

# WALES AND THE EUROPEAN COMMON MARKET



**Plaid  
Cymru**

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## FOREWORD

This pamphlet is intended to explain the attitude of Plaid Cymru to the current membership negotiations between the British Government and the member states of the European Economic Community. The policy of Plaid Cymru is to oppose Britain's entry into the European Common Market at this time because of the adverse effect such an event would have on the material and cultural life of Wales.

This pamphlet has avoided discussing the hypothetical question of what Plaid Cymru's policy *would be* if Wales was a free self-governing country; this pamphlet only discusses what Plaid Cymru's policy *is* in the present situation (and obviously that policy is not going to remain static for all time).

I take full responsibility for all the opinions expressed in this publication, but the official pronouncement of the Party Conference on the Common Market question have been included in an appendix.

E. GWYNN MATTHEWS

June 1971



## THE COMMON MARKET

### HOW AND WHY IT STARTED

The European Economic Community was born out of the ashes of the Second World War. The countries of Europe faced the immediate problem of economic recovery following the ravages of war and the more long term political problem of ensuring that the nations of Europe would never again be involved in a disastrous fratricidal conflict.

In 1947 the U.S.A. offered Europe financial aid through the Marshall Plan and on 16th April 1948 the Convention for the Organisation for European Economic Co-operation (O.E.E.C. — later to become O.E.C.D. — Organisation for Economic Co-operation and Development) was signed to distribute American aid efficiently. The member countries retained full sovereignty, of course, and any one of them could veto new proposals.

Some of the countries of the O.E.E.C., however, wished to go further in the direction of economic and political unity. In May 1950, M. Robert Schuman, the French Foreign Minister, proposed that the coal and steel resources of France, Germany and any other interested European countries be placed under the overall control of a common High Authority, whose decisions would be binding on all participants. The treaty instituting the European Coal and Steel Community (E.C.S.C.) came into force in July 1952 after ratification by six countries, Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and Holland.

The Ministers of these six countries continued to discuss further moves in the direction they had taken in creating E.C.S.C. and after long, arduous negotiations the Treaty of Rome was signed in March 1957. The treaty provided for a European Economic Community (E.E.C.) whose main feature was the creation of a Common Market through the progressive reduction and elimination of all fiscal and physical restrictions on the full movement of goods, capital and persons between member countries, the harmonisation of their economic policies and the consolidation of their separate external tariffs into a single tariff system, applicable to imports from outside the Community. A second treaty was signed at the same time in Rome providing for the co-ordination of nuclear research and power projects through a European Atomic Energy Community

(EURATOM). Both treaties became effective on 1st January 1958 and both provided for application from other European countries which wished to join or to enter into an agreement of association. Later in the same year (21st December) General De Gaulle became President of France . . .

From these developments, principles which are completely new to international agreements have emerged.

- The political unity of Europe, culminating in a Federal United States of Europe, was the express aim of the founders of the Community.
- European federation is to be achieved "by creating *de facto* solidarity" between the European countries through the gradual transfer of actual powers over certain fields (economic and industrial to start with) to a common supra-national authority.

### BRITAIN AND THE OUTER SEVEN

The British Government had naturally been very active in the setting up of the O.E.E.C. but looked upon it as having a strictly limited function. The U.K. opposed pressure to give it strong institutions or to use it as an instrument for achieving a customs union or free trade area. In response, therefore, to the Schuman Plan for a European coal and steel community the British Government replied that it would "reluctantly be unable to accept . . . a commitment to pool resources and set up an authority with certain sovereign powers as a prior condition to joining talks".

The United Kingdom, however, began to feel considerable unease at the pace and extent of developments within the Six. Concern was expressed at the probable effects of these developments on Britain's large trade with the six Community countries and there were fears of the possibility of a division and weakening of Western Europe as a whole. These anxieties were shared with other countries outside the Six and which for various reasons could not see their way clear to apply for membership of the Six. Having emerged victorious from the Hitler War, the British Government was finding it difficult to step down from its former role of a Great Power, and in any case having a large Empire and leading the Commonwealth made it psychologically impossible to accept the concepts enshrined in the E.C.S.C. and E.E.C. Treaties. Austria, Sweden and Switzerland were anxious to avoid any commitment that might be considered to compromise their neutral status. Ways, therefore, were sought of reconciling the interests of the Six and the other members of the O.E.E.C.

An attempt was made, under O.E.E.C. auspices, to negotiate a free trade area in industrial goods (but excluding agricultural and fish produce) between all O.E.E.C. countries. In November 1958 the negotiations broke down because of French opposition. Seven countries belonging to the

O.E.E.C. but not to the E.E.C. (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom) then went ahead to form a European Free Trade Association (E.F.T.A.) in industrial goods. The Stockholm Convention establishing E.F.T.A. came into force on 3rd May 1960.

- It is important to realise that the aims of the Stockholm Convention, unlike those of the Treaty of Rome, are purely economic. No mention is made of any plans for political unification.
- E.F.T.A., unlike the E.E.C., does not have community institutions which impinge upon the sovereignty of members.

### BRITAIN AND THE INNER SIX

The failure to get the Six to agree to a free trade area with non-members within the framework of the O.E.E.C. brought home to the E.F.T.A. countries the hard fact that no further integration with the Six would be possible on the economic front without accepting the political implications and obligations of the Treaty of Rome. On 10th August 1961 the British Government requested negotiations aiming at membership of the Common Market (Ireland, Norway and Denmark also sought membership). These negotiations were broken off in January 1963 owing to General De Gaulle's objections on the grounds that the United Kingdom was "not yet ready for membership".

After half a decade of stagnation and frustration within the E.E.C. caused by Gaullist obstructionism, Britain, Denmark, Norway and Ireland made a second application to join the Six on 11 May 1967. Mr. George Brown, the then Foreign Secretary, in the Statement which he made at the Hague on 4th July 1967 said of the treaties establishing the European Communities that subject to satisfactory negotiations for membership "Her Majesty's Government accept without reserve all the aims of the three Treaties and will implement them" (Clause 19) "I will go further . . . As a member we shall accept whatever responsibilities the evolving Community may decide to assume and we shall join as eagerly as other members in creating new opportunities for the expression of European unity" (Clause 20). British policy could be summed up in the words, "We want, as soon as we can, to develop really effective political unity with our fellow West Europeans" (Clause 9).

### WALES AND THE COMMON MARKET

Unlike other small European countries (such as Luxembourg, Denmark, Ireland and Switzerland) Wales does not have a government of her own and has naturally been unable to participate directly in any of the above



mentioned negotiations. Furthermore, no special consideration has been given to Wales by the British negotiators.

Soon after entering the House of Commons, Mr. Gwynfor Evans asked the Secretary of State for Wales "what investigation the Welsh Office and the Welsh Economic Council made before the Government's decision to apply for entry into the European Common Market into the probable effects on the Welsh economy of British entry; and if a study will be published". No factual reply was given. (See the first *Black Paper on Wales*, 1967, p. 20).

A Welsh Office civil servant was more frank in Cardiff during a sitting of the Crowther Commission on 20th November 1969. Commissioner Professor Graham Rees enquired whether any work had been done by the Welsh Office on the possible effects on Wales of Britain joining the European Common Market. "No," came the astounding reply, "the matter will have to be taken further before we can deal with it." Even the *Liverpool Daily Post* reported that the reply drew "some surprised looks from the Commissioners."

"Surely some consideration must be given about the likely effect on the Welsh economy" pressed an incredulous Dr. Norman Hunt, but he was told in the words of the press report "that the Welsh Office was not now doing any study on the full implications of the Common Market, but it would be done."

On 9th July 1970 Mr. Barber in the House of Commons specifically refused to authorise a study on the probable effect of E.E.C. membership on Wales, on the grounds that "it is not practicable to analyse in detail the consequences for any particular part of the United Kingdom." **So, the truth of the matter seems to be that the people of Wales will never be presented with a detailed analysis of the possible effect on Wales of British membership of the Six before the decision is finally taken.**

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# THE ECONOMIC ASPECT

## THE ECONOMY OF WALES

The unwillingness of British Labour and Conservative Governments to authorise detailed study into the possible effects of British entry into the E.E.C. on Wales is presumably due to a belief that Wales will be affected in much the same way as the rest of the U.K. by Common Market policies. This is unquestionably a false assumption.

In a pamphlet called *Wales and the Common Market*, published a decade ago by Welsh Radical Publications, Edward Nevin (formerly on the staff of the O.E.E.C. Secretariat, now Professor of Economics at University College, Swansea) had this to say:—

"I remarked earlier that in general anything which benefits the U.K. economy will benefit Wales. While this must be true in the long run, it does not follow by any means that it will necessarily hold at any moment of time, nor — and this is of more importance — that a policy which brings some benefits and some difficulties to the U.K. as a whole will necessarily bring them to Wales in equal proportions. It is perfectly conceivable that a development could bring benefits in rather greater proportion to the rest of the U.K. than to Wales, and impose difficulties proportionately rather more on Wales than on the rest of the U.K., if the economic structure of Wales is markedly different from that of the rest of the country.

"Now we all know that the economic structure of Wales is different from that of the U.K. generally. . . . The possibility obviously arises, therefore, that entry into the Common Market could have different effects in Wales from those on the rest of the country" (p. 14).

For precisely this reason, **Plaid Cymru continues to call for a special study to be made by the Welsh Office and Welsh Economic Council into the likely effects on Wales of British membership of the Common Market. Until and unless the facts are made known, Plaid Cymru must be absolutely opposed to U.K. membership of the E.E.C.**

Furthermore, the very fact that the structure of the Welsh economy is different from that of the U.K. as a whole implies that Wales requires



different terms for membership of the Six, terms designed to meet the requirements of her different economy. **A common British negotiating position, therefore, is bound to disguise the economic difference between Wales and the rest of the U.K. and must be inadequate as far as Welsh needs are concerned.**

## WELSH AGRICULTURE AND THE E.E.C.

A Welsh industry which will clearly be at a disadvantage unless it is treated separately in the E.E.C. entry negotiations is agriculture. Important differences between English and Welsh agriculture mean that terms satisfactory, or even advantageous, to the majority of British farmers could be ruinous to the Welsh farmer.

Although the common agricultural policy (C.A.P.) of the E.E.C., like the policy of post war British governments, sets out to support the industry, the method of financing the support of agriculture is fundamentally different in the two systems. According to the British system an Annual Agricultural Price Review is held at which the level of minimum guaranteed prices is agreed upon for the most important farm products. Thus receipts from the market can be supplemented by deficiency payments by the government to give the producer an average return at the guaranteed level. **According to the C.A.P. system there is no annual review by the authorities and unions as in Britain and, generally speaking, deficiency payments are forbidden by the Treaty of Rome.** Under the C.A.P. there is a system of 'managed markets' which is supposed to provide the farmer with satisfactory prices in the actual markets. These target farm-gate prices are achieved in various ways, but mainly by (a) the imposition of variable import levies representing the difference between world prices and the agreed minimum import (or "threshold") price, thus protecting the community market by reducing the competitiveness of imported produce (and providing revenue for the Central Guarantee and Guidance Fund); (b) preventing prices from falling below a certain intervention level (about 5-8% below the target price level) by the authorities intervening in the market and buying up surpluses, thus increasing demand on the market by reducing supply; (c) and by selling surpluses abroad at reduced prices, the difference (i.e., the loss) being made up from the Central Guarantee and Guidance Fund.

It is important to realise that in the E.E.C. the farmer's income will depend upon the success of these various methods in sustaining market price levels. He cannot depend, like his British counterpart, upon a direct subsidy to make up any deficiencies between target and actual prices. Comparing the two systems of price support, a Government White Paper said of the E.E.C. system, "This cannot in the nature of things afford the same degree of assurance that producers will receive a certain level of return as our system" (Cmnd 3274, paragraph 15).

This question of guaranteed prices is of the utmost importance to Welsh agriculture because it is more dependant upon deficiency payments and subsidies than is U.K. agriculture generally. **Changes in the method of price support imposed by the C.A.P. will therefore have a more fundamental and far reaching effect on Welsh farmers than on English farmers.** Production grants represent less than one quarter of the net farm income of British farmers but they represent over one third of the net farm income of Welsh farmers. If entry into the E.E.C. is to be sought at all, special transitional arrangements must be made for Wales if a disaster is to be averted, but Wales, unfortunately, has no government to protect her interests.

It is likely that under the European C.A.P. subsidies on hill cattle, calves and hill sheep would disappear. These subsidies, however, account for over one third of all Welsh agricultural grants but less than one quarter of all British agricultural grants. Furthermore, the E.E.C. treats wool as industrial raw material and not agricultural produce. Over 40% of livestock holding in hill areas depend upon sheep, and of this type of holding in England and Wales 80% are in Wales. Wool producers could sustain a loss of 15% in the price of wool under the C.A.P. and this would obviously be a heavy blow to Wales.

It is cereal producers who are most likely to gain under the E.E.C. agricultural arrangements, but whereas cereals represent 16% of the total receipts of British farmers as a whole, they only represent 6% of the total receipts of Welsh farmers. A direct consequence of the increased price for cereals will be an increase in the cost of agricultural feeding stuffs. Feeding stuffs represent 31% of the British farmer's expenses, but because of differences in climate, terrain and altitude, feeding stuffs represent as much as 38% of the Welsh farmer's expenses. **Thus as far as cereals are concerned where the farmer might gain from the C.A.P. this will not be felt to as great an extent in Wales as in the U.K. taken as a whole, and where it might lead to increased costs, these will be heavier in Wales than in the U.K. generally.**

The cost of feeding stuffs could well erode the increase in the price of milk which the Welsh farmer might expect within the E.E.C. With purchased feeding stuffs accounting for one third of the cost of milk production, the expected rise of 20-25% in the cost of such feeding stuffs could increase the overall production costs by 1p or 1½p per gallon, and the profitability of milk decline. Similarly, although poultry meat prices are higher in the E.E.C., profitability could be less because of the increase in feeding stuffs prices. There is an added complication in the case of pig producers, for they could suffer an otherwise unlikely decline in profitability by the entry of Denmark and Ireland into the E.E.C.

This depressing outlook for agriculture in Wales is confirmed by the estimate made by Mr. D. I. Bateman of the Department of Agricultural Economics, University College, Aberystwyth, of the effect of the C.A.P.



on net farm income. This estimate shows the likely effect on net farm income in the U.K. and in Wales separately, both when there is a high cereal price and a low cereal price. Assuming that the negotiations will get "favourable" terms (especially concerning subsidies) for agriculture Bateman estimates as follows:—

	U.K. net farm income	Welsh net farm income
High cereal price	increase of 15%	decrease of 2%
Low cereal price	increase of 8%	increase of 5%

On a pessimistic assumption about the future of grants under the C.A.P., however, the following estimates are made:—

	U.K. net farm income	Welsh net farm income
High cereal price	increase of 6%	decrease of 18%
Low cereal price	decrease of 2%	decrease of 11%

Of the four figures offered for the U.K. three show an increase in n.f.i., but of the four figures offered for Wales three show a decrease in n.f.i. The estimate for the U.K. ranges between a loss of 2% and a gain of 15% whereas the estimate for Wales ranges from a loss of 18% to a gain of 5%. Interpreting his estimates, Mr. Bateman has this to say:—

"For U.K. farmers as a group, the price changes which have been considered here could well lead to a fairly substantial increase in n.f.i.; even on the most pessimistic assumptions, there would only be a modest drop. But for Welsh farmers taken as a whole, the outlook is less attractive; the best they can look forward to is a rather small increase in n.f.i., and at worst, they could face a precipitous fall." (*Welsh Agriculture and the European Community*, D. I. Bateman, U.C.W.)

There never could be a clearer case of the disastrous effects the Common Market could have on Wales if she was forced into it on British rather than Welsh terms.

## WELSH INDUSTRY AND THE E.E.C.

The main economic problem of Wales is the great dependance of so many of her people on so few basic industries, industries which are facing decline or an uncertain future, e.g. metal production, coal, agriculture.

The steel industry is just now entering upon a very difficult phase, for although the demand for steel continues to grow, world steel capacity keeps on outstripping demand. This is largely the result of so many

countries developing a steel industry for prestige reasons. Excess capacity in 1967 was estimated at 75,000,000 tons; but in spite of this about 16 more countries were producing steel in 1970 than five years previously. Consequently, for some years now, steel plants throughout the world have not been working at full capacity, and in the E.E.C. unused capacity in 1968 amounted to just under 20,000,000 tons. As one would expect, in a buyer's market there is widespread price cutting. Indeed, according to a recent study,

"Little short of chaos exists in the steel markets of the E.E.C. . . . Competition within the E.C.S.C. became so acute that prices often bore no relation to costs" (*Towards One Europe*, de la Malhotière, p. 187). Unease was openly expressed by the E.C.S.E. Commission in the *Second General Report on the Activities of the Communities*, published in February 1969 —

"Stocks increased considerably on the common market for steel in 1968, a fact which is likely to impair this market's stability in the future. This trend is all the more worrying because production potential in the Community will increase in 1969 by nearly five million ingot tons." (paragraph 217).

What effect is U.K. membership of the Six likely to have on the stability of the steel market? Hardly any. Even a very pro-Marketeer like de la Malhotière describes the likely effect on the world situation as "a limited remedy." He says —

"A limited remedy to world excess capacity might be found if Britain joined the E.E.C. . . . It would in theory at least be easier to reach agreed policies on price fixing and co-ordination of investment, which would eliminate wasteful competition between Community members and give the Community great bargaining power at world level" (op. cit., p. 193, my italics).

But what is the effect on Wales likely to be? The process of eliminating wasteful competition would probably entail the closing down of smaller production plants, and new plants would probably be sited in those regions of Britain convenient for Europe.

In any case, the stability of even an enlarged European market will be greatly affected by external producers, especially Japan. Japan can still produce a given tonnage of steel using half the number of men required in Germany, France or Britain, and although world-surplus capacity amounts to 75,000,000 tons, Japan is planning an increase to 80,000,000 tons. Indeed, the Japanese can sell steel to the Americans cheaper than the American themselves can sell it.

The future of the coal industry is more certain — to decline. During the 1960's the Community's consumption of coal fell by about 6.7 million tons each year. Annual coal production potential should have been reduced to 186 million tons by 1971, but according to the *Second*



*General Report* "this is still some way above the foreseeable demand" (para. 299). It is intended that,

In the case of coal, the quantity mined would be adapted to marketing opportunities and subsequent production would be concentrated on the most productive mines, in order to improve the cost situation" ("First Guidelines for a Common Energy Policy").

If as a result of joining the Six, the Welsh coal industry was further contracted, one can only hope that the Government of the day will be able to retrain the Welsh workforce and redeploy it in Wales itself. **The E.E.C. policy of the mobility of labour, however, may make it impossible to retain such redeployed workers in Wales.**

The most serious blow of all to Welsh industry could be the weakening of the government's ability to direct the location of industry. For example, London Government could no longer be sure that refusal to grant a firm an Industrial Development Certificate to build a factory in the South East of England, would direct that factory to a Development Area, such as Wales, for the firm in question might simply decide to choose a continental location. At present, a firm cannot normally threaten to develop on the Continent instead of going to a Development Area because British exchange control regulates the export of capital. Under the Treaty of Rome, however, exchange control on capital exports from the U.K. would not be allowed.

**British membership of the Six would accelerate pressure for industrial development to move across the Channel to Belgium, Holland and the lower Rhine area, which would become the favoured industrial Midlands of the Common Market.** The Six are now committed to the antiquated policy of ever more rigidly fixed exchange rates and monetary union by 1980. But fixed exchange rates are always harmful in terms of employment and industry to the outlying areas of a monetary union furthest from its industrial Midlands. That is why Wales, Scotland, Northern Ireland, Sicily, Southern Italy and Brittany have suffered severely from unemployment in the last thirty years, and that is why it is important for outlying areas to be able to offset geographical handicaps by altering their exchange rates.

It is also unlikely that the E.E.C.'s own Regional Policy would do much for Wales, because compared to many regions on the continent, Wales does not have a very strong case for special treatment. In any case, many parts of Wales, as a consequence of the agricultural policy of the E.E.C. may be deliberately turned into a recreation park. Already, the suggestion has been made in the Vedel Report that much of Brittany should be turned into a recreation area — following mass emigration of Breton farmers.

We cannot point to any definite example of a Welsh industry benefiting from British membership of the E.E.C. The future is either highly uncertain or downright disastrous. Conditions as they exist at this time can only

dictate a policy of complete opposition to British membership of the Common Market to anyone with the interests of Wales at heart.

## THE COST OF LIVING AND THE E.E.C.

The section on Welsh Agriculture and the E.E.C. has shown why the Six cannot operate a cheap food policy. Once Britain joins the Common Market, the price of food in the United Kingdom will greatly increase — permanently. According to the Labour Government's White Paper of February 1970, which tried to make the best possible case for joining the E.E.C., we could expect a rise in food prices of 18% - 26%. In other words, an average family would have to find £2 or £2.50 a week more to buy the same food as now. Meat would cost 15p or 20p more per lb, butter 25p or 30p more and cheese 15p more. Sugar would go up by about one half in price, and bread by about one third.

The rise in food prices alone would push up the cost of living by 4% - 5%. Furthermore, the Common Market version of the Value Added Tax (a flat rate tax which falls not just on manufactured goods but on food, fuel, light, etc., as well) would push up living costs further to a total rise of about 6% *above the level it would otherwise have reached*. None of the Common Market countries have a National Health Service like that of the U.K. which is largely free, but social services contributions, nevertheless, are very heavy and the bulk of contributions come largely from the wage-earners themselves.

It must also be realised that **these effects will be felt more sharply in Wales because earnings, on average, are lower than the U.K. average.**

## THE EFFECTS OF THE TREATY OF ROME ON THE SIX

Since the Treaty of Rome came into effect, economic growth in the six Community countries has been *lower* than it was before, whereas in most other industrial countries growth has been *higher*. In 1955-60, before the Treaty became effective, annual growth in the Six was 5.3%. In 1960-69, after the Treaty had come into force, it had fallen to 5.1%. But in all the Western countries of the O.E.C.D. apart from the Common Market, growth more than doubled in the same period. Furthermore, in all the European O.E.C.D. countries other than the Six, and in all E.F.T.A. countries *other than Britain*, growth has been much higher since 1960 than before.

The most spectacular example of a colossal failure is the Common Agricultural Policy which within six years (1962-3 to 1968-9) increased its cost eighty times over! By October 1969 a surplus of about 400,000 tons of butter had been produced. Each year 6,000,000 tons of excess grain and 1,000,000 tons of excess sugar have been produced. Money has been poured into the Farm Fund to prop up prices in the Six Community countries, to destroy fruit and vegetables, to store butter, and to subsidize agricultural exports.



## THE POLITICAL ASPECT

### THE POLITICAL AND LEGAL NATURE OF THE COMMON MARKET

"In the Commission's eyes, the Community has always been a political union in the economic and social fields. Its institutions — the Parliament, the Council, the Commission, — are political institutions. If further proof of the Community's political character were needed, it would be found in the clearly expressed will of the peoples of the six countries and their Governments to maintain and advance the Community despite the most severe strains and difficulties. The extension beyond the economic and social spheres of those areas where 'ever closer union' of the peoples of Europe is being achieved is, if not the corollary, at any rate a natural extension of the existing Communities. The Commission has always taken an interest in efforts to extend the Community. It must repeat that initiatives of this kind succeed only if they lead to the establishment of a European constitutional order in the other spheres, an order which, whatever its structure, would include institutions capable of guiding a destiny which from now on is shared." (*Tenth Report of the E.E.C. Commission* (1967), paragraph XLII).

The impetus which led to the Treaty of Paris and the Treaties of Rome (establishing the European Communities) was, as we saw in the first section of this pamphlet just as much political as it was economic. The point of starting at the economic level was to create *de facto* unification before moving towards political unification. It is important to realise this, because the Treaty of Rome as such makes no provision for the political integration of Europe. **The very act of bringing the Communities into existence, however, has created a new political sovereignty which is unique.**

"The treaties establishing these three Communities are (from the purely legal point of view) of a different and more novel kind than any of the other European treaties and conventions of the last twenty years. . . . The latter were arrangements for common or concerted action in various fields of endeavour, depending ultimately for their success on the collaboration of member states. . . . But the three community treaties were arrangements not merely for

collaboration, even if under the direction of a central institution, but for positive integration of large areas of the economic and social life of the member States." (*Europe, Unification and Law*, Edward Wall, p. 34.)

The same author goes on to define the legal standing of the Communities.

"Here indeed is a living organism, a new form of society. Neither a Nation, nor a State, nevertheless a human grouping, with features reminiscent of its parentage. In a word — a legal word — a 'person.' 'The Community shall have legal personality,' states each treaty. As a legal person, it may and does . . . make contracts. . . . It can, in fact, do most things that a State can do." (op. cit., p. 147)

### HOW THE COMMON MARKET IS RUN

Like any State, the Common Market has Executive and Legislative bodies and a Judiciary and a Civil Service. The four institutions of the Common Market are:—

- The Council of Ministers
- The Commission
- The Court of Justice
- The European Parliament

The Council of Ministers is the only Community institution whose six members directly represent the member-governments. The Foreign Minister of each government is generally regarded as his country's main representative on the Council, although, if the matter under discussion is very specialised, e.g. agriculture, economic affairs, transport or social policy, the Minister responsible for the sector concerned represents his country, but even on these matters for major decisions the Foreign Ministers are usually present. The Council of Ministers takes policy decisions either on its own initiative or on the basis of proposals put forward by the Commission. Under the Treaty the Council can act in minor cases by a simple majority, in more important cases by a qualified majority (a system whereby France, Germany and Italy each has four votes, Belgium and the Netherlands two, and Luxembourg one, making a total of 17 votes of which a minimum of 12 votes is required for a qualified majority), and on issues of major importance, especially those breaking new ground, the Council can only act by a unanimous vote.

It is the Commission which has the responsibility of implementing the Treaty of Rome and of acting as the Community's Executive. The Commission consists of nine Commissioners. They are appointed for four years at a time by agreement among the member states. France, Germany and Italy appoint two each and Belgium, the Netherlands and Luxembourg appoint one each. The Commission provides the day-to-day administration



of the Community from its headquarters in Brussels. The Commission is empowered to take many decisions but major decisions have to be taken by the Council of Ministers. Thus the Commission sends proposals forward to the Council of Ministers and the Council conveys its decisions to the Commission. The Commission also has to provide the European Parliament with information (in the form of answers to parliamentary questions) and the Parliament of course sends its views as expressed in debates to the Commission.

The European Parliament has 142 members elected from and by the Parliaments of the Six as follows:— France, Germany and Italy, 36 members; Belgium and the Netherlands, 14; and Luxembourg 6. Sessions lasting roughly a week are held in Strasbourg about eight times a year, but standing committees function when parliament is not in session. Members of the European Parliament sit according to political parties and not according to country.

The Court of Justice, which sits in Luxembourg, consists of seven judges appointed by member governments. The Court interprets the legal meaning of the Treaty. The institutions of the Community, member States, firms and individuals have a right to appeal to the Court.

There are certain points about the Community Constitution which cause considerable unease concerning the democratic nature of the Community institutions. The followings very important points should now be noted:—

- The proposals sent to the Council of Ministers by the Commission *can only be rejected or amended by a unanimous vote of the Council*. This places the Commission, which President de Gaulle once described as "an areopagus of technocrats without a country and responsible to no one," in a very strong position.
- The Commission makes its policies effective by issuing 'Regulations' 'Directives' and 'Decisions.' A Directive is an order to a member State to take whatever measures the State may consider necessary to achieve the object which is defined in the Directive, Regulations and Decisions, however, *are addressed directly to states or associations or individuals*, within the Community and national governments cannot intervene.
- The Commission is not obliged to implement the wishes of the European Parliament. The only real power that the European Parliament has is the power to dismiss the whole Commission (on a two thirds majority). Such a power is so sweeping, however, that Parliament would be very reluctant indeed to exercise its right. Because it is not constantly in session and because its power is so restricted *it cannot effectively check the actions of the Community Executive*. This is a serious weakness.

- The European Parliament *is not directly elected by universal suffrage*. This weakens its case for more powers. When its members are directly elected by the people, however, greater problems could arise. Both national and European parliaments would have the same moral authority and this could make it difficult to resolve differences of opinion which might arise between them. Granting the European Parliament the right to be elected directly by the people would, of course, be an irrevocable step towards a federal United States of Europe.
- All the members of the Community institutions do not have the same rights. Unlike the United Nations Assembly or E.F.T.A. *the principle of one country one vote does not operate*. In the Community the big boys can push the others around.
- Plaid Cymru is totally committed to the democratic ideal and views the constitutional basis of the Common Market with great disfavour.

#### WHY IS HEATH SEEKING MEMBERSHIP?

As will be clear from the first section of this pamphlet, the goal of the Six is both economic and political union. There has never been any secret about that. It may, therefore, seem strange that so many British politicians, especially Tories, should be so anxious to merge the U.K. into a new European Community, especially as few of them seem to deny that this will curtail the sovereignty of the London parliament and raise the cost of living. Where lies the advantage of joining the E.E.C.?

The question is fairly easily answered when one considers the declining political influence of post-war Britain. Dean Acheson once said "Great Britain has lost an empire and has not yet found a role." The point was expanded upon by George Ball, Under-Secretary of State for Presidents Kennedy and Johnson in his book *The Discipline of Power* where he says:—

"Every post-war government from Attlee's to Harold Wilson's has been unsure of England's real place in the world. What was Great Britain in the mid-twentieth century? Was she: (i) the industrial third 'great power'; (ii) the leader of the Commonwealth; (iii) a major European nation; (iv) America's special partner, or (v) the West's 'honest broker' with Moscow? Some of these roles were mutually contradictory, yet governments were tempted to try to play them all at the same time — and as a result they often stumbled over their own feet" (p. 73).



Two things are obvious, the British Government is opting for Europe as a 'last resort' and sees in Europe a substitute for a lost Empire. Pro marketeers frequently make the point that if the U.K. does not join the Six then "Britain's influence in the world" will diminish to insignificance. Little wonder that the new Europeanism has been dubbed 'the new Imperialism.' **It is surely not without significance that each of the Six except Luxembourg are former colonial powers.** The former empire builders are prepared to share their "influence in the world" rather than lose it altogether.

Quite understandably some of the keen pro-Marketeers have hardly any patience with arguments about the price of food in the Community when their eyes are set on "higher things." Naturally such politicians can afford to have "noble European ideals," but the thousands of families who will have a struggle making ends meet after the steep rise in food costs and as a result of the Common Market Value Added Tax can hardly be blamed for not being inspired by the concept of a greater Europe.

#### THE E.E.C. AND THE POLITICAL FUTURE OF WALES

It is sometimes said that one result of European unity will be greater autonomy for European nations like Wales which are at present incorporated in larger states.

"In the light of federalist principles what is wrong with the present-day state in Europe is that it has accumulated a great many functions which should be exercised at different levels of the political system. It has both arrogated to itself those which could perfectly well be carried out by local or regional authorities, and at the same time has insisted on holding on to those which today can be effectively exercised only at a supranational level. A radical reform is needed in both directions. This should be the central aim of the creation of a United States of Europe: the construction of effective and democratic institutions for dealing with issues of common concern, accompanied by the establishment of effective regional authorities" (*Europe After de Gaulle*, Pinder and Pryce, p. 26).

This kind of theory is falsified by our experience in Wales; for the greater the political entity to which Wales belonged and the wider its influence and power the less recognition did the needs of Wales receive from the central government. In fact, the Treaty of Rome is not concerned with devolution of government powers in the member states of the Common Market and there is great variety within the Community. The

tendency, in fact, within the Common Market is likely to be towards more centralisation.

**This tendency is bound to have serious cultural consequences.** As the Community is enlarged we are likely to see a small number of languages rising to a dominant position over the others. Already English and French are jostling for first place. Speaking in Dublin, Common Market Commissioner M. Albert Borschette said, according to an *Irish Times* report 10.3.71:—

"It would be difficult, he said, not to accept all the official languages of all the countries of an enlarged community. But it would be very cumbersome, and if they did not want to paralyse the working of the institutions, they would have to agree on two or three working languages. Community law would, however, have to be published in all official languages."

M. Borschette was probably speaking with the Irish language in mind. Irish is the first official language of the Irish Republic and the position of the language in Eire is not likely to be constitutionally changed by Ireland's joining the E.E.C., even if it is demoted within the E.E.C. But what of the status of Welsh within the Community? The battle for official status for Welsh in Wales still has a long way to go and it is extremely unlikely that the Community would consent to conferring an official status on a language that was not official within a member state at the time of accession to the Treaty of Rome. In any case the Agricultural policy of the Common Market will have struck a fatal blow to Welsh rural areas, the backbone of the Welsh language.

The pace of political and constitutional development in Wales has quickened as the electoral support for Plaid Cymru has been steadily increasing. This process has been paralleled by the shrinking of the British Empire, and taking Wales into the Common Market at this time will reverse the process of devolution.

#### HOW WILL THE DECISION BE TAKEN?

One of the most urgent questions to be answered now is, 'who decides whether we go in or not?' Mr. Heath's Government cannot claim to have a mandate from the electorate on this question since the terms for entry were not known on June 18th, 1970, neither did the majority of the electorate (who live in England) have any real choice in the matter since Messrs. Heath, Wilson and Thorpe all advocated membership of the Common Market.

The Danish Government will have to secure a five-sixths majority in parliament before Denmark can constitutionally accede to the Treaty of



Rome, similarly the Norwegian Government will require a three-quarters majority in parliament before Norway can join the Common Market. Most democratic of all, the Republic of Ireland has to have a referendum before Eire can constitutionally join the Six.

Attempts are being made by pro and anti market parliamentarians to have a referendum in the United Kingdom on entry into the E.E.C. Some unprecedented method of reaching a decision in such an unprecedented situation is clearly called for — be it a referendum or some other way of consulting the electorate directly. The important thing is not to let a few M.P.'s steamroller an irrevocable decision such as this through parliament when the majority of the electorate is against entry.

### WHAT KIND OF EUROPE?

The supporters of Britain's entry into the Common Market frequently make the point that the European Economic Community is likely to improve the prospects for world peace. They point to the great reconciliation of France and Germany. World peace, however, is not threatened by the states of Western Europe but rather by the great superpowers (U.S.A., U.S.S.R., China), and it cannot be argued for one moment that the Common Market has a reconciling effect on them. Indeed it is seen as a hostile bloc by Eastern Europe.

Although the Common Market may break down barriers between its members it also erects a new barrier between the Community and the outside world. Here especially, one thinks of the so called Third World of developing nations. In 1969 the E.E.C. took only 12 per cent of imports from poor countries, excluding oil exporters; in Britain the proportion was 18 per cent, and the aid given by E.E.C. countries is much more heavily and effectively tied to purchase of the donor's imports than British aid. Our fears in these matters are certainly not allayed by Mr. Rippon's willingness to accept such vague terms regarding Caribbean sugar producers.

The Common Market has so many internal upheavals and has such an old fashioned protectionist economic outlook that one can hardly expect it to be politically outward looking. This makes the E.E.C. a very unsure foundation for any new European order. Because Europe consists of nations that are neutral, communist, and capitalist, it is idle to attempt to create deep unity through integration; it can only come through co-operation which does not call upon any country to surrender its ideology, identity nor sovereignty. Such co-operation is possible, as the success of E.F.T.A. and the Nordic Council (of Scandinavian states) testify.

## PLAID CYMRU POLICY ON THE COMMON MARKET

- Plaid Cymru believes that only a democratically elected Welsh parliament can claim the right to speak with authority on behalf of the people of Wales and therefore must oppose any attempt to drag Wales into the European Economic Community by the British Government. The people of Wales must be consulted, and only they can decide the destiny of their country.
- If Wales became a member of the Common Market as a part of the United Kingdom she would have no direct representation in the Council of Ministers nor in the European Parliament. For Wales, a nation of 2½m. people, to be in such a position would be both preposterous and intolerable when one considers that Luxembourg with a population of 333,000 is directly represented in the Council of Ministers and the European Parliament. Plaid Cymru's position could be summarised as — 'No Voice — No Entry'.
- Given the difference in the economic structure of Wales as compared with the United Kingdom as a whole, it is obvious that terms agreed upon as being suitable from the point of view of the British economy will not necessarily be suitable from the point of view of the Welsh economy. Indeed, most sectors of Welsh industry will suffer unless terms tailored to the specific needs of Welsh industry are negotiated. Since Wales is not being treated as a country in her own right, with her own economic problems, at the current negotiations between Britain and the Six, Plaid Cymru must reject the terms that are offered as a result of these negotiations as irrelevant or harmful or both as far as Wales is concerned.
- To join the Common Market on such a politically and economically unsound basis would be to imperil our national culture, the most precious thing we possess. It would be the height of political irresponsibility to support a policy which we know would lead to the depopulation of the Welsh speaking areas and encourage the mobility of population. All thinking Welshmen must therefore oppose the present European policy of this English Conservative Government and make that opposition felt in no uncertain terms.

"What is certain is that, whatever price England may have to pay for entry into the Common Market, Wales will have to pay a higher one. Indeed, if the situation is as bad as I have described it, to put Wales into the Common Market without a Government of her own will be an act of criminal folly, and . . . is . . . to write off Wales as a nation."

(Gwynfor Evans, House of Commons, 9 May 1967)



## APPENDIX

### PLAID CYMRU CONFERENCE RESOLUTIONS ON THE E.E.C.

#### 1967 Resolution 6

(a) It may be that this Community of Nations will develop in a direction that a Free Wales might want to follow. The opportunity which it offers for a final reconciliation of ancient enmities is something to be welcomed. To establish the Community on a basis of equal respect and recognition for all the historic nations of Western Europe 'L'Europe des Patries' — would be completely compatible with the philosophy and aims of our movement.

(b) On the other hand, we do not wish to see Wales joining a community on conditions involving her surrender of all control over her own economic, social and national development and her submission to the remote control of a centralised bureaucratic state. We believe, further, that any dream of creating in Europe a new force to compete with the Eastern Block on the one hand and the Western Block on the other is unhealthy and dangerous.

(c) We believe that, bearing in mind the weaknesses of the Welsh economy and the way in which over the years the development of her material and cultural resources have been neglected, it would be a fatal blow to the nation's survival if she were left at the mercy of completely open competition with the other more experienced countries of Western Europe, and special considerations for Wales would have to be bargained for if ever she were to join the Community. As far as we can foresee the future, we would apply for associate membership, leading, after a lengthy period of years in which the process of adaptation could be carried out, to full membership.

(d) We believe it would be an unmixed evil if Wales were to become part of the Community under the present system. Wales has a greater number of industries likely to suffer than of industries likely to benefit. We have not the organisation capable of showing

us the way to take advantage of the wider markets that might be made available to us. We cannot trust those who would be our representatives in any negotiations to fight for our country's interests. The decision would not be ours but that of the London Government.

(e) We ask the authority of Conference to send to Brussels a deputation to seek detailed information on the likely effects on Wales of membership in the Community.

#### 1969 Resolution 16

(a) In view of the change of government in France and the possibility that discussions will be reopened between the British government and members of the European Common Market with a view to membership, this Conference reiterates Plaid Cymru policy on the question.

(b) All discussion will be unsatisfactory unless Wales is able to participate directly in them. The holding of discussions on Welsh membership of the Common Market will be a matter for a government elected by the Welsh people.

(c) We welcome and support any attempt to strengthen the connections of Wales with European nations, but we believe that Wales has more in common with the E.F.T.A. countries than with the E.E.C. countries, and therefore we would like to see a much broader community than the Six in Europe.

(ch) We believe that there is a need to strengthen Europe economically, and we are not blind to the political implications of that. Nevertheless, it is foolish to speak of creating a federal European state on the lines of the United States of America and we see grave dangers to the balance of power in such a development.

#### 1970 Resolution 20

(a) Conference asks the Secretary of State for Wales to give the most urgent priority to making available to the people of Wales information about the full implications of U.K. membership of the E.E.C. on Wales. Conference deplores the failure of the Labour and Tory Governments to make the facts known and reiterates the request of the party for a Public Report by the Welsh Office on the likely effects on Wales of the U.K. joining the E.E.C.



(b) Conference also seeks an assurance that the British Government will reject any terms of entry which might restrict further devolution of government from London to Wales or which might restrict the British Government's freedom to implement any regional economic policies in Wales while Wales is still part of the U.K.

(c) The British negotiators should explain to the E.E.C. negotiators that the movement for self-determination in Wales and Scotland is still on the increase and that therefore the constitutional framework of the U.K. should not be regarded as static and, furthermore, that a future self-governing Wales (and Scotland) may repudiate terms which might be agreed upon by the U.K. and the Six at this time.

(ch) In view of the fact that both the Government party and the main Opposition party in Westminster officially supported Britain's membership of the E.E.C. at the General Election, thus denying the electorate a real choice on the issue, Conference calls upon the Government to postpone negotiations to enter the Common Market until after a referendum is held in all the countries of Britain to discover whether or not the people of this island wish to join. If they should express a desire to do so, this Conference believes that each country should have representatives at the negotiations to safeguard the rights and interests of their people, for they may seek an assurance that where the structure of industry in Wales does not conform to the overall British structure (e.g. agriculture) the conditions in Wales will be specifically considered by the U.K. negotiators at the negotiations with the Six.

Conference further calls upon the Government to consult the electorate (by poll or referendum or any other method) before accepting membership terms from the Six, such terms only to be accepted if the majority of the people of Wales and in Scotland, in Northern Ireland, and in England support the terms offered.

(d) Conference reaffirms its policy on Wales and the E.E.C. as defined by the 1967 and 1969 Conferences and as described in the Manifesto, "Action for Wales." It is a Welsh Government alone that can properly represent the interests of Wales in this matter.