

5. The ambivalence in Britain regarding membership in the Community may have led to the postponement of business decisions needed to take advantage of the larger market, at least until after the 1975 Referendum. In the last several years, uncertainty has again arisen about whether Britain will stay in the EEC in view of the Labour Party's official position favouring withdrawal "in a amicable and orderly way" because membership is an obstacle to the "radical, socialist policies..." to which it is committed. Public opinion polls also suggest that the British people might be persuaded to vote against remaining in the Community.

X 6. Government policies have not been such as to facilitate positive adjustment and restructuring. Among the main criticisms it has been pointed out that, from 1974-1979, the Government pursued policies which enhanced the bargaining position of organized workers, reduced management's flexibility on prices, wages and profits and propped up industries in trouble instead of forcing them to face the economic facts. The gains in cost competitiveness flowing from the sharp depreciation of the pound in 1976 had been completely eroded by the first quarter of 1979. More recently Britain has been making herculean efforts to get inflation down to more manageable levels and reduce government deficits. However necessary this may have been, it has been suggested that Britain went beyond what its Common Market partners were doing to reduce deficits and placed an added burden on the economy at a time when major structural changes were needed. On the other hand it appears that British efforts to upgrade the skills of workers so that they will be more on a par with those of such competitors as Germany have been inadequate. So have the incentives to invest in new plant and equipment.

7. Exchange rate changes since the pound was floated have introduced an element of uncertainty into business transactions. British producers of certain manufactured goods, including motor vehicles, have cited this as a problem they have had to contend with in selling in Community markets.

Notwithstanding the somewhat disappointing results so far, the British business community seems convinced that there have in fact been important benefits. At the very least, it is believed that Britain over the past decade has been much better off inside than it would have been outside the Community. Although the inflow of investment has not been spectacular it is thought that it would have been considerably smaller if Britain had not joined. Interviews with officers of multinational companies suggest that, should Britain withdraw now, there would be an exodus of subsidiaries. The view has been expressed that the current difficulties of certain industries, such as steel, would have been much greater if Britain had not had the protection of EEC policies and supports. This then is perhaps the bottom line in the debate about whether Britain should remain in the Community - what is the alternative?