

**Britain has become increasingly integrated with
Western Europe. The Left must not deny this reality
- but rather seek new terms of co-operation.**

Bob Rowthorn

Britain and Western Europe

The British Left has failed to develop a genuine international perspective as part of its alternative strategy. Its attitude towards other capitalist countries is often negative and backward-looking, and it has failed to appreciate the extent and irreversibility of Britain's economic integration into Western Europe, of which our entry into the Common Market is merely an expression and not the basic cause. Many on the Left still seem to believe that Britain's future is to break away from Western Europe, the USA, Japan and the rest of the capitalist world and completely reorientate ourselves towards the Third World and the socialist countries. This unrealistic vision rests on a bizarre combination of imperial nostalgia and revolutionary romanticism, and only deserves to be taken seriously because in one guise or another it influences most writings on the alternative strategy.

The present article is mainly concerned with Western Europe. It examines Britain's changing role in the world economy and identifies certain changes which have profound implications for our economic relations with other capitalist countries, especially those of the EEC. It argues that many of the present fears about competition from the EEC countries are exaggerated and that, instead of taking such a negative attitude, the Left should unreservedly accept the need for cooperation with these countries and develop its own independent views about what form this cooperation should take.

BRITAIN'S TRADE

Two related features dominate Britain's trade over the past twenty years. The British economy has been rapidly integrated into that of Western Europe, and there has been a massive increase in the import of manufactured goods, especially from the major industrial countries which now make up the EEC. Contrary to popular belief, neither of these is an entirely new development, for in the early part of this century there were also strong economic links between Britain and Western Europe and continental firms supplied a large part of Britain's industrial requirements. However, there are certain features which are new in the situation and which lend these developments a new significance and a more enduring character. In particular, there is the spread of multinational companies, which hardly existed before the First World War but now occupy an increasingly dominant position in the British economy and in Britain's economic relations with the outside world.

The evolution of Britain's relations with Western Europe can be gauged from Table 1 which shows the share of various regions in our imports and exports. In 1913 Western Europe as a whole accounted for 37.4% of all UK imports and the present EEC countries alone for 29.4%. Particularly important were manufactured imports from France and Germany, which between them provided well over a tenth of all manufactured goods used in Britain — a figure which has probably not been surpassed even today. Moreover, such imports were rising rapidly and there were fears, just as there are today, about the superior competitive power of continental industry. On

the export side, Western Europe was also extremely important and purchased 36.9% of all Britain's exports, of which 30.3% went to the present EEC countries and the rest to Scandinavia and elsewhere. However, a major part of these exports consisted of coal and other primary products, and in manufacturing trade Britain had a large deficit with Western Europe. With the rest of the world, however, the situation was quite different, and to those other countries Britain sold manufactured goods in return for food and primary products.

The fall and rise of Western Europe

The year 1913 marks a turning point in Britain's relations with Western Europe. Two world wars and the interwar crisis eroded economic links with the continent, especially with the present EEC countries, and drove Britain into increasing reliance on her formal and informal empire in the Third World and the white dominions (Australia, Canada, New Zealand and South Africa), where protection and other measures were used to keep out Britain's competitors and to guarantee a cheap supply of primary products in return for British exports of manufactured goods. In Britain itself tariffs, and later import controls, were used to exclude manufactured imports, and British industry eventually obtained an almost complete monopoly of the home market (see Table 2). This reliance on protection and the Empire reached a peak under the post-war Attlee government, whose strategy for economic recovery was based on a rigid exclusion from Britain of all but the most vital of imported manufactures and on a vigorous export drive to finance the import of primary products from the Third World and the white dominions. By the late 1940s such primary producers accounted for some two-thirds of all Britain's external trade (as compared to 40% in 1913) whilst at home British industry supplied 95% of all the manufactured goods used.

During the 1950s this situation began to change slowly as the empire crumbled and protection was relaxed; but it was only at the end of the decade — when Europe had fully recovered from the effects of the war and trade was liberalised in Western Europe — that a real shift occurred. And when it did occur the shift was dramatic. Trade with Western Europe mushroomed, especially with the EEC and especially in manufactures, and the relative importance of trade with the former empire plummeted. By 1980 imports had captured 25% of the British market for manufactured goods, as compared to 6-7% in the late fifties, whilst exports had risen from 16 to 26% of output. The EEC countries alone now provide about one sixth of all manufactured goods consumed in Britain and buy about one eighth of our manufacturing output. Western Europe now accounts for nearly three-fifths of all Britain's foreign trade; the share of the white dominions has fallen to under 6% and that of the Third World to around one fifth.

Effects of the EEC

Many of the changes just described are often blamed on Britain's

entry into the Common Market, but this is only partly true. As we have seen, the reliance of Britain on imports from Western Europe has a long history, and the rapid growth of imports from the EEC predates Britain's entry by more than a decade. In the agricultural sphere, of course, the EEC is a highly protectionist body and the Common Agricultural Policy (CAP) has almost certainly raised imports from the EEC at the expense of the Commonwealth. But despite all the hysteria this policy generates, agricultural products now form a fairly small part of Britain's total import bill, and the basic reorientation of our economy towards EEC countries is mainly concerned with industrial products, the trade in which was not directly affected very much by our entry. There is, of course, always the argument that, had Britain not been a member of the EEC, tariffs or direct controls might have been used (and still could be used) to restrict imports from France, Germany and other EEC countries. However, this is a purely hypothetical argument about what alternative policies could have been followed if Britain had stayed out of the EEC or could still be followed if we left and, although possibly correct, it does not alter the fact that Britain's

It is an illusion to believe that trade with other areas can eliminate our interdependence with the EEC.

trade was shifting rapidly towards the EEC before we joined and that membership has not directly influenced this process to any great extent.

The reorientation of Britain's trade and the growth of manufactured imports is sometimes also ascribed to multinational enterprises, but again this is only partly true. Multinationals have certainly taken on a new significance in recent years, especially in Western Europe where there is now an extensive international division of labour organised within these corporations, and much of Britain's manufacturing trade now takes the form of imports and exports between different parts of the same company. This is well-known and needs no demonstration here.¹ But multinationals are not the basic cause of growing interdependence between the countries of Western Europe or between Britain and the EEC. Both before the First World War and again in the 1960s, when multinationals were still relatively unimportant in manufacturing industry, there was already an extensive trade between Britain and Western Europe and manufactured imports from the continent were growing rapidly. However, the spread of multinationals in recent years may have influenced the pace of integration and is certainly changing its form — imports and exports now increasingly take place within the same giant corporation and are often determined by such corporations in accordance with some continental, or even global strategy for production. This change has major political implications and any attempt to control or influence Britain's role in the international division of labour would involve tackling the multinationals, both British and foreign owned.

Other areas

There is some evidence that Britain's integration with Western Europe may be slowing down under the impact of the present economic crisis which has affected trade between all European countries. But this is almost certainly a temporary phenomenon and the longer-run trend is towards greater integration. However, alongside this continued integration with Western Europe there are also

¹For a good discussion of the role of multinationals in the British economy see Ben Fine, *Multinational Corporations, the British Economy and the Alternative Economic Strategy*, Birkbeck College, London, 1982.

Table 1. UK visible trade by region, 1913-80

Region ²	Percentage shares ¹									
	1913	'29	'38	'48	'58	'65	'73	79	'80	
EEC	29.8	27.9	21.1	15.6	19.8	25.0	32.8	42.4	41.2	
Other Western Europe	7.3	7.9	8.8	10.4	10.3	13.9	17.6	16.6	16.1	
USA	13.3	11.8	9.1	6.6	9.0	11.1	11.1	9.9	10.5	
Japan	1.4	1.2	0.7	0.2	0.7	1.2	2.5	2.3	2.3	
White dominions	13.8	16.1	16.3	24.5	24.5	12.1	18.3	16.9	5.8	
Oil exporters (OPEC)	2.4	3.4	3.7	7.7	17.1	10.0	0.7	7.9	9.2	
Newly industrializing countries	3.5	3.0	2.7	3.5	2.8	3.0	3.9	3.8	4.0	
Other less developed countries	20.7	23.3	23.8	29.6	22.7	16.2	9.8	8.4	8.1	
Socialist countries	7.8	4.8	7.0	2.7	3.2	3.6	3.5	3.0	2.7	

¹Average of region's share in UK exports and UK imports.

²Dennitions: EEC = France, Benelux, W. Germany, Italy, Ireland, Denmark. *White Dominions* = Australia, Canada, New Zealand, South Africa. *Newly Industrializing* = Thailand, Singapore, Taiwan, Hong Kong, South Korea, Philippines, Mexico, Brazil. *Centrally planned economies* = EE. Europe, Soviet Union, China, Vietnam, N. Korea, Mongolia.

Source: UK Overseas Trade Statistics, various years

newer forces linking Britain more closely once again to the Third World, whose share in our trade is no longer falling and may even rise over the coming decade. On the import side, Britain is buying more manufactured goods from such newly industrialising countries (NICs) as Singapore, Hong Kong and Taiwan. And, on the export side, the higher price of oil has created new markets in the OPEC countries which British firms have exploited quite effectively, with the result that exports to this region have risen extremely fast — in the last four months of 1981 nearly 12% of Britain's exports went to OPEC as compared to only 6% in 1973. The recent glut of oil may have interrupted this growth for the time being, but the underlying trend is surely upwards. Thus, the longer-run prospect is one of continued integration with Western Europe, especially with the EEC countries, together with a significant growth in Britain's trade with the Third World.

Two other aspects of Britain's trade are worth mentioning. The first is the appearance of Japan as a supplier of manufactured goods to Britain during the past twenty years. Japan's share of our total imports is still fairly small — under 4% — but many of the goods imported from such Asian countries as Taiwan and South Korea are in fact produced by Japanese multinationals operating in these countries and, if such imports are included, the overall share of Japanese firms is around 5%. This figure is likely to rise in the future as imports from Japan itself and from the rest of Asia increase. By contrast our trade with the socialist countries is stagnating. Unlike other capitalist countries, such as France or Germany, which now do

Table 2. Share of imports in the UK market (per cent) for manufactures

	1899	79/3	'29	'37	'50	'58	'63	'73	'80
	21.8	24.2	20.9	11.3	4.7	6.5	9.7	17.2	25.4

Source: Figures for '73 and '80 from the *Monthly Digest of Statistics*. Earlier figures estimated from data contained in the *Annual Abstract of Statistics* and A. Maizels, *Industrial Growth and World Trade*, Cambridge 1963.

Table 3. UK manufacturing and the world market in 1980

Region	Imports (%) UK demand	Exports (%) UK production
EEC	11.8	9.7
Rest of W. Europe	4.6	4.5
USA	3.6	2.4
Other	5.4	9.5
Total	25.4	26.1

Source: *Monthly Digest of Statistics*, UK overseas trade statistics

a thriving business with the socialist countries, Britain has failed to develop any significant trade in this direction. The share of all the socialist countries combined — Eastern Europe, the Soviet Union, China and the rest — in British imports and exports is less than 3%, and this share is actually falling. France now exports nearly twice as much as Britain to Eastern Europe and the Soviet Union, and Germany nearly four times as much. There is obviously considerable scope for expansion here.

Despite all the actual and potential changes in these other directions — trade with the Third World and Japan and, hopefully, with the socialist countries — one basic fact is clear. Britain's links with Western Europe, and in particular with the EEC countries, are now, and will remain for the indefinite future, the central feature of our existence as a trading nation. Any attempt to solve Britain's economic problems without confronting this fact is doomed to failure. It is an illusion to believe that trade with these other areas can eliminate, or even significantly reduce, our interdependence with Western Europe or even with the countries of the EEC.

IMPORT CONTROLS AND THE ROLE OF MANUFACTURING INDUSTRY

The massive growth of manufactured imports in recent years has aroused a fear in the labour movement that British industry is facing extinction, and there have been widespread demands for protection against foreign competition. Various culprits have been identified. The TUG blames Japan and the newly industrialising countries of the Third World, against which it takes a fairly harsh line; whilst the Labour Party blames imports from Western Europe and demands withdrawal from the Common Market. There is clearly substance in these fears about the future of manufacturing industry in Britain, for British industry is facing stiff competition from foreign firms and multinational companies are shifting the balance of their manufacturing activities overseas. In certain cases protection may be justified. There is also the balance of payments to consider. Economic expansion, as envisaged under the alternative economic strategy would also create a huge demand for foreign manufactured goods and controls might be required to keep the expansion of such imports in line with what Britain can afford. Finally, import controls would provide a powerful weapon against the multinationals and would allow a left wing government to alter the geographical pattern and character of Britain's manufacturing imports, thereby imposing new social and political priorities on our trade with other countries.

A wrong argument

The above arguments establish a strong case for import controls and there is widespread, if not universal, agreement that such controls would be required as part of an alternative economic strategy. However, despite this agreement on the general need for control, there is no agreement about what import controls would actually mean in practice and, in particular, what trade policy would be required under the alternative economic strategy to ensure that Britain 'paid her way in the world'. Many people start from the assumption that Britain is a mainly industrial nation which requires a large surplus on her manufacturing trade to finance the import of food, raw materials and other primary products without which she cannot survive. They argue that, because of rising manufactured imports from other advanced capitalist countries, Britain can no longer earn the required surplus and is facing bankruptcy. They point out that Britain now has a large deficit in manufacturing trade with the EEC, Japan and certain other countries, and they claim that import controls should be used to eliminate or severely reduce this deficit and thereby release the funds required to purchase essential primary products. This entire line of argument is, in my opinion,

mistaken and, if taken literally, could lead to an extremely chauvinistic and anti-social trade policy. The idea that we need a large surplus in manufacturing trade to pay for the import of primary products is based on an outdated and blinkered view of Britain's role in the world economy. So too is the idea that Britain cannot afford a deficit with the EEC or Japan. These ideas derive from an exaggerated view about the importance of manufacturing in Britain's balance of payments, and they ignore or underestimate what has occurred in other sectors of the economy, such as agriculture and services, over the past decade.

As everyone knows, Britain is now self-sufficient in energy as a result of North Sea oil, and although we still import oil from the Middle East and elsewhere, this is counterbalanced by the export of other grades of oil to Western Europe and the USA. Moreover, with a vigorous programme of conservation, together with the development of alternative sources of energy — such as renewables or coal (of which there are huge deposits in this country) — Britain could probably remain self-sufficient in energy for the indefinite future, long after North Sea oil runs out. All this is well known.

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Food and raw materials

Less well known is the fact that Britain is now well on the way to self-sufficiency in foodstuffs, in the sense that exports in this sector may soon be sufficient to cover the cost of imports. Over the past twenty years the volume of food, drink and tobacco imported has hardly changed, whilst exports have risen strongly, and if present trends continue Britain's deficit on this item will disappear by the early 1990s. Moreover, the volume of raw materials imported has hardly changed over the past twenty years and, although Britain is

likely to remain in deficit on this item for the indefinite future, the amount of money involved is not very large. Raw materials now account for only 6% of Britain's total expenditure on imported goods and services, and their cost is equivalent to a mere 2% of our national income. Even if the real price of these materials were to double or treble over the next decade, as that of oil has over the past decade — which seems unlikely — the net cost of such imports would still be relatively small. Thus, taking primary products as a whole — food, materials and fuel — Britain's deficit is no longer very large and is diminishing in comparison with total export earnings and total output. Even this small deficit in primary products does not require a surplus of manufacturing trade to finance it. Britain has a large and growing surplus on services which is now sufficient to pay for all our net imports of food, materials and the like.

Services

All major service items in the balance of payments, other than military expenditure overseas, are now in surplus and their *net* contribution of foreign exchange was around £5,000 million in 1980 (see Table 4). This figure does not include property income in the form of interest, profits and dividends which are classified separately. Services are a mixed bag and range from banking and commercial activities in the City of London to shipping, aviation and tourism, together with a variety of smaller items which are grouped under the heading 'other services' — such as fees from consultancy or construction work overseas. Some of these items are rather disreputable and their continuation would be undesirable under a Left government; but the vast bulk of service activities are perfectly respectable and should be encouraged, including many of those performed by the City of London. Services have traditionally aroused hostility or contempt in left wing circles in the mistaken

Table 4. UK balance of payments in 1980 (current account) in £ million

	<i>Credit</i>	<i>Debit</i>	<i>Net</i>
Visible Trade			
Hood, beverages and tobacco	3,241	5,619	-2,378
Basic materials	1,467	3,413	-1,946
Fuels	6,418	6,589	-171
Manufactures	34,879	29,385	+ 5,494
Unclassified	1,384	1,205	+ 179
Total	47,389	46,211	+ 1,178
Services			
General government	84	176	-92
Sea transport	3,816	3,681	+ 135
Civil aviation	2,210	1,815	+ 395
Travel	2,965	2,757	+ 208
City of London	1,595 (net)	-	+ 1,595
Other services	4,826	2,180	+ 2,746
Total	15,496	10,609	+4,887
Property Income and Transfers			
Interest, profit and dividends	8,204	8,242	-38
Transfers ¹	793	2,052	-1,259
Total	8,997	10,294	-1,297
Military and EEC			
Military	201	1,050	-849
EKC	1,070	1,783	-713
Total	1,271	2,833	-1,562
Grand total	73,153	69,947	+ 3,206

¹Aid, emigrants remittances etc

belief that most of them are unproductive or, worse still, parasitical. Under the impact of 'de-industrialisation' this blinkered attitude is beginning to change, for it is now realised that services can provide employment to replace jobs lost in industry. However, the contribution of services to the balance of payments is still not

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appreciated and the Left still exaggerates the importance of manufacturing trade out of all proportion.

Table 4 shows the major items in Britain's balance of payments in 1980, the last year for which detailed figures are available. This table reveals a number of things. As already mentioned, Britain's earnings from economic services (ie, excluding military expenditure overseas and the like) are now sufficient to finance all our net imports of primary products — food, raw materials etc — without any contribution at all from manufacturing exports. This marks a radical change from twenty or even ten years ago, when Britain really did need a large surplus on manufacturing trade to survive. As a result of rising service income and growing self-sufficiency in primary products, Britain now has an overall balance of payments surplus with the outside world.² Indeed, this surplus is now so large that, even with present export earnings, Britain could afford to increase her import of foreign manufactured goods by 10% or more without going into the red. The fact is that Britain's imports of manufactured goods are now too low in relation to exports and not too high, as many people seem to believe. Naturally, Britain cannot afford to import unlimited quantities of manufactured goods from abroad, and under a Left government controls might be required to prevent imports getting totally out of hand during economic expansion. But even so, provided export earnings held up, manufactured imports could be a great deal higher than they are now.

Keeping the deficit

This brings me to the thorny question of trade with the Common Market and Japan. As I have already mentioned, Britain imports more manufactured goods from these countries than she exports, and the result is a substantial deficit in manufacturing trade. It is widely argued that import controls should be used to eliminate this deficit and establish a rough balance in manufacturing trade with the EEC and Japan. This argument is, in my view, mistaken. Britain participates in a global division of labour and her economic relations with any single country or group of countries cannot be judged in isolation. Whilst it is true that Britain has a large deficit in manufacturing trade with certain capitalist countries, she has an even larger surplus with the rest of the world, especially with the OPEC countries which spend in Britain much of the money they earn by selling oil to the EEC and Japan. So long as Britain has a large surplus with the rest of the world, Britain can afford to run a deficit with the EEC and Japan. Indeed, the point can be put more strongly. It is Britain's *duty* to run such a deficit, for this is one of the most effective ways of ensuring that the money we receive from the OPEC countries is recycled back into the world economy.

Take the case of Japan. Unlike Britain, Japan has virtually no indigenous supplies of energy and half of the country's export earnings are spent on oil. Most of the money earned by exporting manufacturing goods to Britain is used to buy oil from the OPEC² This is true not just for 1980, the year shown in Table 4, but also for 1981 and, it is predicted, 1982.

countries. The same money is used by OPEC to buy manufactured goods from Britain, and the result is a triangular trade in which money circulates from Britain to Japan, Japan to OPEC and then back to Britain again. This all shows up in official trade statistics. In the last four months of 1981 Britain had a trade surplus of £904 million with the OPEC countries, as compared to a deficit of only £508 million with Japan.

The use of import controls to eliminate our deficit with the EEC or Japan, whilst continuing to maintain a large surplus with OPEC and the Third World, would be both pointless and chauvinistic. Of course, Britain cannot afford to import an unlimited amount of manufactured goods, but current imports are well within the range of what we can afford. Indeed, our surplus with OPEC and the rest of the Third World could finance an even larger deficit with the EEC or Japan than we have at present, and we could afford to increase our imports from these countries by a considerable amount.

This article has stressed the importance of Britain's economic relations with Western Europe, especially with the EEC countries, and has argued that these relations are less harmful to Britain than is

Table 5. UK balance of trade in manufactures in 1980, by region, £ million

Region	UK exports*	UK imports ¹	Balance ²
EEC	13,759	15,478	-1,719
Japan	482	1,671	-1,189
Rest of the world	22,748	16,055	+6,693
Total	36,989	33,204	+ 3,785

Source: UK Overseas Trade Statistics

*Exports are measured 'f.o.b.' and imports 'c.i.f'

¹Because of the way imports and exports are measured, the regional balances overestimate Britain's deficit with Japan and the EEC and underestimate her surplus with the rest of the world. The overall picture is even more favourable than this table suggests.

often claimed. Because of developments in sectors such as services, oil and foodstuffs, Britain can now finance the import of a considerable quantity of manufactured goods from Western Europe, and our present deficit in manufacturing trade with the EEC is well within the range of what we can afford. In this sense, Britain's economic situation has improved over the past few years, although in most other ways it is, of course, quite desperate. A second aspect of our situation should be obvious. Because of economic integration, the countries of Western Europe, especially those of the EEC, are now in a position to inflict enormous damage on Britain, and it is of utmost importance that any future leftwing government here remains on good terms with these countries. Thirty years ago the biggest threat to socialist advance in Britain came from the United States with its then unrivalled economic power. Today it would be difficult for the US *acting alone* to sabotage British economic policies. Its trade flows with Britain are simply not large enough to give the US decisive leverage, as they account for only one-tenth of our imports and exports, and there are many alternative markets and sources of supply available. And with assets in Britain worth around £20,000 million, the US multinationals operating here are more of a hostage to fortune than an immediate political threat. Only with support from Western Europe could the US hope to bring down a leftwing government in Britain or wreck its economic programme.

Arbitrary or provocative action in the sphere of trade or finance could sour relations with Western Europe and increase the chances of certain European countries lining up with the United States against us. The bourgeoisie is, of course, always hostile to the Left and we could expect no sympathy from that quarter. But the ability of the European bourgeoisie to act against Britain would depend on the extent of its popular support, and this in turn would depend on our own actions. The unthinking and indiscriminate use of import

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C A Nash, British Rail Lecturer at the Institute for Transport Studies, University of Leeds

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controls against EEC countries could cause real, if not fatal, harm to certain of their industries. The resulting distress would undoubtedly be exploited by our enemies to turn public opinion in these countries against us, and would increase the likelihood of a damaging trade war. This does not mean that import controls should be dropped from the alternative economic strategy — they still have a useful role to play as, for example, a weapon against the multinationals — but their political limitations should be clearly recognised. We should reject any idea of putting up the shutters and using controls to drive EEC or other European goods out of the British market. As I have already argued, Britain can afford to purchase even more from the EEC countries than she does at present, and the only use of controls should be to plan the future *growth* of imports from these countries. Any attempt to 'roll back' the tide of EEC imports would be suicidal and would merely lead to retaliation and to Britain's political and economic isolation.

Active cooperation

Quite apart from the purely negative argument that conflict with the countries of Western Europe should be avoided, because it might destroy us, there is also the more positive argument that active cooperation between Britain and these countries should be encouraged, because it is really needed under present day conditions. Economic integration is now a reality and the people of Western Europe now face many common problems. The crisis is now affecting the whole of Western Europe and, although unemployment is still worse here than in most other countries, it is rising everywhere. A coordinated economic expansion throughout most of Western Europe would be of immense benefit to all countries, including Britain, and would make it much easier for any left wing government here, or elsewhere, to achieve its objectives. This is now widely recognised in the labour movement but, so far, little has been done to mobilise support around such an objective.

Multinationals are another area in which cooperation is required. Such firms, many of them American owned, now occupy a decisive position in the European economy and an international response to them is required. Purely national controls on multinationals are difficult to operate and can often be evaded by relocating production and investment elsewhere. Even the complete takeover of the subsidiaries in one single country, such as Britain, may be of limited use because the parent company may retain control over vital parts of the enterprise overseas. There is clearly a need for an international struggle against multinational companies, both on a trade union level — which is widely recognised in theory, if not in practice — and at a political level. The immediate objective of such a political struggle should be an internationally agreed set of regulations governing the behaviour of multinationals in such areas as taxation, working conditions and the location of investment. But the longer term objective should be the complete takeover of such enterprises and their democratic administration on an all-European level.

Britain and France

Reflation and the multinationals are only two of the economic issues on which cooperation between the countries of Western Europe is needed. The British Left and the labour movement are slow to accept this fact and, despite lip-service to the idea of cooperation, they still take a rather go-it-alone attitude on economic affairs. The degree of economic integration in Western Europe is increasing all the time. As it does, the number of questions on which international cooperation is required also increases. There is still some scope for independent national policies, and a determined British government could still achieve a certain amount on its own, even under present economic conditions and even without the active support of other



So long as Britain has a large surplus with the rest of the world, Britain can afford to run a deficit with the EEC and Japan.

European countries. But the scope for independent action is not very large and is limited by the realities of our integration with a continent which itself is in crisis. There is clearly a need for common action to solve our common problems.

With the election of Mitterrand in France, it is odd that anyone on the Left in Britain should still think of us going it alone. Individually, France or Britain is relatively weak, but acting together for socialist objectives they could transform European politics and alter the whole direction of European economic development. This has obvious implications for Britain's membership of the EEC. Traditionally, the left has seen the EEC as a body with the independent power to block socialist advance in Britain, and this is often used to justify the demand for our withdrawal. Such a view is wrong. As far as Britain is concerned, the EEC is really France and Germany. Both the EEC's policies towards us and its ability to implement them depend mainly on the attitude of these two countries. With France on our side, the EEC would lose the capacity for action against us. It would either go along with the common socialist strategy of France and Britain, or it would fall to pieces. After Mitterrand's victory, the Left's argument for immediate withdrawal from the EEC has lost some of its original force. Many aspects of the EEC are still objectionable of course and major changes are required. But these changes are now conceivable in a way that they were not even a year ago when the right wing Giscard was still in power in France. At the very least, the Left should address itself to this new situation and these new possibilities — even though the question of withdrawal must remain on the agenda. Q

Note: This article will appear in a book consisting of original articles on the alternative economic strategy to be published by CSE books in the early autumn and edited by John Kelly and Tony Mannerling.