

EMBARGO : Friday 18th April at 2000 hours

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THE RT HON GEORGE THOMSON :

ADDRESS TO THE YOUNG EUROPEAN LEFT CONFERENCE : 18 April 1975

Tribute to YEL Manifesto.

Over the last few years YEL may often have felt in an unpopular minority position in the Labour Party's arguments on Europe.

In fact, you have been loyal to the main tradition within the British Labour Movement of European solidarity. I see the justification for your stand in the fact that the great majority of the Cabinet - including all those Ministers with direct responsibility for facing the realities of Britain's position in the world - have now recommended Britain should remain in the Community.

Europe was the birthplace of social democracy. Europe remains the continent where social democracy most widely and most consistently flourishes.

In my view, the case for democratic socialist approach never stronger than today - but in the nature of the modern world the European Community provides the most effective framework for pursuing socialist solutions to our problems.

The other main political social systems to be found within the industrial societies of the world have patently failed.

Soviet Communism after more than half a century has still been unable to combine socialism and liberty. American plutocracy - the power of personal wealth so vividly illustrated in the Watergate tragedy - has weakened the fibre of the great American democracy and eroded its capacity to give leadership.

Western industrial society is at a point of crisis.

The massive problems posed by the increase in oil prices reflect the fact that there has been a fundamental change in the balance of economic power between the industrialised world as raw material consumers and the developing world as raw material producers.

We face twin threats: on a global scale economic warfare; within western society mounting unemployment, inflation and social breakdown.

To avoid this, we need :

(a) world wide a consciously-conceived pattern of cooperation and partnership between the developed industrial world and the developing countries;

(b) within the industrialised world we face necessity of restraining our personal consumption in order to pay higher and fairer raw material prices and to change our pattern of investment to make us less dependent on imported oil.

Both these demands make the concept of a laissez-faire type of society an utter irrelevancy in the modern world. They require positive policies of intervention in the economy.

Anti-Marketeters in the Labour Party sometimes base their case against the Community on the allegation that the Treaty of Rome is a charter for capitalist laissez-faire.

This is about as sensible as tackling the present day problems of the U.S. economy on the basis of an analysis of the theories of the drafters of the American constitution.

The Treaty of Rome, even when it was drafted, was never conceived as a legal framework for classical capitalism. It was designed to facilitate the integration of the mixed economies of six nation states. - And I remind you of two facts sometimes forgotten in the Labour Party debate on this issue. First that Labour Party policy - on which its electoral support rests - is for a mixed economy; second that the proportion of industry in public ownership is significantly higher in old Community countries like Italy and France than it is in the U.K.

That is why the social democratic case is so strong today. The just society - the goal for generations of Socialists - is today the pre-condition for solving the economic problems which face us.

And the fact of life for those of us who are members of the British Labour Party is that the just society can no longer be built within the European nation state.

As the YEL Manifesto makes clear, there is a series of problems the nation state cannot solve. They can now be better tackled by national governments pooling their sovereignty and their powers to influence events:

For example, one dominating fact of economic life today is that private economic power has gone multi-national. Only concerted action on the part of the nine Governments can match the power of the multi-national company. Some multi-national companies now command a larger treasury than some of the smaller European countries.

The Community has recently agreed to start acting to monitor the tax operations of the multi-national company to check tax operations by moving their profits around from one country to another.

Using its anti-cartel authority, the Commission has recently put an end to certain abusive practices in Europe by General Motors and is currently investigating the affairs of IEM and also the activities of the oil companies during the energy crisis.

The only way to make progress here and ensure that each of the nine countries is fairly treated by the multinational companies is for the Nine to act in concert through the Commission.

Energy policy is a second area where the Community can achieve policy goals impossible for a single state. Membership of the Community does not interfere with the financial benefit Britain will enjoy from North Sea oil through royalties, taxation or public ownership. The oil is as much of a national asset as the coal in our coalfields. But membership allows us to share in a Community-wide energy strategy which gives us advantages we could never enjoy on our own. Our miners, for example, will be assured of expanded markets and guaranteed prices on the Continent that will allow the new investment in British coal to forge ahead.

Together with our Community partners, we have the opportunity to create a common bargaining position which enables us to negotiate on equal terms with our fellow consumers in the United States and Japan, and also with the oil-producing nations.

This is what sovereignty is really about. The reality of sovereignty for the Trade Unionist, for example, is to have enough bargaining power to guarantee jobs, good wages and social conditions for his members. Similarly, the reality of sovereignty for Britain is to have enough bargaining authority to guarantee the livelihood of Britain. This sovereignty is only available by sharing a Community code of conduct with our partners and giving ourselves some real muscle on the shop-floor of world bargaining. Nowhere is this truer than in sharing in a Community energy policy.

Pollution is another area where only Socialist concepts of planning public need before public profit can save society from the consequences of the greed of our industrial societies for raw materials. And here too, the socialist approach is most effective if we can act as a Community and treat the English Channel or the Rhine basin not as frontier regions but common problems.

And nowhere is the Community aid approach more essential to the achievement of socialist ideals than in our relations with the Third World. As a Community we can do more - and do it more effectively - than the sum total of our nine national efforts. This is particularly true for Britain, now one of the poorest nations of Western Europe, but with some of the biggest obligations to the Third World because of our Commonwealth links.

The new ACP agreement is a real advance in linking democratic Europe with the Third World; 46 nations from Asia, the Caribbean and the Pacific displaying diversity in all manner of ways, but freely uniting to hammer out an historic accord between industrialised Europe and the non-industrialised, largely primary producing countries of the Third World.

These 46 countries, in expressing their desire for the Lome Agreement, were underlining many things:

- (a) Their trust in the Agreement being carried out between the Nine and the 46 with mutual respect, mutual dignity and mutual reward.
- (b) Their awareness that this Agreement offered advancement and stability for their peoples without risking hegemony or excessive influence by any of the world super powers who have dominated world trade since the last war.

As Socialists we must not only declare our pride in the achievement of this agreement, we must throw our resources and energy into its application and development on the ground.

With Britain making her first financial cooperation to the E.D.F. this year, here is a field where YEL could play a key role in publicity and participation.

British membership of the Community, together with the raw materials crisis, has widened the Community's horizons. The European Community took a leading part in organising an emergency UN Fund for the developing countries hardest hit by the rise in oil prices. The Asian Commonwealth countries were at the head of the queue for this form of Community aid. A new trade agreement has been signed with India and new agreements are being negotiated with the Asian Commonwealth. The expansion of the generalised preference arrangements has given the Third World a greater trading potential with Western Europe.

European colonialism left many problems and deep divisions in the Third World. The Community's historic achievement is to transform the various post-Colonial bilateral relationships into a new constructive partnership between the Community as a whole and the Third World as a whole.

Against this background, why should there remain such deep-seated resistance within the Labour movement to conducting the struggle for social justice at a Community level ?

Many in the Labour Party believe that membership of the Community prevents further extension of public ownership. It simply is not so.

There is nothing in the Community's rules that prohibits nationalisation of industry. That remains a matter between a member Government and its voters.

But whereas there is a great deal to be said for the nationalisation of industry in the right cases, there is nothing to be said for the nationalisation of socialism - and that is what the anti-Marketeters in the Labour Party are urging.

The concept of "Socialism in one country" has a long and disastrous history. Even in a continental-scale country like the Soviet Union, it proved a tragedy which produced the tyranny of Stalinism. In a Western democracy, in our modern interdependent world, one country socialism is a dangerous mirage.

What does going it alone really mean? What are the real alternatives to membership of the Community? It is not enough to say Britain could survive on her own. The question is - what kind of Britain? What standard of living?

The anti-Marketeters conceal the fact that they put forward two different and contradictory alternatives. One is an industrial free trade relationship with the Community of the kind Norway and Sweden enjoy; the second is a controlled protectionist economy with tight import controls. But which is it? It certainly can't be both.

There is no evidence that the rest of the Community would be willing to grant a major industrial competitor like Britain the same free trade arrangements as were made for the smaller EFTA countries - especially since these were made in the cooperative climate surrounding British entry, whereas the new arrangements would have to be worked out amid the bitterness and disruption of a British withdrawal from a Treaty it had signed only a year or two before.

Any free trade arrangements offered would be likely to include limitations on our aids to industry, on our oil policy, on our agricultural policy, over which we would have no control. A free trade agreement would therefore be likely to mean infringements on our sovereignty greater than through Community membership. The alternative would be a siege economy in a state of economic warfare with our closest political and economic neighbours. What a prospect ! It could lead only to a society of depressed living standards, restricted liberties and a mean, narrow-minded, envious society.

There is also the belief that within the Community Britain has handed over control of its development area policy and its capacity to help industry in difficulties to an unelected group of bureaucrats in the European Commission. If so far during two years there cannot be produced a single example of the Commission vetoing a British aid to industry, it is then said that this is only because the Commission is lying low and waiting for the Referendum to be over to intervene with controls and vetoes.

This is a travesty of the way the Community works. The Commission, far from waiting until the Referendum is over, has recently given a clean bill of health to British aid arrangements, including the Regional Employment Premium, for a further three years - a normal period in Commission practice. As a dynamic adaptable organisation, it likes, while providing reasonable continuity for those taking investment decisions, to be in a position to make changes to meet changing circumstances.

There has been so much misunderstanding of the Commission's role within the Community, I would like to try to get the facts straight.

First - over the vast majority of the Community's decision-making the Ministers of the national Governments have the last word. It is for the Commission to propose; but it is the Council which disposes. The Commissioners' job is to move the Community forward by preparing plans that are politically possible for Member Governments to accept, and by working as persuasively and constructively as possible to reconcile the different national points of view.

Second - over the limited, though important, area where the Commission enjoys direct powers over the steel industry or over Government aid to industry, these have been conferred on it by the decision of the national Governments. The British Government's White Paper makes it clear that "There can be no extension of the areas

in which the Commission is competent to act except by express decision of the Council. The effective substance of control therefore rests with the Governments of the Member States".

Third - the Commission's powers have been conferred on it by national Governments for purposes that ought to enjoy the support of social democrats - that is to protect the workers in the areas of highest unemployment or greatest poverty, and to protect the housewife from the price-fixing power of the capitalist cartel.

Fourth - the way in which the Commission has exercised its powers has been changing - in two separate but important ways : firstly, away from the relatively laissez-faire concepts which were dominant when the Community was born, and towards a Community with a willingness and a capacity to intervene on behalf of its less-privileged regions; and secondly away from any temptation to over-harmonisation and to the view that, when it comes to these grass roots problems of development, the Government on the ground has a more sensitive knowledge of the necessary priorities than the Commission in Brussels.

In the case of state aids, far from the Commission's activities being designed to sabotage and veto a Labour Government's efforts to help the areas of high unemployment as has been alleged, they are there to help the unemployed in Scotland or Wales in ways that are beyond the power of any British Government. These

were intended to prevent richer Governments than the British offering competitive bribes to attract multi-national industry and are also meant to ensure that the highest level of public help for industry goes to the regions where the need is greatest.

In practice the Commission consulted with the national Governments thoroughly and painstakingly over the new rules. They applied their powers flexibly and with a constant sense of what was politically possible for each Member State. At the end of the process, the British Prime Minister was able to tell Parliament "No forms of national aids are ruled out in principle and there is no interference without existing regional aids".

But this result was not brought about by Britain's renegotiation. It was not an act of appeasement because of the threat of the Referendum. It is simply the way the Community works in practice - and always has worked. The habit of building Europe by patiently persuading ancient and reluctant nation states to move forward together by consent is deep in the Community's make up.

The end result in this case is a new regional dimension to Community policy. The Government White Paper puts it "initially modest but later potentially substantial." In fact, by next year the new Regional Development Fund (in which Britain has a 23% share of the benefits) will already be second only to the Community's Agricultural Fund in size. It will be

matched in magnitude by a growing European Social Fund and by a greatly enlarged Aid Fund for the Third World. These changes have been spectacularly speeded up by Britain's joining the Community. Before entry, the Community was failing to agree a Regional Fund of £60 millions over a three year period. We now have a fund of £540 million - a Fund which would simply not have existed if Britain had not joined the Community

Behind all the acrimonious and apparently sterile marathons in the Council of Ministers the Community moves forward and changes. By the end of the decade it will have a much more balanced pattern of expenditure devoted to direct human needs and no longer be so heavily concentrated on the agricultural sector of the economy.

From this it will be seen that the picture of faceless bureaucrats riding rough shod over democratic Governments and Parliaments is the grossest of caricatures. The idea that the man in Brussels knows even better than the man in Whitehall what is good for the ordinary citizen of Ebbw Vale has no place in Community philosophy.

The reality is that the men in Brussels are few in numbers by the standards of modern bureaucracies. Community Europe of 250 million people is administered by fewer officials than the Scottish Office requires for 6 million Scots.

The Community philosophy they practice is that there are a limited but important range of economic and social policies that can no longer be solved to the satisfaction of the citizen within the nation state but can be solved by the Community; that there remain many areas of policy for which the national authority is the most effective; and that there are many others where it would be better to devolve authority downwards nearer the grass roots.

It is a philosophy wholly consistent with the beliefs of social democracy. The Community does not of itself guarantee social progress - that as always can only be won by struggle. What it does do is provide a relevant modern framework within which to conduct that struggle with our Socialist and Trade Union comrades from a group of like-minded countries.

It is the responsibility of those in the Socialist movement and our most pressing challenge to make present day Europe and its most significant institution, the European Community, the springboard for the advance of Democratic Socialism within Europe and in the many countries outside where people are awaiting a new lead.