

The Rt Hon George THOMSON :

THE DALLAS LECTURE to The Glasgow Junior Chamber of Commerce  
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SCOTLAND AND EUROPE : THE FUTURE

It has been suggested that I might discuss the future of Europe tonight. The last time I spoke in Glasgow was at St. George's Cross on 3rd June last year, two days before the Referendum. I indulged then in a prediction about future European developments - namely that the United Kingdom as a whole, and Scotland individually, would vote "yes" on 5th June. Three days later, when the votes were counted, I was deeply pleased and deeply relieved that my prediction proved accurate. To coin a phrase, three days in politics can seem a very long time !

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You have honoured me by asking me to return to Glasgow and give the Dallas Lecture to what is, as I was intrigued to be told, the largest Junior Chamber of Commerce in Europe. I am glad to discuss again future European developments, though perhaps on a rather longer time scale ! I can certainly assure you that tonight I have no intention whatsoever of predicting the results of any voting which may be of topical interest !

This year's Dallas Lecture takes place on the eve of a particularly important meeting of the new European Council - the meeting of the Heads of Community Governments. Since Britain joined, the European Community has faced a succession of major developments. Apart from the British Referendum, there has been the oil crisis and the world recession. Both these major economic convulsions have subjected the Community economy to unprecedented changes and stresses. At the same time there has been

intense discussion of the future. The future of the European Community is full of question marks. And in that respect I find the Community very similar to contemporary Scotland. Partly for the same reasons, partly by coincidence - the current situation in Scotland presents similar features. There is intense discussion of institutional change, there is political flux, there is major economic change, and growing awareness of the new opportunities and new dangers for Scotland which loom up as we move into the last quarter of this century.

Some people sum up the Community's present situation by saying that the Community is once again coming to a cross-roads.

Some of you may feel rather wearily that the Community is stuck permanently at an eternal cross-roads. But I do not want to give the impression that nothing is being achieved. If you look back over the achievements of only the past few years, it is surprising how much has been done, and how resilient and durable the Community has proved in withstanding the many potentially disruptive forces.

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I belong to the Fabian tradition of Labour politics in this country. Its belief in what it called "the inevitability of gradualism" may not be very dramatic, but it seems to me it is as appropriate to our complicated, multi-national Community as it was to the tolerant, easy-going habits of British Parliamentary democracy. The symbol of the Fabian Society is the tortoise, and I sometimes think that the Community is like a tortoise: if you keep looking at it, it does not appear to move, but if you look away and then look back again, you will find that it has moved very perceptibly. And I recall the ancient wisdom that in a race between the hare and the tortoise, it is the steady, solid, dour - I almost said Scottish - tortoise which gets there in the end.

In 1975, the Community succeeded not just in sticking together, but in passing several milestones, despite the fact that it was a year when Europe faced appalling human problems of unemployment and rising prices. The Community's track record for last year

includes success in the British renegotiation, blazing a new trail in relations with the developing countries in the Lomé Convention, setting up the Regional Fund, and establishing a new relationship with Communist China.

The Community suffers from the fact that it only gets in the headlines when things go wrong, with marathon midnight quarrels of the Council of Ministers and mountains of butter. It suffers from the old journalistic golden-rule-in-reverse that vice is news and virtue isn't. But the Community, like the tortoise, has immense survival power. It is here to stay.

The real question is what kind of Community ? I believe that the Community can best grow if the ordinary citizen more and more identifies himself with the Community in the same way as he regards himself as belonging to his own national State. Community consciousness must not, and indeed cannot, replace a sense of national identity, for the cultural diversity of Europe is part of its wealth - but Community consciousness does need to grow up alongside

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national consciousness and to supplement in in a real way.

I am a Scot by nationality and by emotion, for Scotland is beyond argument a nation distinct in its character from the other nations which form the United Kingdom. I am British by citizenship and have no desire to see the British Isles become the Balkan Isles of Western Europe. Finally, I am European; not only by profession but by conviction. I see no conflict between being Scottish and British and European - indeed, in contemporary terms, I see much commonsense.

I would only add that it is easy to feel as a Scot - and harder to feel as a European. Generations of history go into my being a Scot. But the future lies in adding a European dimension to one's natural sense of country. The really demanding challenge to the sense of idealism and dedication of the younger generation is to create these new horizons for our loyalties.

It is only in this way that the sense of solidarity can be created which would enable people in one part of the Community to support and assist people in other parts of the Community through their taxes and in other ways, in the same way as they have been accustomed over centuries to do within their own nation state. The man in the Gallowgate and the man in the Champs Elysées are, after all, now part of the same Community : but it is essential that they come to feel they are part of the same Community.

The last two or three years has seen a significant and remarkable resurgence of Scottish consciousness and self-confidence. The psychological trigger would seem to have been the discovery of oil; but the effects are spreading out from economic developments to politics, the arts, and the whole fabric of Scottish society. It is not only Scotland. As I travel throughout the Community I find the same resurgence of regional consciousness.

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I do not think these basically healthy developments conflict with the need for and scope for a growth of European consciousness. I see no conflict whatsoever in this. Indeed, in my view as a Scot, a large part of what is distinctly and most valuably Scottish has been the international and outward-looking nature of the Scots.

The Scots have always been interested and involved in what was happening outside their borders. Think of the international role of Scots in exploration, in developing the Commonwealth as soldiers and administrators and engineers and traders; think of the international outlook and impact of writers such as Scott and Burns, and of philosophers such as Hume and Smith. It was even an Edinburgh football club which took the initiative in being the only British club to play in the first year of the European Cup, though I hasten to add that it was a Glasgow club which was the first British club to win the European Cup !

But the world has been changing. Some of the Scottish influence abroad was the product of forced emigration, and one of the main objectives of regional policy, which is my responsibility as a European, is to ensure that forced emigration of that kind never happens again. And many of the avenues for an international contribution from the Scots have closed - there are no longer the same opportunities for developing the Commonwealth, for exploration, for soldiering.

The new opportunity for Scots is in Europe. There are new places for the Scots as administrators in the European Community, which they seem to exploit with all their traditional zeal. An Indian visitor to Brussels recently asked whether there was a special arrangement to ensure that Scots as a U.K. minority were guaranteed their fair share of Community posts. There was a hollow laugh of incredulity from the English that the Scots would ever allow themselves to be cut down in this arbitrary way !

But there are also big new openings for Scottish businessmen and exporters; whether these opportunities are

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being taken will depend on the energy and enterprise of young Scottish businessmen such as you. The International Committee of the Glasgow Junior Chamber of Commerce has certainly been showing the necessary initiative. They have been discovering what questions their members wanted answered on the European Community, they have prepared papers on such outward-looking topics as the Lomé Convention with developing countries, and they came out to Brussels last week to get answers from the Commission, and to make contact with the Brussels Junior Chamber of Commerce.

I am happy to report that every week in Brussels I see evidence that many Scottish bodies are taking the initiative in getting to know how the Community works. Scottish local authorities, the Scottish TUC, representatives of Scottish universities, the Scottish Council, Scottish lawyers, and Scottish schoolchildren are just some of the Scots who have been making their mark in Brussels. This week, in fact, we held some very useful discussions on regional development problems with Sir William Gray,

the Chairman, and with senior officials of the Scottish Development Agency.

But a tremendous amount more remains to be done before we can say that Scots are really making the most of their new European opportunities. It is no good sitting back and waiting for opportunities to fall into your lap. It is no good grumbling that the fall in the £ makes the costs of representation prohibitive on the continent. The same fall in the £ which makes your sales representative's glass of beer in Brussels seem expensive makes your products seem cheap throughout Europe - if only you can guarantee delivery date, quality and after-sales service. Price isn't everything - but it is the beginning of all the other export possibilities. It is a question of energy, drive, discipline and imagination. I make a plea tonight for Scots to think European, to seize to the full the new trading opportunities with European partners - opportunities which will grow as the recession lifts - and to ensure that, in all walks of life, Scots make a major contribution to the vitality and strength of Europe.

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What I like about the spirit of this Junior Chamber of Commerce is that they don't sit down and ask what Europe can do for Scotland. They set about discovering what Scotland can do in Europe.

But let me be clear - there is also much that must be done by the Community itself if we are going to create a Europe which is more than a Europe for the technocrats. We need a deliberate and conscious effort to create a Europe of the common man and woman. We need to create a Europe which is as meaningful and valuable for the man in the Gallowgate and the housewife in Easter House as for the technocrats in Whitehall.

Two areas will be critical for the ordinary citizen's view of the Community in the next few years. First will be the contribution the Community is able to make to dealing with the scourge of technological unemployment, particularly amongst the young. Second I would put the issue of how far the Community enables the

voice of the housewife to be heard - and heeded - throughout the land, especially in regard to excessive surpluses of food. The farmer deserves a fair deal, but so does the consumer, and a new balance needs to be struck between them.

There are many other actions which could be taken to make a human reality of Europe. People should be able to travel around the Community as freely as they can travel in their own country. A European passport backed by easy-to-use health service arrangements for travellers would help to make people really feel citizens of Europe. Travellers in Europe, businessmen trying to export, often find they are faced not with an Iron Curtain, but a red tape curtain. Efforts are being made to tear that down; they require reinforcing. Imaginative programmes of educational exchange, developing town-twinning, extending links between Chambers of Commerce, extending the choice of goods for the consumer, strengthening

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Community machinery for safeguarding individual rights-working in that sort of direction will make a reality of European citizenship. And this Community of the common man will receive a great impetus from the establishment of direct elections to the European Parliament; a direct link will have been forged between the ordinary citizen - that man in the Gallowgate - and his Community.

The Community of the future will, however, be no Community if the weaker economies get weaker while the strong get stronger, if we have a Community of the rich and a Community of the poor. And it must be recognised that the world economic crisis has ruthlessly divided the weaker Community economies from the stronger ones. It is not too much to say that the world economic crisis is putting on trial both the mixed economies and the multi-Party democracies of Western Europe.

Since the end of the second World War, until two years ago, the mixed economy of Western democracy was a success story. In contrast to the between-war period of slump, totalitarian régimes and war, it produced relatively full employment, rising living standards, liberty and peace. The mixed economy - with its varying blends of private enterprise and public intervention, its varying degrees of social democracy - delivered the goods for its citizens - until the present world economic crisis hits us.

Today on the other hand we live in a Community with over five-million unemployed - too many of them young people facing the demoralising experience of going straight from the classroom to the dole queue. The oppressive poverty caused by unemployment in the past has so far been absent - thanks to the protection of social security systems which have been one of the civilising achievements of our mixed economies. And fortunately there will be an improvement in the levels of unemployment as the cyclical aspects of the slump are beginning to show signs of passing.

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But make no mistake about it. Community Europe is never going to be the same again. We are not going to return comfortably to the automatic growth of the sixties and early seventies, and if we want to get back to the high levels of employment of the post-war period, we will only do it by painful effort as a Community. Economic nationalism knows no answers to the problems of the end of the century.

When the present high tide of slump recedes, as it is beginning to do, we shall discover that down on the seabed convulsions have been taking place. In addition to the traditional pools of permanent unemployment in areas like Clydeside, we shall find significant new pools of unemployment in industries and areas accustomed in the past to prosperity. This will be a traumatic shock to local communities accustomed to high wages, who will become competitors with the classical development areas for special public help.

Even on optimistic assumptions of a return to a Community-wide growth rate of four or five per cent, it is likely to mean a continuing unemployment to the end of the decade of at least three million. Because of the bulges in the birth rate, too many of these will be young men and women arriving on the labour market for the first time.

This imminent new unemployment problem has been stirring the conscience of the Community. A Tripartite Conference of Ministers, trade unions and employers started the search for solutions in December, and it is important that some practical ideas are ready for the next round in the summer. But it would be foolish to believe there are any simple solutions.

Ameliorative social policy may be able to make a contribution on the margins - one can explore ideas such as shortening working hours and reducing retirement age, improving the working of the labour market, and public job creation.

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But the truth is that the ameliorative social policy is not enough, and does not reach the heart of the problem. What is needed is an active policy of positive structural change to adapt our industrial society to the new situation which has arisen. When the oil producers quadrupled the price of their black gold, they marked the end of an era - and the beginning of a new era. The character of our new era - and whether it will be able to achieve adequate growth and to provide its citizens with work, and the liberty to enjoy the fruits of that work - is still to be decided and will depend on our own intelligence and democratic self-restraint.

The Scottish situation has two special aspects in this context. Firstly, there are already long-standing problems of structural unemployment stemming from the decline of traditional industries, particularly in West Central Scotland, which will be aggravated by the new upheavals.

But, secondly, the oil discoveries present an important opportunity for achieving the necessary structural change. The challenge is to exploit the oil opportunities in such a way as to bring long-term benefits and growth to the Scottish economy, and to ensure that the new oil revolution does not bring in its wake the problems and the suffering that followed the Highland Clearances and the industrial revolution - these earlier economic revolutions whose scars are still deeply marked in Scotland.

The Community record of helping Scotland is not too bad over only three years. The last time I spoke about Community help for Scotland, before the Referendum, I was accused of bribery. I was told that once the Referendum was over, all this help would reduce dramatically, so perhaps I may be excused tonight for spelling out the aid that has come to Scotland as a matter of course since last summer.

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There have been over £10 million in grants from the Regional Fund to strengthen the Scottish industrial structure and create jobs, ranging from £792,000 for printing works at Bishopbriggs to over £1 million for an airport in the Shetlands.

The Community has been active in support of the development of North Sea oil and gas. The Commission has proposed a minimum import price for oil, and other measures to support such investments as the investments in the North Sea. These proposals were being discussed at the Council of Ministers today, together with proposals for some £15 million of support for oil and gas research projects, many of them benefitting Scotland. The European Investment Bank has made several loans since the Referendum to help develop energy in Scotland. It lent £16.9 million for the construction of the oil tanker harbour at Sullom Voe in the Shetlands. It lent £20 million for electricity transmission on the Firth of Clyde and from Peterhead.

It has lent the British Gas Corporation a total of £67.8 million to help finance the laying of pipelines in Scotland and the north of England which will deliver natural gas from the Frigg field, which is in addition to the £10.4 million lent to finance production in the Frigg field at an earlier date. Bogside colliery at Longannet has had a share of another £6 million loan from the Bank to help develop British coal.

The modernisation of the Scottish steel industry has benefitted from Community aid, with, for example, a £6 million loan to BSC Clydesdale, and grants to help resettle and retrain redundant steel workers. Other European Investment Bank loans have included £1 million for Olivetti Ltd in Glasgow, and £17.3 million to help to modernise the telephone network in Scotland.

But Community finance has not been limited just to large scale industrial restructuring. Grants of over £200,000 have been allocated by the Community to

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support pioneering methods for coping with poverty in the heart of Glasgow and Edinburgh. A further £360,000 of grants have been allocated to support research at the Institute of Occupational Medicine in Edinburgh into social and medical problems in the coal and steel industry. And a large share is ear-marked for Scotland of the massive £ 46 million allocated to the U.K. from the Social Fund this year for retraining unemployed people. Many small projects for modernising agriculture have also benefitted from the Agricultural Guidance Fund.

But new ways of making a Community contribution to the new unemployment problems of the coming years remain to be worked out. There are two outstanding general reasons for believing Community solutions would be best - the one external, the other internal.

Externally what we face is the establishment of a new economic balance of power between the industrialised nations of the West and the developing countries producing the basic materials on which industrial society depends. The outcome of this search for a new economic order will largely determine our own internal options in the Community. That is what makes the new North-South dialogue so important. No Western European country - not even one flowing with oil and whisky - can carry much weight on its own. But as the world's largest trading Community we can have real influence over these decisions, which will determine the living standards and the liberties of coming generations.

Internally it is equally true that the nation state of the Community - even the strongest - can no longer meet the needs of their citizens by policies of economic nationalism. They are too economically interdependent. In a situation in which we are faced with unacceptable levels of long-term unemployment, it is no good seeking to solve a national unemployment problem by exporting

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across one's neighbour's frontier. Economically and politically it is disastrous, for your Community neighbours are also your best customers and your closest allies.

But what does a Community strategy against the new unemployment imply? Massive new investment is needed to make the Community less dependent on imported oil. Massive new investment is needed to bring about the structural changes in Europe which follow from the fact that new countries are going to develop their own industrial base and do for themselves many of the processes that at present provide jobs for European workers.

But all this will require careful identification of the sectors and regions most affected. It will demand a higher growth rate for investment and a lower growth rate for consumption than is politically agreeable.

This will raise big problems of gaining public consent for painful changes - for readiness to retrain for new jobs; for restraint in wage demands.

It will require the fullest flow of information from Government right down to the shop floor and the spread of effective and well informed participation/<sup>in</sup> industrial decision-making.

It will also raise the question of participation in an even more politically sensitive way - the need for a wide participation in the ownership of the new investment. For if consumption is to be held back in favour of investment in restructuring, it cannot expect to enjoy public consent if it simply leads to greater concentrations of private and corporate wealth. That is why new institutions like the Scottish Development Agency are of great importance, not only economically, but in terms of creating political consent.

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This rather forbidding analysis underlines the need for the Community to take an urgent fresh look at its economic strategy, and to see it as a whole. Perhaps the increasing awareness in a number of national capitals of the new post recession unemployment problem will provide the fresh impulse we so desperately need to bring the national economies of the Member States closer into step with each other.

The world economic crisis and the arrival of the new problem of persistent unemployment makes it essential to begin thinking of what new Community instruments of economic intervention we may need.

I think a great deal of hard thinking - and no doubt fierce debate - lies ahead of us if we are to find practical ways to combine the need for selective investment and positive regional planning with the dynamism of free market forces.

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All the talk of new common policies to meet the new unemployment problem will be meaningless unless there is a difficult political act of will by those responsible for both the stronger and the weaker economies. On the other hand, it means a willingness to see a balanced flow of resources to the places where the economic structures most need to be strengthened. On the other hand, it means a willingness by the Member Governments and Parliaments of the Community to accept a code of Community economic discipline in the common interest and to ensure that resources made available by the stronger economies are well used.

I do not think it is possible to get away from the balance of mutual help and Community discipline if the Community is to develop as a properly balanced whole. The alternative is that some countries get left behind while those countries with the economic strength and political will to gain the benefits of integration go ahead and do so.

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It will be a second best even for them, and a third and fourth best for those unable to be members of the magic inner circle. It will make Europe a partial spectator in the great decisions that will be taken in the search for a new world order - decisions on which living standards of our children depend. And internally failure to create a single European Community will put immense strain on the survival of democratic institutions in various parts of Europe. The consequences of failure to fight unemployment with economic solidarity are impossible to foretell at this stage. But be sure they will be damaging to our material prosperity. And they could easily threaten both our liberty and international peace.