

Parliamentary debates in the House of Commons (25-28 October 1971)

Caption: On 28 October 1971, after lengthy debates, the House of Commons approves the United Kingdom's membership of the European Economic Community (EEC) in a vote immediately described as historic.

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[...]

Mr. Harold Wilson: Part of the argument of hon. and right hon. Gentlemen is that we have changed our views on Europe. I think we have shown today that we stand where we did in the application. Would the right hon. Gentleman, having referred to his 15 years in Europe, say whether he still agrees with what he said in the House before a certain election following which his Government applied for entry to the Community:

"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 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 a major market duty-free." – [OFFICIAL REPORT, 12th February, 1959; Vol. 599, c. 1381.]

Is that what he has learned in his 15 years? Why did he say that just before an election and vote for entry immediately afterwards?

Mr. Maudling: As I recall that quotation, it referred to 1958. I have certainly changed my mind on this, but I would say that it is rather more understandable to change one's mind in 13 years than in 13 months. It is rather more reasonable to change one's views on the basis of a fundamental development in the pattern of world trade and payments than on a sheer geographical transition in the House of Commons.

The issue tonight has been put before us by the right hon. Gentleman as one of terms. I have analysed the four points he made and shown that what he says about the terms cannot begin to justify an argument for voting against and voting out this opportunity facing the British people. Let us be quite clear that those who vote against the Motion tonight are not voting on the terms, but because they want to remain the littlest of Little Englanders.

Mr. Jeremy Thorpe (Devon, North):

[...]

Secondly, we must be grateful to the right hon. Gentleman for telling us what he will do in the event of a disagreement following the "amicable chat". He will behave, if he were Prime Minister, like some pocket de Gaulle in Europe, rampant nationalism, Britain first, last and foremost. All I say is that I thank God that, when he was Prime Minister, he did not bring those narrow nationalistic ideas either to the policies which were followed at the United Nations or to his dealings with the European Community. One advantage of a Labour Government over a Tory Government is that those nationalistic considerations are less likely to be taken into account than under a Tory Government.

If I had not been a convinced and converted European from the beginning, at the time of the Schuman Plan I would have been totally convinced and converted by the right hon. Gentleman's speeches from 1967 to 1970 and I would have been reconvinced by the speech he made today.

There has been much talk about the sovereignty of Parliament and the value of our existing parliamentary institutions. I was one who advocated a free vote in this matter from the very beginning. I was also totally convinced that at the last minute the Prime Minister, albeit for the wrong reasons, would concede a free vote. It was one of the two very handsome bets which I have so far won on the Common Market. The other was one I entered into on 20th June, 1970, that the Leader of the Opposition would change his view on the Common Market.

If we believe, with Burke, that Parliament should be the great inquest of the nation, then I say in all sincerity, and I can say this because I am a member of a minority who has no connection with either of the two major parties, that the reputation of Parliament will be greatly enhanced, probably more so than by any other single factor, by those hon. and right hon. Gentlemen wherever they sit and whatever view they take,

who, finding themselves honourably in disagreement with their colleagues, finding it difficult but none the less necessary to carry those convictions into the Lobby, not in company with the majority of their colleagues, do so tonight.

Nothing to me symbolises more the rights and integrity of free men in a free Parliament. I hope that those who have this courage and integrity so to do will be enabled to carry on, having willed the end, to help to provide the means, or if they are anti-Marketeers, to plead the viewpoint they have expressed. I believe that those hon. and right hon. Gentlemen will have a higher place in Parliamentary history than the 101 Members of Parliament who said in a much-publicised letter to their Deputy Leader "We do not ask you to change your convictions between now and Thursday but merely to vote against it."

[...]

Mr Norman Fowler (Nottingham South):

In seeking a rôle we are not asking for some kind of return to empire. This is, first of all, a recognition that events will take place in a world and in a Europe over which we will want to have some influence. At present, the real decisions affecting the world and Europe are taken by the United States and Russia. Of course it is true that, as a medium-sized power, we have some influence, but even that influence is likely to decrease as the years go on.

Whether or not we join the E.E.C., the Common Market will develop, as will its influence. The development and influence of the Community now is, of course, mainly economic, but politically it has the opportunity of great influence throughout the world, including by association agreements with the developing nations.

The overriding case in favour of entry is that it is a natural development. Europe shares common interests and problems. We in Britain share the same interests and problems. [Hon. MEMBERS: "No."] Consider, for example, defence. There is the obvious point – this needs no great power of prediction – that Europe will have to play a much greater part in its own defence in the years to come because America will not continue meeting such a substantial bill for the cost of the defence of Europe.

Inside the Common Market we shall have the opportunity to make Europe's influence a real power in the world, and particularly a real power for peace. If we stay out, we shall continue as a medium-sized nation with no enormous economic power and with little influence over what is happening in the rest of the world. If we go in, we shall certainly help ourselves economically but also be able to help in the development of the rest of the world.

It is better to pool our resources and combine with our friends in Europe and have a world rôle than stay out and have no rôle at all. I will vote, not with reluctance but with enthusiasm, for our entry into the E.E.C.

The Chancellor of the Duchy of Lancaster (Mr. Geoffrey Rippon):

[...]

We have been discussing whether or not Britain should join the European Communities for over a decade, and I do not propose this afternoon to attempt to analyse the ebb and flow of events or speeches over the years.

We all recognise that there are right hon. and hon. Members on both sides of the House who, for various reasons, have been opposed in principle from the outset. There are, however, others – I suggest the manifest majority – who have desired our successful application if satisfactory terms could be negotiated.

I start, therefore, fully recognising that whatever views anyone may have held or expressed in the past, it is perfectly legitimate to express dissatisfaction with the terms which have been negotiated.

I accept that there are now on the benches opposite right hon. and hon. Members who were associated with our application to join – who must be presumed to have acted in good faith when applying – who still want to join but are now saying, "Not on Tory terms." It surely follows from that, as my hon. Friend the Member for Nottingham, South pointed out on Friday, that one must show some fundamental conditions or terms which can be changed or have been inadequately negotiated; and here I am well aware of my responsibilities as a negotiator, primarily to the Government but also to this House and, through this House, to the nation at large.

For my part, I have endeavoured in the last year or so not merely to make regular statements on the progress achieved but also to sense, and be guided by, expressions of feeling in this House about the relative importance of particular issues. If I judge correctly, the House has throughout shown a special concern for the effect of our entry on our responsibilities towards others, and notably, of course, toward the Commonwealth.

It is significant in this connection that at the end of the negotiations no less an authority than Mr. Arnold Smith, Secretary-General of the Commonwealth Secretariat, felt able to say, as he did in July, that our membership of the Community would make the Commonwealth more, rather than less, important, both to the members of the Commonwealth itself and to the enlarged Community.

On the most sensitive issues – New Zealand dairy products and sugar from the developing Commonwealth – we have negotiated terms which have satisfied the Governments of those countries, the New Zealand Dairy Board and the Commonwealth sugar exporters.

I will not cover the ground dealt with in the White Paper and discussed in our debate in July. What Sir Keith Holyoake and Mr. Marshall have said about the terms for New Zealand is on the record. The only reservation – a perfectly natural one, from their point of view – relates to the pricing formula which we have agreed with the Community. Looking at the terms as a whole, Mr. Muldoon, the New Zealand Finance Minister, has said:

"On balance, we think we have got a good deal."

He has also said:

"I believe Britain should go into the Common Market. I believe it will be in the best interest of the British people and of the British economy that they should join the Common Market because they will be strengthened. And come what may, our trade ties will remain, so that a stronger Britain means a stronger New Zealand."

I should, perhaps, deal in passing with a reference made on the first day of the debate by my right hon. Friend the Member for Thirsk and Malton (Sir Robin Turton) –

Mr. William Molloy (Ealing, North): The right hon. and learned Gentleman is obviously about to leave the subject of New Zealand. Would he agree that to give a full picture of the situation he should state the views of the official Opposition in New Zealand which, before long, will very likely be the Government in that country and which, therefore, are entitled to have their views made clear so that we may know what all New Zealand is thinking? Will the right hon. and learned Gentleman therefore state the case as put by Mr. Norman Kirk on behalf of New Zealand's official Opposition?

Mr. Rippon: I can state something Mr. Kirk said, as reported in *The Dominion* of 9th October. Pointing out that, in his view, if Britain entered the E.E.C. the price paid for New Zealand butter would drop sharply on 1st January, 1973, he said:

"if butter stays at £500 a ton until December 31st 1972, itself an optimistic assumption, the price New Zealand will get under the averaging process of the Luxembourg Agreement will be about £384 a ton. Thus, if it remains at £500 a ton until British entry, the price of butter on entry will drop by £116 or 23.2 per cent."

There is anxiety in New Zealand about that aspect of the matter. On the other hand, Mr. Marshall has said:

"It is foolish to suggest that we shall lose heavily in our export income. In fact, we shall be better off because the average price has been so high in recent months."

[...]

Turning back to sugar, for the developing sugar producer countries of the Commonwealth the terms we have negotiated constitute a firm assurance of a secure and continuing market for sugar for all the developing countries which are signatories of the Commonwealth Sugar Agreement. That is not my view; it is the view of the Governments of the countries concerned, which have expressed their satisfaction, and of the representatives of Commonwealth Sugar Exporters' Group and the West India Committee.

[...]

The right hon. Gentleman intervenes, "What about bankable assurances?" The important thing is that the Commonwealth Governments are satisfied with the position. My right hon. Friend the Member for Wembley, South (Sir R. Russell) asked whether it was our intention to cut Australia out of our sugar market. Australian exports of its negotiated price quotas under our Commonwealth Sugar Agreement are fully safeguarded to the end of 1974. We have agreed with the Community that the enlarged Community would be ready to take prompt and effective action to remedy any difficulties arising out of transitional arrangements for agriculture, and horticulture or any threat of abrupt dislocation of Commonwealth and third country suppliers. This Agreement clearly would apply to Australian sugar and other agricultural commodities. It was with Australia very much in mind that we negotiated this text, and at the appropriate time, as I have indicated in the House before, we shall be considering the next steps with the Australians on the one hand and with the Community on the other.

Another point made by my hon. Friend was whether we should be forced to resign from the International Sugar Agreement. By the time it comes to be renegotiated in 1973 it is possible that the Community will be a member itself. But, in any event, we shall have to shape a new international sugar agreement appropriate to the circumstances which lie ahead. The Community has shown itself very willing, as in the case of dairy products, to think in terms of international commodity agreements. It is in this way that we can best safeguard the primary producers of the world.

As for the other arrangements for the Commonwealth – the offer of association agreements, and the special provisions for a wide range of industrial materials – these have been universally welcomed.

Those hon. Members who accept the principle of membership of the Community, as distinct from those who do not want to join at any price, can hardly say that we should stay out because we cannot provide Commonwealth interests with better terms than they have accepted.

Some hon. Members who have spoken in the debate, such as the hon. Member for Eton and Slough (Miss Lestor), have expressed concern about the whole future of the Commonwealth with the United Kingdom within the Community. I think that their fears stem from a mistaken conception of the Community as inward-looking and protectionist. I do not believe that that is the fact.

The truth is that the Community is in the forefront of the developed nations in its record of trade with and aid to the developing world. After all, the Community's common external tariff is, on the whole, lower than ours, or, for that matter, that of the United States.

The European Economic Communities provide more in aid and investment in the developing countries than any other donor. Expressed as a percentage of gross national product, in 1969 the Community provided twice as much development aid and investment as did the United States. Against that background, I foresee that in the future Britain's developing Commonwealth partners which stand most in need of it – we do not dispute this – would have continuing relationships not only with us but also with our prosperous European partners, for both trade and aid, including investment. I believe that this relationship would permit a substantial diversification of their export markets and a substantial increase in their trade prospects.

We have also to protect the position of our partners in E.F.T.A. As the House will know, three members of E.F.T.A. are seeking full membership, and the rest are holding talks with the Community about the most appropriate form of relationship for them. Here, again, the House must take note of the general satisfaction that is expressed in E.F.T.A. about the way that things are going. In the words of the E.F.T.A. Annual Report for 1970-71, issued this September:

"The year closed in a mood of confidence as the prospect of achieving wider European integration seemed brighter."

Enlargement should bring about a more rational and effective economic framework for Western Europe which is entirely in line with the aims of the Stockholm Treaty.

One major aspect of the negotiations still to be settled is fisheries. My right hon. Friend the Minister of Agriculture dealt at some length on Thursday with the position on fishing limits. My hon. Friend the Member for Haltemprice (Mr. Wall) has, however, asked me to confirm what was meant in our original proposal by the extension of historic rights to Community countries between six and 12 miles. As my hon. Friend will appreciate, we have been talking all the time about limits drawn from the 1964 base lines and subject to our full jurisdiction up to the 12-mile limit. As the House also knows, the existing members of the Community already have between them extensive rights in our own six to 12-mile zone. Our proposal, therefore, was that the Community principle of free access for member States without discrimination should apply to the waters of all existing and new members between six and 12 miles. But, in the event, our proposal did not seem to find favour.

What we have now proposed is that, in the absence of a new regulation satisfactory to all parties, we should agree to maintain the *status quo*, which for us means the existing state of affairs, until agreement could be reached after enlargement on what changes were needed and, most important, were acceptable to all concerned – I repeat, to all concerned.

For its part, the Community has accepted that the present fisheries policy needs changes, and it has formally acknowledged that a new policy must establish an overall balance of advantage that takes account of the legitimate interests of all member countries. I assure my hon. Friend and all hon. Members who are deeply concerned about this matter that we will not agree to any arrangements that do not satisfactorily protect our legitimate interests.

Mr. Edward Milne (Blyth): Why has the right hon. and learned Gentleman already agreed to reduce the 12-mile limit to six miles, as a negotiating point, if negotiations are still to continue on the question of the *status quo*?

Mr. Rippon: We have not agreed that at all. We have put forward initial proposals. In the negotiations there is a good deal of to-ing and fro-ing. As has been said, there comes a point when one changes the game from chess to poker. We are now in the middle of these negotiations. We are determined to protect our legitimate rights.

Mr. J. Bruce-Gardyne (South Angus): Can my right hon. and learned Friend make this clear to the House? To ensure that ratification takes place in due time, by 1st January, 1973, the Treaty of Accession would have to be agreed by the end of this year. What happens if there is not agreement in Brussels by the end of this year either on the maintenance of the *status quo* on fishing or on the proposals which my right hon. and learned Friend has put forward?

Mr. Rippon: That would be a difficult situation. But I assure my hon. Friend that the Community has agreed to discuss this matter in depth. We are to have another meeting on 9th November, after which I will report progress, and then we can face this hypothetical question if we have to.

There is a clear understanding that we must do one of two things. Either we must have an agreement on a new regulation which is satisfactory to all the members – that is all the applicants as well as the existing

members of the Community – or, if we cannot achieve that, we have suggested that the Community will have to accept that we must maintain the *status quo*. If we do that, any question of a negotiation after enlargement would again be dependent, if the *status quo* was to be changed, on agreement by all the parties concerned.

The other major aspect of the negotiations concerned our contribution to the Community budget.

[...]

In our debate on the White Paper on 21st July I went into this matter again in some detail. My purpose in the negotiations was to settle what paragraph 43 of the 1970 White Paper described as:

"the transitional arrangements under which we approach paying our full share of the recently agreed Community financing arrangements".

That indeed was the only negotiable issue. I believe that the terms that we have agreed ensure that there will be no sudden or unbearable burden on our balance of payments before we have the full advantage of the dynamic effects of entry.

Mr. Peter Shore (Stepney): This is a very important matter. I invite the right hon. and learned Gentleman's comments on two points. First, there is no question that his predecessors accepted – they did not – the arrangements of the Six for financing their agricultural policy, because they were agreed among themselves only in April, 1970.

Second, in the Government's estimate how much would Britain have to pay to the Six at the end of the transitional period and how much under each of the three taxes – the value-added tax, the food levies and the Customs duties – would we have to pay across the balance of payments as from 1978?

Mr. Rippon: The right hon. Gentleman has not let me get very far in my argument. I have to deal with the broader issue. The negotiating position is clearly set out in paragraph 43 of the February, 1970, White Paper. I have quoted it correctly. On 21st July, the right hon. Gentleman referred me to the end of paragraph 44, which states: "They" – that is, the Community –

"have reached agreement in principle on arrangements for meeting the cost, but their application in a reasonable and equitable way to our situation must be a matter for negotiation, as has always been recognised."

Indeed, that was the matter for negotiation – the steps by which we moved up towards the payment of our full contribution. [HON. MEMBERS: "No."] Yes, it was.

Mr. Denis Healey (Leeds, East): The right hon. and learned Gentleman will recall his delegation presenting to the Commission in July last year – that is when the Chancellor of the Exchequer was still responsible for negotiation – a paper pointing out that the application of the financial regulations would mean that Britain would be paying four times as much net to the Community budget as Germany, which has a 50 per cent. higher gross national product. At that time there was no indication that Her Majesty's Government accepted this implication. Indeed, the whole purpose of the paper was to reject it. We on this side want to know what made the Government change their minds so that six months later they were prepared to argue only about the phasing of the rise to such a monstrously unfair contribution.

Mr. Rippon: The negotiation was about the steps by which we would rise to the full amount. The purpose of the negotiation to which the right hon. Gentleman refers – he purports to quote from confidential negotiating documents – was to explain to the Community the view we had always held that it was important that we should have an opportunity to make a reasonable transition, as the 1970 White Paper said, to the full payment that would be required.

There has been a discussion about what that full payment was. I gave certain estimates at about the time of the negotiations. As I said, the Community was likely to say that they were too fair and too reasonable. That

is what the Community did say. That is what negotiations are all about. We had a good deal of discussion about the size and shape of the budget in future. The Community said that we had exaggerated the likely growth of the budget, that we had minimised the receipts, and that we had underestimated the benefits.

I appreciate that the right hon. Gentleman has criticised us for not providing in the White Paper an overall balance sheet of costs and benefits. What the White Paper does is to give the balance of payment costs as clearly as it can on the two elements out of three which can be predicted with any degree of accuracy – that is, our net budgetary contribution, which we think is likely to rise from £100 million in 1973 to about £200 million in 1977; the figure for food imports, which we think are likely to cost £5 million in the first year rising to £50 million in the fifth year; and then the element omitted is what are called the trade effects.

Everyone from the other side has said that these figures are highly speculative. To have presented a precise balance sheet would have given a totally false impression, not only that the economic consequences of our entry could be predicted in detail over a period of up to 10 years or more, into the future, but also that similar estimates could have been produced of the consequences of our staying outside the Community.

Many people, when considering my statement of 16th December, look at what I said about the possible debit at that time on the figures which had been bandied about for a good period of time. We have now quantified one of the elements – the food element more precisely than we could do then. What must also be quantified, and what I said on 16th December it was difficult to quantify, are the dynamic effects of entry. It has been estimated that, if $\frac{1}{2}$ per cent. in growth is added over five years, this would bring in £1,100 million put on to the balance of payments. It would not all be export growth, but it would be export led.

The difficulty is, as we have all recognised in the House, that it is extremely difficult to quantify these figures with any precision. What I said on 16th December is on the record. In the light of the negotiations, we tried to give the House the best figures we could, estimating – as I said, with reasonable accuracy, we hope, but even then it is speculative – at the end of the period two items – the contribution to the budget and the food changes. Everyone will agree that there is difficulty about quantifying the trade effects, both the debit and the costs of staying out and the balance of advantage at the end.

Mr. Healey: I am sorry to press this matter. All of us concede that various estimates can be made of the dynamic effects of entry, which should be offset against the cost. On 16th December did not the right hon. and learned Gentleman quantify the cost of the changes in industrial tariffs as being between £200 million and £300 million? The right hon. and learned Gentleman repeated that figure to journalists on 24th June, according to the *Economist*? Was not that figure in the original draft White Paper? When I put it to the Home Secretary that it had been excluded from the White Paper only at the last minute, the Home Secretary was unable to deny it?

Surely it is the case – the right hon. and learned Gentleman must confirm this – that the Government did make an estimate and that the estimate was £200 million to £300 million? This brings the total impact cost of entry to £50 million a year in foreign exchange in 1977, on the Government's own calculations.

Mr. Rippon: I am glad that the right hon. Gentleman has repeated that canard, which he has used from time to time. What he has said is quite untrue. All that I have said is as stated on 16th December. That statement must be read as a whole. I have always said that I believe that at the end of the day the balance sheet shows a positive gain in our favour.

As to the right hon. Gentleman's other allegations about what I am supposed to have said at a private meeting with journalists and what is supposed to have gone on in the Cabinet in the discussions on the White Paper, I say quite categorically that that is not a true statement of the position. It did not happen. We decided that we could not make such predictions. The fate of past exercises in elaborate economic predictions such as the National Plan has shown how unrealistic they are. It is no good producing statistics just as extensions of lines on a graph and assuming that we live in a vacuum with no motive force coming from any direction.

In the course of the negotiations – this was after 16th December – the Community itself pointed out how impossible it was to make any such calculations at present; and it was because of the inevitable uncertainties which must exist about the future that the Community declared that if in the enlarged Community unacceptable situations should arise, the very survival of the Community would demand that equitable solutions were found.

It is true that some people argue, against that background, that to join the Community in those circumstances must be regarded as an act of faith. That is certainly an element in human progress. But, above all, when we have stopped bandying about what we said on 16th December, before the negotiations really started, what the House has to do now in the light of such evidence as we are able to present is to make a judgment. In forming that judgment we have to accept that there are no available economic techniques which make it possible to quantify the effect of tariff changes –

Mr. Shore –

Mr. Rippon: I am not giving way in the middle of a sentence.

Hon. Members: Give way.

Mr. Speaker: Order. If the right hon. and learned Gentleman does not give way, the right hon. Member for Stepney (Mr. Shore) must not persist.

Mr. Rippon: – I have already given way quite a lot – since I suggest that the biggest factor in determining the outcome will be the vigour of British industry's response to the opportunities and challenge of membership.

Mr. Shore: The House has a right to know what is the right hon. and learned Gentleman's estimate of the contribution that we shall make to the Community budget as from 1979. We know what it is in 1978. We know that it is a reduced rate of £200 million. What we want to know is what is the full rate thereafter.

Mr. Rippon: I will come to that.

In making this judgment, especially in view of the confidence expressed by the vast majority of our industrialists and businessmen and the economic performance of the Six, we have good reason to be confident that the overall effect of our balance of trade will be positive and substantial. As the 1970 White Paper admitted in paragraph 77:

"No way has been found of quantifying these dynamic effects but, if British industry responded vigorously to these stimuli, they would be considerable and highly advantageous."

How do we see the size and shape of the Budget after 1977 and our possible contribution? We have to bear in mind that we shall not be joining a static Community. From the outset we shall have a full and influential voice in the decision-making process of the Community, including decisions relating to the shape of the budget. For the purpose of our calculations in the White Paper we have assumed that even in 1977 agricultural expenditure will remain as predominant as at present, and not, as we have reason to expect, that it would be less so. We would not be simply waiting for events, hoping that something more favourable to our balance of payments would turn up. We would be active inside the Community pressing for the development of regional, industrial and social policies, which should bring us big benefits. That is the element in the budget after 1977 – although we have got two further years of adjustment – which really is unquantifiable.

We cannot quantify it for our national budget or for the Community budget. But we have this assurance from the Community, which we did not have on 16th December, that if an unacceptable situation should arise it would take the necessary measures to put it right.

Mr. Harold Wilson (Huyton): I am grateful to the right hon. and learned Gentleman for giving way. He

said that he would like to reach a situation where we stop bandying about what was said on 16th December. But the right hon. and learned Gentleman said, in reply to my right hon. Friend the Member for Leeds, East (Mr. Healey), that the suggestion that he said something to journalists and that something was said in Cabinet was not a true statement. Does the right hon. and learned Gentleman say that both parts of what my right hon. Friend said are untrue? Whatever happened in Cabinet, does he deny that he gave an estimate to journalists of the cost which has not been stated to the House?

[...]

Mr. Rippon: One particular point which was seized upon was that I said we could have an overall improvement in our balance of payments of £1,700 million by the end of the period. [*Interruption.*] They also quoted plus £1,700 million as well as minus £500 million.

I have talked so far mostly about the terms, and that is natural. I negotiated them and they have their place in our discussions. But I think more and more people are coming to realise – [*Interruption.*] An hon. Member is muttering "He said it." I did not say it in anything like the terms suggested. What I said, I stated on 16th December in this House, and I have explained the stages which took place since then.

I think more and more people are coming to realise that the real issue is whether Europeans in the 20th century are still creative enough to add another dimension to their political activities, and whether we can create some form of European unity without sacrificing our national diversity.

We have to debate and deliberate, on an occasion like this, on how this country can respond to the fundamental changes which have taken place in the world in the last 25 years. We have seen the end of the European Empires, the rise of the super-Powers in the East and the West, the spread through industrialisation of the means of economic power, and the relative decline of Europe, where modern society was born. The nation States of Europe, with all the ancient rivalries and fratricidal wars, are too small in the modern world to benefit from the sort of society that they themselves produced. I believe that they need to work on a larger scale, and work increasingly together, if they are to maintain their own splendid traditions.

What we have to consider in this debate – and I think most hon. Members have been doing this – is how can this be done in the years ahead. There are those who look towards a European super-State with all the trappings of executive and legislative power. That is not how I see the future. There is no virtue in gigantism for its own sake. This is the age of the individual as well as the continental-sized market. The strength of Britain in the past over the centuries has lain in our national coherence and singularity.

[...]

Mr. Crouch: Today a question mark hangs over Europe. Today we should be concerned about Europe's future and security. We cannot stand aside and say we are not involved. We are alongside Europe already. Europe today has an opportunity of much greater influence, greater size and greater strength. I believe that Europe could become the greatest influence for peace that the world has ever known.

I am sad at the arguments which so many hon. Members have advanced against our entry. We have an opportunity today to make a greater Europe. We have an opportunity to make history. Europe's influence could be an influence to balance the new super-Powers in the world. It could be an influence for greater peace and stability, for friendship and understanding and an end to bitterness. Are we really afraid to make this decision? I do not think so, but we have to be sure that we know where we are going.

This great debate has been robbed of some of its greatness by the insincerity of some of our parliamentary leaders. We in this House know the reasons for this political finesse which has affected these decisions, but the public have no time for them. They distrust politicians who have put party before country and themselves before the people. We have a duty to earn the people's respect – not only for our debate but for our decision and the reasons for it. The public are dismayed at the attitude of some of our former leaders who have changed their minds for the wrong reasons. They see it as a sham, a political trick that fools no

one. Let the Opposition oppose for all they are worth the Conservative policies which they dislike, but our decision today is above party politics: it is a turning point in our history.

I do not believe that the Labour Party is turning its back on Europe. But what has happened to the Leader of the Opposition, who used to be so keen? He said that he was going to go into Europe at a hell of a pace. He said that he believed in the big market, in the technological community. He said that he accepted the Treaty of Rome. He wanted European unity and told General de Gaulle so. He was so confident that I supported his ideals, as did the great majority of hon. Members, and we went into the Lobby behind him.

Why has he turned against us now and let us and Parliament down? What sort of a leader has he become, and where do his loyalties lie? Do they lie with his principles or with those who push him hardest? No wonder the people are confused and dismayed, because the alternative Prime Minister has proved a pushover.

I respect all those who do not believe that we should go into Europe at all, but I respect above all those who have decided, on the principles of the issue, to vote according to their real judgment and their real beliefs. These are the men who will be remembered in future – who put their country first and made the right decision today.

[...]

Mr. Harold Wilson: The great debate for which the Prime Minister and I called has now reached its culmination in this parliamentary debate of the last six days, and the decision which the House must take tonight. I feel that it is right today to pay tribute to the standard reached on both sides of the debate in all parties and, indeed, more widely. With very few exceptions, it has been carried on at a high level, in no way unworthy of the fundamental importance, the historic nature of the issue which we have been debating.

But the right hon. Gentleman will have recognised one incontestable fact. The full consent of the British people for which he rightly called in the General Election campaign has not been forthcoming. What he appealed to is not now at his command. This is after one of the most expensively-financed P.R. campaigns in our political history – transcending, I think, all others – liberally financed, mainly by private interests. This has been aided by a somewhat less than fastidious attention by the Government to the established rules about the use of the taxpayers' money for such purposes on any issue on which Parliament has not pronounced – a long-standing rule. The Secretary of State for Employment invoked this rule at the Conservative Party conference when he said that before the assent of Parliament had been given the Government could not constitutionally distribute information on his Industrial Relations Act. It has been done, of course, in this case.

In addition to that, we have had the united pressure of the whole of the Common Market Press. Never have the Press and the other communications media been so united or so ineffective. Their only achievement has been an unprecedented loss of circulation. Their campaign has succeeded only in boring the pants off the British electorate. What we have seen has been a classic confrontation – the Establishment against the common sense of the British people – and it will continue. Today is not an end; it is a beginning.

The two major national parties and the Liberal Party have taken their decisions at their annual conferences. Last week, my right hon. and hon. Friends, in a free vote of the Parliamentary Labour Party, took their decision by a substantial majority against entry on the terms negotiated – if the acceptance of the *diktat* enshrined in the Prime Minister's meeting in the Elysée Palace can be called negotiation.

The House has debated these terms, or at least such constituents of these terms as the Government thought it politic to reveal to the House in their White Paper in July. Now for a week this parliamentary debate has continued, and in these two debates, I think I am right in saying, 223 hon. Members have been called by the Chair. Every point of view has been expressed. On this I should like to pay my tribute to the Leader of the House for the arrangements he made, as he promised us, for ensuring that this should be so, and certainly to you, Mr. Speaker, on the way this debate has been conducted.

So my comments on the terms – and that is basically what this debate is about – will be no more than a survey or a summary of what a number of us said in July and have said again in this debate recognising, as we must, that what so many said in the July debate has been massively reinforced by events since July.

To my mind, the most serious charge against the right hon. Gentleman in negotiating these terms relates to their consequences for Britain's balance of payments with all that that means for prices and unemployment, and I shall come to this subject a little later. But there are other issues which should not be glossed over before this House, and, still more important, the country, makes its final decision. I should like to deal with them point by point, as briefly as I can, before putting my more general conclusions before the House.

I begin with two major measures affecting the Commonwealth. It is a grave commentary, I think, on the parameters within which this debate has been conducted not only in the Press but elsewhere, and nowhere more than in the speeches and arguments of right hon. Gentlemen, that we have had what has been tantamount, I think, to a conspiracy aimed at discounting the Commonwealth throughout the debate. In asserting this I do not seek to impress the right hon. Gentleman, whose stamp of Government on every issue, from South Africa to what we shall shortly hear about Rhodesia – though that will not be till he has collected every conceivable vote in his Common Market Day – has shown his total unconcern, his contempt even, for the modern Commonwealth.

I take, first, Commonwealth sugar. The Commonwealth Sugar Agreement was negotiated more than 20 years ago by Board of Trade Ministers, notably my right hon. Friend the Member for Middlesbrough, East (Mr. Bottomley), under my direction as President of the Board of Trade, and so the House will, I think, afford me some sentiment in this matter.

I regard the Government's deal over sugar as a betrayal. Yes, I know they will quote in aid the acquiescence of Commonwealth representatives, to say nothing of my noble Friend Lord Campbell of Eskan in this context. With whatever shamelessness this Government can muster, this is what they will argue. I would not have accepted, and no Cabinet I chaired would have accepted, any settlement – [*Interruption.*] – I hope the right hon. Gentleman could say the same – which failed to maintain the privileged access to the British market accorded by the Commonwealth Sugar Agreement or the equivalent access to a wider European market. Under-developed countries in the Commonwealth uniquely dependent for even a minimum standard of living, depended on that agreement, and depend today on the maintenance of the privilege accorded by that agreement.

When the right hon. and learned Gentleman the Chancellor of the Duchy of Lancaster caved in on that agreement, after his strong words at tea time – remember, he caved in the small hours at the coffee and cognac stage – the settlement was immediately condemned by Commonwealth countries, and, indeed, by my noble Friend, the Chairman of the Commonwealth Sugar Exporters Group. Then the right hon. and learned Gentleman got to work with the Commonwealth – at a meeting at Lancaster House, I think. Commonwealth countries were concerned, as were hon. Members in all parts of the House, that the negotiations did not provide a bankable proposition – bankable in the sense that sugar is a seven-year crop, and the right hon. and learned Gentleman had caved in on a three-year settlement. He called the Commonwealth representatives together and spoke encouragingly in terms of positive commitments going far beyond three years. What the right hon. and learned Gentleman said to them he read into the Brussels record, but the Six gave him no undertaking. They simply took note. They said they would *aura à coeur* what he had said. There was no undertaking that the Common Market countries would maintain the benefits of the C.S.A. Why not? If the right hon. and learned Gentleman had been negotiating as an equal, not a suppliant, he would have demanded an undertaking.

As for the Commonwealth representatives, what could they say? If they did not accept the right hon. and learned Gentleman's note for the record as a bankable proposition, how could they convince the banks to advance the money for a seven-year production period? Their action carries no more conviction than the right hon. and learned Gentleman in his other sell out on this question of the beet sugar interests of the Six. The interests of the British housewives and of the Commonwealth countries called forth no response from

the right hon. and learned Gentleman.

I turn to New Zealand. In July I told the House, with quotations no hon. Member, and certainly no member of the then Cabinet, can gainsay, the exact basis on which the Labour Government applied for entry. It may be true that the Commonwealth Press, with their consistent record of selective representation or misrepresentation of any facts inconvenient to them, had some success in suppressing these facts. I quoted, as I say – and I do not think hon. Gentlemen are in a position to query this. I have read much of the arguments in these months about what the Labour Government would or would not have accepted in the final terms. I gave the House the facts. I quoted the basis on which the Labour Government were recommended by the then Foreign Secretary, my noble Friend Lord George-Brown, and myself to apply for entry. No one has denied the reporting of what he and I told to the Cabinet.

On New Zealand, I set out what my noble Friend and I had said to each and every one of the Heads of Government about the terms on which we would insist for New Zealand. I am not going today to repeat those statements. It is not necessary. They have not been challenged. If hon. Members will refresh their memories by reading the exact words used by my noble Friend in the capitals of the Six, they much accept that the basis of any settlement we then decided that we would regard as acceptable is totally different from what this Government brought home. I repeat that in the recommendations from the Foreign Secretary and myself, on what the then Cabinet made application, it was laid down, and was accepted by the Cabinet, that either by a permanent derogation or a period of transition lasting "for a generation" the British consumer would have a guaranteed right to buy cheap New Zealand butter.

Right hon. Gentlemen, perhaps the Prime Minister tonight may argue that such an insistence was unrealistic, that it could not possibly be accepted by the Six. The fact is that after the then Foreign Secretary and I had so argued in all the capitals of the Six – and I set out the precise words we used and which I quoted in July – after we had so argued with the Heads of Government of the Six, there was no demur that this was what we demanded. Five out of the Six, nevertheless, urged us to make our application without delay, knowing what our terms were. The sixth, General de Gaulle, did not want us in on any terms.

It will be argued – it has been argued – that the New Zealand Government have accepted the terms. They were closely involved in the negotiations, and again I ask: what else could they have said? What they have said has not been endorsed by the Labour Opposition in New Zealand. I emphasise that. The New Zealand Tory Government could hardly, after their involvement in the negotiations, have gone back and admitted to their electorate that they had about one tenth of 1 per cent. as much influence with a British Tory Prime Minister as the President of France had; still less did they wish to see the electors as a whole arguing that the President of France held the key to Britain's entry and to that extent could dictate the terms. Indeed, still less again could they argue that a British Prime Minister, contrary to his General Election pledges to the British housewife, contrary to the national interest, was more concerned to meet French demands to secure hundreds of millions to subsidise inefficient French farmers than he was to discharge our obligations to the immeasurably more efficient New Zealand farmers. No. What the New Zealand Government said is not conclusive here.

The condemnation of this Government is not that they failed to secure terms which would have ensured that the Labour Government's stated requirements were met. The condemnation of them is that they did not even try. The pass was sold in the Elysée. Some would say that that is arguable. I believe the pass was sold first in the British Cabinet by right hon. Gentlemen opposite.

While I am on the subject of New Zealand, I hope the Prime Minister will comment on reports in the New Zealand Press this week about the British Government's levy on the New Zealand lamb. This was, of course, oriented to Market entry, but was introduced independently of it; and since it was introduced before we knew what the terms were, it must have been a deliberate decision of the Government irrespective of whether or not we got in. It has created a total crisis in New Zealand lamb production, with the likelihood of a large number of producers going out of business. That of itself means, with virtual certainty, an acute shortage and high prices for the British consumer.

I understand that the New Zealand Government have appealed for urgent action by the Government, and I would like the right hon. Gentleman to comment on reports, said to derive from Whitehall sources, that the British Government said that they would take no action on New Zealand's request, or even discuss it, until tonight's vote was in the bag.

I pass briefly over the other constituents in the terms we negotiated. First, fisheries. This is not only a matter of importance to the constituencies of 20 or more hon. Members in all parts of the House. It was the subject of a remarkable announcement by the Chancellor of the Duchy in Brighton when he said:

"I will make this clear this afternoon" –

We saw him say this on television:

"we should not sign a Treaty of Accession which would commit us to the present fisheries policy, nor would we accept any arrangement which did not satisfactorily protect our legitimate interests."

Despite this uncharacteristically robust pronouncement of the right hon. and learned Gentleman, hon. Members will not know the outcome about fisheries until after the vote tonight. A Minister who has shown his ability to surrender on major issues overnight is playing the fisheries issue long. Could there be a reason? What is it? The Market correspondent of the pro-Market *Guardian* reported on 16th October under the headline "E.E.C. Lets Fishing Issue Dangle":

"The Common Market countries are going along with Britain's unofficial – but no less clear – request that they should not reach a common negotiating position over access to fishing waters until after the parliamentary vote on E.E.C. entry on October 28th."

If I went on to speculate that no action would be taken in the Norway negotiations either, since Norway might insist on, and get, better terms than Britain. Hon. Members in all parts of the House may have their own views on whether this is the best way to secure Britain's interests on fisheries, but they can have little doubt that it is a contemptuous way to treat Parliament.

The question of regional policies I shall leave for the moment while I refer to what I believe to be the key issue, which is the financial burden and the commitments laid on Britain by every aspect of the terms negotiated, and principally by the Government's total surrender on the common agricultural policy.

The Government have not given their estimate of the cost to our balance of payments. We pressed them to do so in July. We urged them to publish a White Paper and have a Select Committee. The Chancellor of the Duchy was particularly reticent, even for him, and misleading on Monday about the figure he disseminated during the summer. He sought to deny it when challenged by my right hon. Friend the Member for Leeds, East (Mr. Healey). Later he conceded that there was a figure. It was, of course, £500 million a year.

The Chancellor of the Duchy of Lancaster (Mr. Geoffrey Rippon): Could not the right hon. Gentleman, just on this one occasion, abandon this degenerate fondness he has for trivial fallacies? [*Interruption.*] I thought I made it perfectly clear that I had said nothing at all privately that I had not said publicly. The only figure I used – I quoted it – was the one I gave when I said that we might have a balance of payments surplus of £1,700 million. I agreed that that was the utmost, or optimistic edge, but everything else I said, whatever the newspapers may have quoted from published sources, did not go beyond what I have said publicly in this House.

[...]

Mr. Rippon indicated dissent.

Mr. Wilson: I can only give my understanding of the matter.

Authoritative calculations suggesting not £500 million but £700 million, or even more, have been put forward as the cost to our balance of payments. Indeed, some of these, based on entirely reasonable

assumptions, give a figure rising to over £1,000 million in the early 80s. I grant that this is a sphere in which estimates are bound to be speculative and controversial.

On visible trade, the whole Government case is that Britain's destiny will be changed by the reduction of Europe's tariff on manufacturers from 7½ per cent. to nil over four and a half years. As my right hon. Friend the Member for Stepney (Mr. Shore) said in the debate last week, the advantage is less than the appreciation of the deutschemark and the yen. And the deutschemark-yen appreciations are much more painless. They are gained without having to pay hundreds of millions of £s a year in subventions to the European agricultural welfare state for the privilege of joining the Community.

There is general agreement – I am still speaking about exports and imports in terms of visible trade – that in the early years we shall fare badly. Our tariff on manufacture is higher than that of the Market, and certainly keen exporters will exploit this.

This point was well made by the Secretary of State for Trade and Industry, who was reported on 20th May as having said that Britain's external trade was likely to drop in the early period of Common Market membership. He said that there would be "a downturn", and went on:

"It is likely to prove the case that the balances of disadvantage, created by the progressive adoption of the common external tariff, will have a somewhat sharper and quicker effect on external trade than will be the expansionary effect of a progressive elimination of tariffs between us and the Community."

That is what the right hon. Gentleman said, and fairly so; and, of course, in the short-term it will, therefore, be harmful net. It will deteriorate, though in the longer-term, perhaps after 1978, it might improve. The right hon. Gentleman was, I thought, eloquent and strong about what he thought were the long-term advantages after 1978. The Chancellor of the Duchy argued on Monday, however, that any discussion of what would happen after 1978 was "irrelevant" – and that was his word.

On invisibles, I think there may be better prospects, and probably the City stands to gain a good deal from our entry. It may well do so because of our invisible exports. Our calculations in the February 1970 White Paper suggested a deterioration for some years, and, rather to my surprise, not one argument has been produced from the Treasury Bench to suggest otherwise.

Capital movements are likely to be adverse, and possibly heavily adverse. We are, far more than any of the Six, highly vulnerable to short-term capital movements, and these, as successive Governments have learnt – this was said by the Home Secretary in 1968 on the radio – are capable of developing on a multi-million pound scale whenever there is doubt about our balance of payments and whatever Government are in power.

But this is not all. When the then Foreign Secretary and I – I am now taking a point that was thrown at me in a selective quotation made by the Chancellor of the Exchequer yesterday – were in discussion with the Heads of Government of the Six early in 1967, we clearly warned that special arrangements, special derogations from the E.E.C. policy, would be required, and, as I tried to point out yesterday in an intervention, we said this for one main reason – the provisions made by the Six on these matters make no discrimination between short-term capital movements within the Six and between the Six and the outside world.

For a generation successive British Governments have maintained a comprehensive system of exchange controls to prevent the free movement of funds to the outside world, varying from time to time in method and intensity but never varying in determination to check an outward flow of funds on British resident account. On the right terms of entry – right in balance of payments terms – I would have far less fear of movements from Britain across the Channel, to Paris or Frankfurt, than I would have of movements from Paris or Frankfurt, through London and then across the Atlantic. Our terms, clearly stated in 1967, required control over the movements of British funds to Europe until an effective ring fence was erected around Europe to prevent triangular transactions under which a British house could, almost simultaneously – with two telephones linked to, say, Brussels or Paris, and New York – transfer millions and millions to Europe, to be followed within seconds by a further transfer to Wall Street. This is what we set out to ensure, and I am

not satisfied, in the terms negotiated by the Government, that this has been done.

[...]

Question put:—

The House divided: Ayes 356, Noes 244.

[...]

Resolved,

That this House approves Her Majesty's Government's decision of principle to join the European Communities on the basis of the arrangements which have been negotiated.

Sitting suspended till 10.25 p.m.