

# COMMON MARKET CONTROVERSY



U.K. READERS REPLY TO OVERSEAS  
CORRESPONDENCE ON THE E.E.C.

## NATIONAL SUICIDE

SIR, — It is surprising that Bob Clancy should recommend Britain to join the Common Market. He may not be aware of all the facts. Nearly half our imports are free of duty. These are mainly from the Commonwealth and are nearly four times the imports from the six countries of the Common Market. If we join the Common Market most of these free imports will be taxed. The free imports of food and raw materials are survivals of the long years of almost total Free Trade that we enjoyed until 1932. The open door that we keep for Commonwealth exports to Britain is for the benefit of Britain rather than of the Commonwealth countries who protect themselves heavily against British manufacturers. But that is no reason why we should punish ourselves with taxes on their exports to us. If we join the Common Market, most of their imports will be taxed—the six countries are not likely to accept anything less, and a transitory period would only be a delayed surrender.

Mr. Clancy asks what chance there is of our persuading a British Government to adopt a Free Trade policy. The answer is — a lot sooner than it would take to persuade six countries with us to adopt Free Trade! Before it was proposed that we join the Common Market, there was a real revival of Free Trade sentiment in Britain.

The six countries have already shown how they will interpret the actions of other countries. The U.S.A. has recently increased its tariff on glass and carpets, and the Six have immediately increased tariffs on American synthetics. In order to bring themselves level with the Common Market tariff, Italy and Benelux have had to increase their import tax on coffee, to the detriment of South America.

The action of the original American states in abolishing their tariffs is not analogous with that of Europe. Those states were already members of a federation. A better analogy would be the countries of the British Commonwealth abolishing their tariffs against one another. If we join the Common Market, that prospect will recede for ever. In fact, Trinidad has already used the excuse that Britain is likely to join the Common Market, to punish her citizens with tax increases on British woollens ranging from 10 to 25 per cent.

Mr. Clancy says that if Britain joined, the other members of E.F.T.A. would follow suit. Now why should the countries of E.F.T.A., who are reducing their tariffs against one another at the same pace as the Six

are doing, join the Six? Should it not be the other way—that the Six should join the Seven? E.F.T.A. is a Free Trade Association that allows its members complete freedom to fix their own tariffs against the outside world as each country wishes. Why is that not good enough for the Common Market countries?

It is clear that freedom is at stake, that another massive bureaucracy is being created. We are already suffering enough from bureaucratic Government. For Britain to yield her freedom to an outside un-get-at-able bureaucracy would be national suicide.

Mr. Zincke's fears are understandable, since he has had bitter experience of the Communist yoke. But it is not necessary that we should join the Common Market in order to help in resisting aggression.

Yours faithfully,  
ASHLEY MITCHELL.

Huddersfield, Yorks.

## RICH MAN'S CLUB

SIR, — The arguments for and against the entry of the United Kingdom into the Common Market have been conducted with considerable vigour but, in the main, the problem has been viewed against too small a blackcloth. Fortunately, however, there is a growing awareness, particularly amongst liberals, that the picture must be seen against a wide canvas, particularly in so far as its political repercussions are concerned.

The Common Market in the eyes of many in the so-termed underdeveloped countries is seen as a rich man's club. And we in Britain would do well to remember this. Further, before joining a club one enquires regarding the entrance fee and the yearly subscription.

In this case part of the entrance fee would be the imposition of high customs duties and low quotas on a wide range of tropical foodstuffs. The impact which this may have may be gauged in part from the case of coffee. The duties already imposed on this item by the Six are costing Latin America \$130 million a year, according to Dr. Walter Sedwitz, the Director of the Department of Economic Affairs in the Organisation of American States.

Duties and quota restrictions, as far as one can ascertain, would also have to be imposed by the United Kingdom on a wide range of manufactured goods which at present enter duty free from Commonwealth countries. This would hit such countries as India, Pakistan and Hong Kong, and the impact on their economies may be so great that the

door would be pushed open for the Communists.

A number of other uncommitted nations are being forced into the Communist camp because of the high tariff wall which surrounds the E.E.C. Yugoslavia is a case in point. As the door to her markets in West Europe was slammed she was forced to look once more to Russia.

In short, therefore, far from the Common Market presenting a Bulwark to Communism, it is going to boom-erang against the West.

Yours faithfully,  
LYNDON H. JONES.

Hornchurch, Essex.

### E.E.C. PRIMARILY POLITICAL?

**S**IR, — The letters you received from five different free traders in five different countries last month with their varying conclusions as to the wisdom, or otherwise, of Great Britain's joining the Six are an indication of the complexity of the subject and of the care required in reaching a decision. We are certainly on the horns of a dilemma. If we stay out, are we not refusing the opportunity to enlarge the existing free trade area; and, if we go in, shall we, as Miss Noble suggests be cutting ourselves off permanently from the rest of the world, and permanently denying to others the advantages of really free world trade?

My first reaction to the idea of the Common Market was to reject it because I accepted the argument that once we joined the Six we should be prevented for ever from adopting full free trade in this country with the rest of the world. But as Mr. Clancy asks, what are our chances of persuading any British Government to adopt an out-and-out free trade policy? It seems possible therefore that, fiscally speaking, we should lose nothing, even if we gained nothing, by joining the Six. Mr. Olsen suggests that Denmark would follow us in, and Mr. Ole Wang thinks that Norway would do the same. If it is true that Ireland and Switzerland and perhaps Spain and Portugal contem-

plate seeking admission it might not be long before the whole of Europe outside the Iron Curtain became a free trade area. Moreover there are signs that America is lowering her tariffs in face of the threatened change with the consequence, as Herr Zincke points out, that the outer wall of the Six is already being lowered, a matter of surprise surely to those protagonists of Protection who always maintain that tariffs are a necessary weapon of defence against those of other countries.

But what of the political implications. Membership of the Common Market would certainly mean loss of tariff autonomy and of freedom of action in a number of other related fields. During the negotiations for a Free Trade Area which ended in failure three years ago, the British line was that for this country to enter into a Custom Union, with a Common Tariff against the rest of the world, was a sheer impossibility. So the fact that we are now trying to join the Common Market which involves precisely that obligation is a measure of the importance which the Government attaches to the political, as distinct from the commercial, aspects of membership. Hence it may be that, since the Government's motives for seeking to join the Common Market are primarily political, any purely economic argument against joining, however cogent, must inevitably miss the point.

Yours faithfully,  
WILLIAM E. BLAND.

Watford Heath, Herts.

### IMPLICATIONS OF ARTICLE 189

**S**IR, — Mr. R. Clancy writes persuasively from New York. I find myself in total disagreement, however. He admits that joining the Common Market would not be free trade, but asks what chance we have of persuading the British Government to adopt an out-and-out free trade policy as an alternative. The answer is that we have as good a chance as the British people did say in the 1830's. In 1846 it happened. But if we joined the C.M., never again in history would we ever be able to have free trade for Britain.

Furthermore, joining the C.M. would be infinitely worse even than the unsatisfactory *status quo* for the British people, for they would have to pay considerably more for their food and raw materials and would receive substantially less for their manufactures.

He says that Britain's political status would depend on negotiations. It is impossible to talk one's way out of the implications of Article 189. It means total loss of independence over vital economic matters and therefore, and inevitably, total loss of sovereignty. This is admitted by Lord Gladwyn himself.

The objection to joining the Common Market is not really so much to do with trading relations with the Commonwealth, because since 1932, for a free-trader,

### E.E.C. THEORY AND PRACTICE

**T**HE benefits of tariff-free imports enjoyed between Common Market countries can be short lived, according to a recent press report, for while tariffs come down, taxes go up!

In Belgium the brewers were concerned with the increased competition from wine and vermouth when customs duties were abolished. In Germany the brewers stood to suffer from increased competition from coffee. When these customs duties were duly abolished they were promptly replaced by equivalent excise duties. The tax on wine and vermouth imported into Belgium, and on coffee imported into Germany thus remained the same. These were entirely new taxes but they had no offset disadvantages since domestic production of these particular goods is nil.