

Editorial

POSSIBLY THE MOST successful aspect of the British Presidency of the European Council has been the encouragement given to the Community to speak with one voice in external affairs. This has raised the sights of the EEC above the parochial level of Brussels and has enabled the member states to face together the problems of an increasingly dangerous world.

In addition to converging attitudes on major issues such as Afghanistan, the Middle East and Poland, a system of regular consultation has been established. During the last session of the General Assembly, for instance, it is reported that some two to three hundred co-ordination meetings of the Community representatives have been held at the British Mission in New York, and that on more than fifty occasions during the session the Ten were represented by a single statement.

This extension of activity is a fresh and welcome step on the road to European unity and makes it clear that the Community is much more than a mere economic arrangement; it is on this initiative that the Italian-German proposals, now under examination in the Community, seek to build.

While it is regrettable that Britain does not feel able to take the bold step of joining the European Monetary System it must be supposed that the outstanding issues relating to milk, agricultural expenditure, the Mediterranean agricultural problems and the budget will before long be settled. This would be simpler to achieve if the member governments were to allow the Community institutions to function in accordance with the mechanisms of the Treaty.

It must, however, be recognized that the delay in settling such domestic matters gives comfort to the opponents of the EEC inside Britain, who still remain a substantial force in British politics. The kernel of their argument in favour of Britain's withdrawal is avoidance of the undoubtedly burdensome size of its contribution to the EEC Budget, the belief that the cost of imported food would fall, and the thesis that import controls would make industrial revival feasible thereby reducing unemployment. Remodelling the CAP, however, is an immensely complex business, and it can be argued that it has shown positive results in increasing agricultural productivity and raising farm incomes, as well as securing plentiful food supplies at a total cost of only one-half per cent of the EEC's GNP, which is likely to have been less than if each country had acted alone and no more than the cost of the national policies of the Community's competitors. The "cheap food" alternative sought by anti-marketeers in Britain is a hankering after the days when the terms of trade with poor countries were in her favour, whereas one aim of Community policy is, and should be, better prices for agricultural supplies from the third world.

With regard to Britain's exports it is well to remember that her trade with Community countries has expanded from 20 per cent in 1958 to 43 per cent. In addition to this direct trade, a study noticed in this issue by M. Godet and O. Ruyssen indicates the need for closer industrial co-operation in fields where economies of scale are possible and where technology is advancing rapidly, such as data processing, telecommunications and aerospace. The Commission has also calculated that some countries do better than others in specializing in exports of high-grade industrial products, by which is meant those which use large amounts of capital, skilled labour and advanced technology, and are thus less vulnerable to competition from the newly industrialized countries with lower labour costs. Here the United States, Japan and the Federal Republic are all well ahead of Britain.

If Britain were to leave the Community not only would her trade with the rest of the EEC decline, but she would lose much else besides, thereby making it certain that Britain would become steadily less competitive. The standard of living of her people would be reduced, and her ability to help in the North-South process would decline. And what trading partners could she have? If an open protectionist policy is introduced it would scarcely be appropriate for her to rejoin the European Free Trade Association. She might also be unwilling to meet the commitments to GATT and have to withdraw. Short of joining COMECON, Britain's economic isolation would be almost complete.