

Remarks by Jean Rey,
President of the Commission of the European Communities
at the Annual International Dinner
of the Harvard Business School Club
Hotel Waldorf-Astoria, New York
April 16, 1968

Mr. Chairman, Mr. President, Excellencies, Ladies and Gentlemen. It's a great privilege for me to be your guest this evening. I am most impressed by this assembly -- its quality, brilliance, and number -- and also the kind words addressed to me by my respected friend, George Ball, and earlier, by the chairman of this dinner, Mr. Knight.

I must say that it is always an extraordinary pleasure for me to come to the United States. Indeed, I've always admired three things in the character of the American people -- their energy, their generosity, and their friendship. About energy: I think that the City of New York, which I had the privilege of seeing from a helicopter this morning, is an unbelievable demonstration of the energy of your country.

About generosity: I am always struck by the way business leaders in this country spend their money so generously for the general interest -- for social welfare, for education, and so many other things.

And about friendship: we are reading in Europe these days Jean Jacques Servan-Schreiber's book, "Le Défi Américain." Of course, we want to try to match the success of the American people in some fields. But there is a field in which we can never match you: it is in friendship -- the way in which you treat your friends. It is something very moving, and once more, Mr. Knight, for the way in which you have received my wife and myself here since yesterday, I want to express my warmest thanks.

Now I wish to say to my respected friend, Douglas Dillon, how glad I am of this opportunity to meet him again. Mr. Dillon is not only a prominent American, he is an international statesman, and is very respected in Europe. He also transformed, through personal initiative, a European organization -- the OEEC -- to a more world-wide one. You remember the OEEC was born in 1948 to distribute in Europe the gift of the Marshall Plan -- something not forgotten in Europe.

Twelve years later, Mr. Dillon proposed that the United States and Canada end their observer status in Europe's OEEC and become full members of an Atlantic organization -- the Organization for Economic Cooperation and Development. This task he accomplished. I must also mention the Dillon Round of trade negotiations in GATT to which he gave his name. I was the negotiator for the Community then. It was the first time that a trade negotiation was carried on between an organized Europe and the United States.

Now, my deep thanks to George Ball, friend of the Community since the very beginning. I told him this evening that I wondered if he had not indeed been a friend of the Community before its birth. We have not forgotten the help which George Ball, both in his personal capacity as lawyer, and later in his office as Under Secretary of State, gave to the movement of European integration. We remember a speech he delivered in Bonn (I think four years ago) when he explained to our friends, the Germans, that for the first time in history, the United States was seeing in Europe the beginning of something which could become the same size as the United States and with whom it might be possible one day to speak on equal terms.

Merci, M. Ball, nous n'avons pas oublié cela.

Lastly, my thanks to the Harvard Business School Club whose guest I am this evening. What has most impressed me, Mr. Knight and Mr. Robison, has been your organization. I think the name of this most respected University of Harvard is one of the most known in Europe. I shouldn't say it is the first because je ne voudrais faire du chagrin à personne. But the respect we have for the great American universities is total. We admire not only the high level of learning, but also the freedom of spirit and political courage displayed in your universities.

Ladies and gentlemen, that is what I wanted to say before embarking upon my subject. I will try not to speak too long this evening, but I must say at the beginning that the idea of my subject was found in an explanation of the objectives of the Harvard University School of Business Administration. In a brochure about the school, I read that all its programs are concerned with the development of an understanding of the place of business in our society and of the responsibilities business leaders have to that society.

And so I thought that perhaps it would be good if I spoke this evening about the common responsibilities we share -- the United States on one side and the European Communities on the other. What strikes me so much is that even though you have enormous problems in your own country -- problems over your foreign policy in the Far East, problems in civil rights, and problems over your balance of payments -- you nonetheless keep up a strong interest in European affairs. When I paid my first official visit to Washington as President of our merged Commission

eight weeks ago, I was struck by the fact that all your authorities -- President Johnson, the Secretary of State, Mr. Katzenbach, my friend Bill Roth, Ambassador-negotiator of the Kennedy Round, and Secretary Fowler -- all showed an interest in our problems of European integration.

Now, I come to my subject, and I have no intention of describing our situation in Europe. I think it is very well known. I assume that the majority of you know Europe and have traveled in Europe so that explanations are useless. It will perhaps be more important to express opinions, and I will try quite freely on my own responsibility to express some views about what is going well in Europe, what is not going well, what we may expect in the future, and what we may possibly achieve together.

At the present time, what is going well? First, of course, our customs union will be achieved in less than three months -- the first of July, which is eighteen months in advance of the calendar of the Treaty of Rome. It is possible even now in Paris to buy German and Italian cars, les Fiats et les Volkswagens. It is equally possible in Germany to buy les Citroens. This is new; we did not see it in the years before the War. The result of our expected customs union has been the expansion of trade in Europe. You have been aware of it and, in a certain way, you have helped this expansion. In any case, economic expansion in Europe since the beginning of integration has been so satisfactory that some of our friends, who were a little skeptical at first, are now eager to join the Common Market. I don't think there could be a better demonstration than this that something has been achieved.

Now we are quickly building the second phase of our structure, which is economic union. It is not only free trade inside the Communities and a common tariff around our six countries, but economic union -- meaning building common agricultural, commercial, transport, and fiscal policies. With these we have begun and are making good progress. In the year 1967, we have had difficulties between our six governments -- quarreling about the acceptance or the refusal of the request of Great Britain and other European countries to join our Community. Yet even though our governments were in dispute, the year was one of the best years we have had. In February, our decision on indirect taxes -- the added-value tax system -- was accepted by our governments. Of course, it will take years to build it, but the principle was decided upon unanimously. In April, we launched our first program of medium-term economic policy program. In May, we concluded the Kennedy Round, and in July, we merged our executives. In October, we made our first decisions in the field of research and technology. In November, the monetary solidarity of the Six during the crisis of the pound sterling was reinforced, and in December, the necessary decisions were taken on transport policy.

The year of 1967, the latest year of our existence, would have been one of the best for our Communities had we not had, at the end, the decision (or lack of decision) about the enlarging of the Communities. Then, if we want to look at what is not going well, we should cite, of course, the political difficulties between our six governments. They are not at all of the same opinion in some very important problems. I

would mention three. The financing of our agricultural common policy, which grows more and more expensive every year, and gives to the governments the greatest difficulty.

The second one is the monetary problem. If the solidarity shown during the pound sterling crisis was good in November, I couldn't really give the same compliment to our Ministers about the division they have had on the dollar crisis and problems involved in a new monetary system. Our governments, you know, have not been unanimous in their views.

And the third problem which is really complicating relations inside our Community, is to know whether the time has come or not to accept Britain as a full member in our Community.

Five of our governments, our Commission (unanimously), and our Parliament in Strasbourg believe the time has come to begin negotiations with Great Britain -- hoping that solutions can be found for the problems which still exist.

All six governments are not of the same opinion, and in this situation we must use much imagination to find compromise solutions. Nevertheless, I must say that is a part of our job.

Now what about the future? As I am speaking before businessmen, I believe the future interests them more than the past. When I was Minister of Economic Affairs of Belgium, I discovered this. Officials of the Ministry were always working with statistics -- which is the past. But the industrialists with whom I spoke talked about their orders and business in the future. Businessmen would put the question: "Qu'est-ce qu'il va

arriver?" What is going to happen, and what is your forecast for the next two, three or four years?

Well, I won't prophesy, but rather discuss what is likely to happen. Of course, the achievement of our customs union will occur on the first of July this year. Then, the tariff will no longer exist inside the Community, and the common external tariff will be established.

Secondly, the construction of our common policies continues, even though the governments are in disagreement over certain issues. For instance, we go on discussing price questions for beef and dairy products in the Council of Ministers. We have not yet solved these problems but the general opinion of all the Ministers is that compromise solutions will be found in the next three months.

So you see, although the crisis exists (and cannot be denied), progress goes on in these different fields. We are also working on new policies, which were not easy to formulate before when our three executives were separate and distinct. The common energy policy is one example. Coal was formerly the responsibility of the High Authority, atomic energy in the hands of the Commission of Euratom, and petroleum the responsibility of our Common Market Commission. Now we have a merged Commission and we can deal with these problems together. Thus, it will be possible for us, very likely by May, if not June, to give our first proposal on a common energy policy for Europe to the Council of Ministers.

The same is true for industrial policy. We think that much time has been devoted to agriculture and that the time has come to be more interested in industrial problems and in a new and necessary field -- regional

policy -- the development of regions inside the Community. We are not satisfied with what has been achieved. It has not been enough. True, great efforts have been devoted to the south of Italy. It is quite natural that priority be given to that part of our Community which has less development than the average. But now the time has come to deal with other regions which are also in need of special attention.

We are going to renegotiate our Convention of Association with our African associates -- the Convention of Yaoundé. It has still one more year of existence.

Now, after the merging of the executives, we are going to attack the merging of the Treaties themselves. The three Treaties, the Treaty of Paris and the two Treaties of Rome, must be merged in one unique text. In this process, it will be modernized and be better than the Treaties we now have.

And for that which is much more difficult to put on the calendar -- the enlarging of the Community -- I would say the way is blocked only for a rather short time. The Community is destined to be enlarged, and one day Great Britain will be a member of the Community, with Denmark, Norway, Ireland. There is no doubt that the discussion is about procedure. It is a real difficulty but nobody has any doubt in Brussels and in the capitals of the member states that the process of the enlargement of the Community will begin before very long.

Now I would like to mention a question I have heard so often that I would be surprised if this audience did not raise it. I am asked: "If your governments are in such great disagreement with one another, how is

it possible to make decisions?" Well, the answer is that this crisis which we have now is not the first one. It's the fourth one. The first was the defeat of the EDC in 1954 at a time when the High Authority was already at work.

The second one was the crisis of the first negotiation with Great Britain in 1963.

The third one was an institutional and financial crisis in 1965.

And the last one is the crisis which began to have its bad effects following the decision of our Council of Ministers last December 19th.

Well, we have progressed this far despite crises. Thus, I would say that if, with the governments as they are, we have made this progress, why should it be impossible to make progress in the future?

This is what I wished to say to you about the situation inside our Community. Now the second and last part of my talk is to see what you and we in Europe can do together and to see why we have common responsibilities.

I think the basic reason why we have these common responsibilities is because of the changes that are taking place in the world. If we had time to analyze all these changes, we would find them striking. I would like to discuss only two which seem to me of extraordinary importance. One is not political but spiritual. It is very important indeed -- the reconciliation begun by Pope John XXIII between the Christian churches. I might mention in discussing this that I am, as a matter of fact, a Protestant.

The fact that it is now possible to begin reconciliation between the churches is an historical event after four centuries of division since the

Reformation. The difficulties are not over but we are looking to one another in a quite different way than we did before. That is the striking event of the second part of this century.

The second event is the reconciliation taking place between France and Germany. After hundreds of years of wars between these two great countries (they always had the bad habit of waging them on the soil of my little country of Belgium), now for the first time they are looking at each other with common views. Today we are coming to a new period in the history of the world, in which life is being organized at the level of continents.

Europe has given the signal and now the Africans and Latin Americans are following. The two countries which do not feel this urgency are the United States and Soviet Russia. It is because they are virtually continents themselves. They do not have the need to unite; they are united. If life has now to be organized at the level of continents, relations between the continents are of utmost importance. President Kennedy, in Philadelphia, on the 4th of July, 1962, proposed to the Europeans a partnership with the United States. That was a basic change. Then what are the things that we have in these circumstances to build together?

The first one is the liberalization of trade. (Thank you, Mr. Dillon, for your proposal. Thank you, Mr. Ball, for the help you gave us in all those trade negotiations. Thank you for the extraordinary effort that was made on your side. We made what we could on ours, and we are grateful for the words you used to explain what Europeans were doing -- trying for the first time to speak with one voice.) What was remarkable about the

Kennedy Round negotiations was that everybody went home satisfied.

But now we have to defend the results of our negotiations against protectionist forces. You have a problem now with your balance of payments. It would be a pity (I say this quite frankly) if in trying to solve this problem, you should return to protectionist measures. One of the reasons why acceleration of the Kennedy Round measures is not easy for our Community is because of the imbalance between France and Italy with high tariffs, and the low countries plus the Federal Republic with low tariffs. Nevertheless, we have accepted the principle, and I hope that tomorrow in Geneva where a meeting has been called by GATT, a common rule will be found to help you in solving this problem by a contribution from Europe. You have helped us when we were in trouble; we should try to help you when you have difficulties. I think that in this field, we must make our best efforts -- but avoid a return to protectionism.

You have protectionist tendencies in your country. Everybody knows that, and we need only to read the papers or read the text of the bills proposed before your legislative chambers. We have protectionist forces, also. They are more active in the field of agriculture. I have always deplored the fact that during our negotiations in Geneva last year, we weren't able to be successful with our Community proposal to block protectionist measures in agriculture. We were told that the Kennedy Round was not designed to freeze protection but to diminish protection. But the freezing of protection levels then would have been better than absence of discipline now. Three weeks after the negotiations, agricultural leaders in Europe were saying, "Well, if there is no discipline accepted

by other countries, then why should we not go up with the prices?" We must still make common efforts to defeat protectionism, which is too high in the agriculture field.

The second problem which we have to deal with together is the creation of a sound monetary system. I should say that after the speech of Mr. Douglas Dillon, I have nothing to add on this subject this evening except to tirer mon chapeau pour le courage de ce que j'ai entendu -- admire the courage of what I heard just a few minutes ago.

Our third common problem is help to the developing countries. You and we are making efforts, but they are too small. We must do more. There is also the problem of method. When I was representing the Common Market Commission at the first UNCTAD conference in Geneva in 1964, I defended our system of regional preferences for our African associates. My most distinguished opponent was Mr. George Ball, who explained to the conference that the preferential system was a "sin" and was to be abolished purement et simplement. Between us, Edward Heath, then President of the Board of Trade, was proposing a mixed system in which preferences would be kept, but generalized -- an idea perhaps better than the actual system.

Since then, we have made progress on both sides. On your side, you have made progress toward the idea that preferences can be tolerated -- provided that they are generalized. On our side, we have recognized that you are right and that the generalized preferences ought to be accepted. Well, some progress in this direction has been made in New Delhi, but there is still much work to do.

These, then, are three examples of things which we can't solve alone. We can't solve alone the problem of liberalization of trade. We can't solve alone the problems of help to the underdeveloped countries. We can't solve alone the problem of monetary responsibility. All these are our common tasks.

That's what I wanted to tell you this evening, and to tell you that in Europe -- in our Community -- we feel very strongly that these things are really not only our present but our future. All this is very difficult, just as it is difficult for us to merge six countries with old traditions, four different languages, their various opinions, with their different sizes, with the wars we have fought against one another. With these things, it is not easy.

You have had the same difficulty. Often I compare the story of the United States, when with thirteen states you began your integration two centuries ago, with what we are doing now in Europe. You have had awesome difficulties. You solved some of them in a terrible civil war. Our impression is that our civil wars are behind us. We had our civil wars and the two world wars into which you were drawn by us. We, as Europeans, have been responsible for those two great explosions. In this situation, there was at least something which was fortunate. It was the fact that the wars were so close to one another -- that the same men have fought in both. Thus, we became convinced that the time had come for us to end this awful situation.

Last year during my holidays I was in France. I went back through the Forest of Argonne. There I found one or two people who still

remember the first World War; I was a boy at the time. Well, when I went last year during the summer to the Forest of Argonne, I saw extraordinarily beautiful French cemeteries: 3,000 young Frenchmen, sleeping there for half a century -- fallen in '15, '16, '17, at an age of 20 or 25. And when you go three kilometers north, you find the same thing -- cemeteries -- but it is the youth of Germany who are sleeping there. Well, that's all. We are at the end of that because we are convinced that all this belongs to the past.

My conclusion is that what is important is what people think; what leads the world is not interest, but ideas. Ce sont les idées qui mènent le monde. Ideals are really things that are most important to explain -- what will be the life tomorrow. Christianity began only because there were people who believed in their faith. Democracy began because there were a few people who thought about what democracy meant.

Social progress is something of the same kind. Social progress also had been the idea of a few leaders before it became a political force. European unification is the same thing. European unification will succeed because Europeans believe in this unification, and so do most of the youth.

I was invited to Paris three months ago, in a great room something like this one. A peu près de cette dimension là, le grand auditoire. It was a great auditorium of the Law Faculty of the University of Paris. And my friend, Pierre-Henri Teitgen, told me: "Monsieur Rey, you ought to come; you will have a good audience of students interested in the process of European integration." I came; it was in January of this year.

I was greeted by 2,300 young Frenchmen and French girls with great enthusiasm. It was a demonstration that the youth in Europe is already convinced of the need for European integration and of the process of unification of our continent.

Ladies and gentlemen, thank you for your attention. I think that at the end of my talk, I must stress that we have common beliefs, you in the United States, and we in Europe. We believe in the freedom of man; we believe in social progress; we believe in peace between continents. These ideals are common to us; let us fight together for them. Thank you.

##