges. But no final decision can be taken until we know the final terms, and when that moment comes we shall judge it in the light of the conditions that we have laid down.

I still hope profoundly that there may be such a change of heart in Europe as will make this possible. I



appeal to our Socialist comrades to use what influence they have – alas, all too little – in the Brussels negotiations, to bring this about.

After all, if we could carry the Commonwealth with us, safeguarded, flourishing, prosperous; if we could safeguard our agriculture, and our E.F.T.A. friends were all in it, if we were secure in our employment policy, and if we were able to maintain our independent foreign policy and yet have this wider, looser association with Europe, it would indeed be a great ideal. But if this should not prove to be possible; if the Six will not give it to us; if the British Government will not even ask for it, then we must stand firm by what we believe, for the sake of Britain, and the Commonwealth and the World; and we shall not flinch from our duty if that moment comes.