

THE EUROPEAN COMMUNITY: ITS EMERGING WORLD ROLE

An address  
*prepared for delivery*  
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Mr. President, Ladies and Gentlemen,

I am very happy to have this opportunity to visit Creighton University, to speak to you briefly and to make personal contact with those of this university and this region. It is a pleasure to be in the university atmosphere again. Also, I am delighted that leaders from the business and industrial world can be with us tonight as I tell you something about the European Economic Community.

We are, as you know, now completing the fifth year of our existence. In terms of economic and political life, this is still a short span. But these have been, indeed, unusual years demonstrating unusual achievement and progress. Moreover, these few years have illustrated the significant role our Community has come to play, and is destined to play, in world affairs. We have learned in our brief experience that there is hardly a nation or region in the world that has been left indifferent by our existence - a sobering knowledge but a destiny which we accept.

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The primary ingredient of the Common Market, as a customs union, involving the staged elimination of internal tariffs. Here we have made signal progress. We have already lowered tariffs by 50 % as a result of scheduled reductions coupled with two speed-ups in our time-table. All this was achieved in four and one half years. The Commission of the European Economic Community - the executive institution - now feels that we can complete our customs union in the next four years, reaching the zero tariff by January 1, 1967, or three years sooner than the earliest date envisaged in our original time-table. Today at the midway point, we can say confidently that we have proved the feasibility of the customs union and advanced it to the point where its trade stimulating potential is significant. Trade among our Member States has increased 92 % in our first five years. In addition to tariff reductions, we have also eliminated quota restrictions on industrial goods, and that eight years ahead of schedule.

At the same time, our Community has contributed significantly to the liberalization of world trade. Our first Community tariff reduction in 1959 was extended to non-member countries. We are planning shortly to reduce tariffs on certain tropical products. And in 1962, we accorded major tariff concessions to our world trading partners in the Dillon negotiations conducted under the auspices of the General Agreement on Tariffs and Trade. As reduced by these negotiations, the average incidence of our external tariff has been estimated at 5.7 % as against 7.1 % for the United States tariff. In the relatively near future, the Community will open preliminary discussions with the United States on the launching of the Atlantic partnership in which it and the United States will work for further, worldwide tariff reductions. This development, of great importance, I will turn to in more detail later.

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On January 14, of this year, we decided simultaneously on two policies which mark us indelibly as an economic union, that phase of our development which truly merges the economies of the Member States. The goal is a fusion of our economic and social policies.

The first of these common policies is that for agriculture. This great industry, involving 13 % of our total production and 25 % of our work force, has now become a Community domain. On July 30 of this year, there was a great shift of responsibility from national authorities to Community authorities. This represents more than a scheme for a better ordering of this vital branch of our economy, more even than the establishment of a precondition for a common market. It represents a Community will, or the will to be a Community, for the world knows that achieving a common agricultural policy was a severe trial for us.

The second important policy adopted at the beginning of this year is our Common Competition Policy, which is Europe's first comprehensive anti-cartel legislation. The Rome Treaty forbids cartels and the abusive use of dominant positions in the market if they restrict exchanges between Member States. These would simply contravert the new freedom of competition we are making possible through the elimination of tariffs and similar restrictions. For the administration of this law, the Commission of the European Economic Community has been given new investigatory and disciplinary powers and a permanent co-operation between the Commission and pertinent authorities in the Member States has been set up. Thus another important dimension of our economic life has become "Community domain"

In many other fields we have likewise moved toward a common economic identity.

The Council of Ministers has already approved certain elements of a Common Transport Policy which will eliminate distortion of competition in the transport field.

Considerable progress has already been achieved in co-ordination of economic and monetary policy. The movement of capital within our Community is almost wholly free. Our Monetary Committee, comprising representatives of the central banks and treasuries of the Member States and of the Commission, is now conducting regular "country by country" examinations in this field and making policy recommendations to our Council of Ministers and the Commission. The Ministers of Finance of the six countries hold regular meetings on matters of Community interest and the Central Bank Governors occasionally meet with the Ministers, in addition to their own periodic meetings. As I shall indicate further, some of our greatest challenges and opportunities lie in the monetary field.

The evolution of our Community as an economic union can also be seen in our progress toward establishing the free movement of workers, the free supply of services and the free establishment of businesses. In each of these areas, there are detailed action programs, which will

progressively expand these freedoms to the point where all discrimination based on nationality will disappear. The principles of a Community regional development policy will be worked out to insure that no region is left behind.

We are pushing ahead on the difficult task of establishing a Common Energy Policy; the executives of our three Communities - Common Market, Coal and Steel, and Euratom - are hard at work on this problem.

More and more as we tighten our economic integration by accepting common policies, it becomes apparent that we must protect our achievement against economic fluctuations and to the extent possible correct divergencies in the national economic policies of the Member States. The Rome Treaty states that "the Member States shall consider their policy relating to economic trends as a matter of common interest".

Thus, we have created a Business Cycle Committee to watch the production curves of the Member States and to make recommendations. Furthermore our Commission has proposed a common and continuing policy to meet cyclic economic problems. This logically would be a co-ordination of national economic policies or, stated differently, a common economic policy adapted to the needs of each State. A Community cyclical policy would be employed not only in times of declining activity but in periods of rapid expansion when, in our labor-short market, strains have a tendency to occur.

To have a common cyclical policy almost presupposes that it be situated in a long-range view, if it is to have perspective. In this respect, we are also considering a longer range policy as suggested by the Rome Treaty when it states as one of our fundamental objectives: "to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States".

Such a long-range Community program would, for one thing, permit an overall view of the national plans employed by some of our Member States. For six national economies evolving into one, it would establish a solid foundation for the co-ordination of long-range economic development as suggested by the Rome Treaty. It would also give us a more efficient method of weighing the economic effects of our strongly-interrelated common policies, such as those for agriculture and regional development.

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In building a customs union and an economic union, we are also achieving political union.

First, our motive has been political since the launching of the European community initiative in the Schuman Plan.

Furthermore, we have created federal institutions, distinctly political, from which emerge a new economic and political entity. These institutions are the Council of Ministers acting primarily as a legislative body; the Commission fulfilling the role of an independent executive organ; the European Parliament uniquely empowered to bring about, by a vote of censure, the resignation of the executive; and the Court of Justice, in effect a European Supreme Court.

Finally, the matters we deal with as a Community are distinctly political. The object of our Community "merger" are State activities affecting our economic and political life - in short, politics. I have already cited a number of examples but another concrete one which I have not mentioned up to this point is our Common Commercial Policy. This is founded on our commercial external tariff, one tariff which traces our external frontier and sets us off as a community from the rest of the world. Because our Community is the world's largest trading unit, the common commercial policy is perhaps the primordial fact of our international political life. This can be seen in the fact that it conditions our relations with those countries which have asked for membership or association, with the United States with which we will conduct a trade partnership, and with the Communist bloc which has already made some tactical forays against this tariff symbol of our solidarity.

European integration as we are conducting it is also a homogeneous process of an essentially political nature. This is not to say that our political content will not grow but rather that it will be an extension to other fields of the same Community approach to various problems - perhaps defense, to cite one - that is presently being applied.

The achievements of our Community which I have described have made us a force of attraction for those who would now join us or work with us. We have become a community in the world context, and it is this that I would now discuss.

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The founders of our union envisaged a world role for us but their imagination could not have encompassed how rapidly that role would confront us. Comparing us with the normal evolution of a State, our history has been compressed. This is primarily because of what we have accomplished and the response it has provoked in the rest of the world.

One of our fundamental accomplishments is the discovery, if you will, of a better form for the organization of Europe's economic and related political affairs. In the context of this new form, we have achieved the fastest growth rate in the Western world, raised productivity and wages, minimized unemployment, raised the standard of living, increased internal and external trade and cemented the political harmony of the Member States.

The response to these advances has been worldwide, but I would treat first the European response. As you know, the founding States and present members of the European Economic Community are Belgium, France, Germany, Italy, Luxembourg and the Netherlands. Less than five years after our founding our Community and less than three years after the creation of the European Free Trade Association, we find all the members of the latter seeking either membership in or association with our Community. In addition, the Republic of Ireland is seeking membership and Spain is seeking association. Negotiations

looking to the association of Turkey have started and commercial negotiations are underway with Israel and foreseen with Lebanon. On November 1, 1962, our convention of association with Greece took effect.

The desire of various countries to find their respective accommodations with our Community confronts us with two obligations, one which we face as a European Community and one we face as a community with world responsibilities.

First, we must not permit the enlargement of our Community to detract from the very form and system the success of which has brought about the prospect of enlargement. I reiterate what I said elsewhere, "Nothing must be taken away from this system; it is the essential minimum. To relinquish any part of it would jeopardize the achievements in the past and the success expected in the future". It would be a self-defeating exercise if by expanding the Community we were to weaken it.

In the second place, before our world responsibilities, we must make altogether certain that the solutions we seek to the problems inherent in the various negotiations are "world solutions". By this I mean non-discriminatory solutions of the kind that will not settle the problems of certain nations only to aggravate the problems of others. The nations of the world generally are growing increasingly concerned with a liberalization and better ordering of world trade. The Community believes, and our Commission has insisted on it from our beginning, that our contribution will be a negative one if we accept discriminatory solutions as we solve problems arising out of the enlargement of our Community. That, for example, is why you hear so much about our insistence on the purely transitional nature of any arrangements worked out to palliate the trade problems of various countries affected by the accession of Great Britain to our Community. The world is ready, I am sure, to accept us as a community of a quasi-federal type, but not as one with preferential appendages contributing indefinitely to the general disequilibrium of world trade.



Nothing has confronted us with the realization of our world responsibility as has the negotiation concerning Britain's decision to seek membership in our Community. This is apparent when one considers the magnitude of what is being attempted:

Britain is now the keystone of the world's largest preferential trading system with lines running around the world and affecting the well-being of some 500 million people. She has set her course for Europe, feeling that her economic and political destiny lies with our Community. Thus what we see is an economic transition of tremendous scale. Britain has insisted that satisfactory arrangements be made to safeguard Commonwealth interests, and the Community has taken this up with Great Britain, to the extent possible, as a joint endeavor. Thus one can say that this negotiation has engaged the Community, far sooner than anyone could have foreseen, with problems of world scope.

For example, we have found increasingly in these negotiations that problems are constantly escaping the narrower European context and suggesting themselves as being susceptible of much broader solutions - in fact world solutions. A case in point is trade in temperate agricultural products. Canada, Australia and New Zealand are substantial suppliers of these products to the British market. Certain provisional arrangements for Britain's traditional suppliers have been discussed, but these would have to be transitional, not continuing. While agreement has not yet been reached, there is general agreement on a principle, namely that worldwide commodity agreements should be negotiated as soon as possible. One aim, of course, would be to meet the needs of Canada, Australia and New Zealand for continuing outlets for their farm products. But considerably more is involved in this issue. The Community with Britain will be, by far, the world's largest agricultural importer and thus in a position to make very important contribution to the solution of the world agricultural problem. As we see them, negotiations on world agricultural agreements would go even to the heart of production policies in all the principal producing countries.

They would take up the basic questions of supply and demand and prices in consonance with these factors. They would also take up the question of an international stockage policy and take into account the needs of the hungry in those countries still unable to satisfy their requirements in commercial world markets.

The example I have cited reveals, I think, one of the fundamental lessons of the British negotiations. For each problem we might have found two solutions, one narrow and preferential and one broadly constructive. And it has always been the latter that has been the best solution, in fact the only one truly acceptable for a community which has seen its world obligations grow commensurately with its economic importance. We have passed the stage of being uniquely a European factor. We are a world factor. In brief, we are not only willing to consider the problems of nations on whom our very existence has an impact, we are obliged to. We have reached the age of commitment, and we accept it.

Of the extra-European responses to our Community, the most important and far-reaching is the American initiative to enter into an Atlantic trade partnership, couched in the larger context of President Kennedy's concept of an eventual interdependence between America and Europe. The core of the partnership is a mobilization for precise goals of the resources of the world's first economic power with those of another rapidly assuming relative equality.

With the eventual accession of Great Britain, our Community will pass the United States in total population. It is likely that by the end of the decade Europe will have a total productivity capacity comparable to that of the United States. Already the two entities conduct the overwhelming majority of world trade. They will eventually comprise the fundamental currencies of the world's monetary system and alone command the most important sources of capital for world development. No nations possessed of these strengths could take a casual view of their relationship with the rest of the world. The partnership is the framework by which these

strengths will be translated into new responsibility and put to work for the benefit of people everywhere.

The core of the partnership is the mutual ability of each partner to enter into tariff negotiations aiming at the fullest possible - in some instances perhaps total - reduction of customs duties. Because both partners are pledged to the principles of the General Agreement on Tariffs and Trade, the reductions will be on a most-favored nation basis, redounding to the benefits of the trading partners of both who, it is hoped, will play an important contributory part. The anticipated stimulation of trade, and here we can cite the experience of the European Economic Community, should yield solid economic benefits to all the nations affected by the exercise.

We can now see the evolving partnership with sufficient clarity to define some of these challenges, and it seems worthwhile that we do so in order that we set our sights as high as our opportunity. One of the challenges concerns the essential ferment of the partnership:

On both sides of the Atlantic, the partnership has been compared in importance to the Marshall Plan in its significance for European-American relations. This is certainly true. But there are obvious differences that bear examination. The Marshall Plan was a common crusade whereas the partnership at heart is a kind of competition. The two partners are to grow stronger by vying with each other. The United States has, in fact, gone a long way toward endorsing one of the essential principles of the Common Market, which is the gradual confrontation

of economies as obstacles to trade are removed. Thus, as the partners engage in friendly but fruitful combat, they will have to remain ever conscious of the long-range goals sought by each. Both might fall short of these goals if either or both should at any point insistently seek a one-sided advantage.

In addition to assuring a vital doctrine for the partnership, I think that both sides should now begin to consider the realistic "how" of their work. The confrontation of economies resulting from the substantial easing of classical trade barriers is not something that can be approached in random fashion. To think so would be self deception, and we of the European Economic Community can speak from experience. In our customs union we are gradually eliminating tariffs and similar obstacles to trade. But long before we began this work, in fact in the very drafting of the Rome Treaty, we had to take into account the consequences of our future action. We had to ensure that this liberalization would take place under terms guaranteeing fair and equal treatment for all in such matters as taxation, competition or anti-trust policy and the promotion by the Member States of various regions or industries.

It is true, a partnership is not a Community. But there is a community of interests. Therefore the basic conditions are substantially different but the fact remains, as I stated before, that a parallel principle is involved - the confrontation of economies on an unusual scale. An undertaking of such importance should be most carefully conceived in order to avoid any possibility of misunderstanding or miscarriage. For these reasons, I urge that early attention be given, obviously, to a

plan for the conduct of the negotiations but also for the conduct of the partnership under equitable terms when the negotiations yield their fruits.

The Commission of the European Economic Community watched the evolution of the American trade bill with keen interest and saluted warmly President Kennedy's action signing it into law. Now the Commission, in its authority to conduct negotiations of this kind, welcomes the approaching moment when work can begin - but it feels that the work must be well prepared to assure success. We ourselves have been making exhaustive studies of issues sure to have a bearing on the negotiations. Our Commission recently publicly pledged in its Action Program for the 1962-1965 period that it would spare no effort to give these negotiations the maximum scope and to invest them with the utmost of dynamism and imagination. Far beyond the material benefits involved in this forthcoming trade liberalization we recognize that again our Community confronts its world responsibility as it takes up this work with the United States.

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I have spoken of European and American responses to our increasing success. Another major response deserves attention, that of the Eastern bloc. 1962 saw the Communist nations devote formal attention to us after several years of inconclusive polemics. This new attention was manifested at the secret Moscow economic conference in July during which the major attention was focused on the Common Market. Current

Communist concern with European integration was evident in a long analysis of the Common Market prepared for the conference and in various newspaper articles and reports of speeches.

The Communist concern is at once economic and political, and worldwide.

It is economic and political because we are a disappointing contradiction of the Marxist belief that free economic societies are condemned inevitably to internecine clashes leading to economic decline. Now through Europe a peaceful but poignant line has been drawn revealing on one side the highly successful and expanding integration of free economies and on the other the economic shortcomings of the Communist nations which have long claimed a monopoly of solidarity.

The Communist concern is worldwide because of the message for all nations to read in the contrast I have just cited. It is also proved to be worldwide because of the Communist effort to portray us to the developing nations as "neocolonialist". Here the Communist argument is weak and easily refutable. Our Community Development Fund is providing 581 million dollars in various kinds of aid to African States associated with us and will provide 730 million dollars in a new convention of association requested by and freely negotiated with these States. The criticism that we hinder their industrialization is groundless. 65 % of our aid has gone to promote infrastructure and trade and development. The Community has undertaken to import free of duty both the manufactured and primary products of these countries but has left them free to protect their developing industries against those of the Community. Since our

founding in 1958, our individual Member States themselves have provided 10 billion dollars in aid to developing countries.

Last summer, the Soviet government tested our cohesiveness by trying to conclude a bilateral trade agreement with the French government, seeking privileges similar to those that our Member States accord to one another in our customs union. This failed, and it would be a waste of time for the Soviet Union to continue the endeavor.

Perhaps the most flattering Communist reaction is one which borders on imitation of the European Economic Community. This is Moscow's exhortation of the Eastern bloc States to try to put life into Comecon, the Communist attempt at economic collaboration, under which the trade of the Soviet Union and her partners has been languishing.

Beyond the positives I have discussed, it is difficult to add precision to Communist preoccupation with the revolution of European economic and political integration. One report of the Moscow conference indicates that a leading Soviet economist felt the meeting failed to find a comprehensive ideological response to our existence. For our part, we do not feel any mental torment. We are clear on our goals. I can only say once more that we are doing what we do for ourselves and for the free world as a whole by the most peaceful means conceivable. We will continue to do it under these terms.

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Because our achievements have made us a community in the world context, and because the response of the world confirms it, we feel increasingly that we are able to make contributions to the solutions of certain international problems that particularly challenge the nations represented here. In this respect, I would like to discuss briefly two particular challenges and certain developments in our Community that have a bearing on them: these challenges are western economic policy and development aid.

Among the most persistent western problems are those that concern balances of payments, economic growth and monetary matters.

In so far as the first is concerned, it is worthwhile to look at what can already be considered as a contribution of the European Economic Community, particularly vis-à-vis the United States. From 1959 to 1960, the importance of the European Economic Community in total United States exports progressed from 13.6% to 16.8%. During the same period, the growth of U.S. exports to the Community represented 36% of total growth in U.S. exports. This figure rose to 54% in 1961. This development has certainly had a role in palliating the U.S. balance of payments problem. It results from a sustained rate of growth in a region where imports represent a substantial part of the gross domestic product. It contradicts the fear sometimes voiced that a customs union will cause trade diversion. To the contrary, our internal trade has surged but our external trade has increased as well, and that with the United States considerably more than the average.



In so far as economic growth is concerned, I spoke earlier of our proposed short-term cyclic plan and a long-range Community program to assure vigorous and balanced expansion. These are special points in my Commission's action program. This program bears examination in relation to the current concern over Western growth. With the proposed cyclic and longer-term policies for growth, it would be better equipped to work beside other nations and international economic instruments such as the International Monetary Fund, the Organization for Economic Cooperation and Development and the General Agreement on Tariffs and Trade in a coordinated international move for expansion. This is particularly pertinent to the pledged intent of the O.E.C.D. States to achieve a 50% growth increase in the current decade. Not to be overlooked in this connection is the Community's participation with the United States in a worldwide trade liberalization program. Notwithstanding the monetary coordination already achieved in our Community, this is an area in which the Rome Treaty made relatively few provisions. Still there has been an apparent need for reinforcement in this field, given particular emphasis by our European Parliament. In its action program, the Commission therefore has, among many other things, made recommendations for evolution toward a monetary union, recommendations concerning both organization and procedure.

Perhaps the most important is our proposal for fixed rates of exchange between the Member States, the initial step toward a common currency and the appearance eventually of a new key currency. Our proposals constitute the essential ingredients of a new monetary system

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with implications, we feel, as large for the world as for our Community.

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In the field of development aid, our contribution as a Community is substantial, as I have indicated, but it has also been criticized because our European Development Fund has been devoted to those States associated with us, all formerly colonies or territories of European nations. Additionally, these developing States have benefited from customs preferences on our market. What we see now is the broadening of our development effort in a number of ways: in the reduction of some of the preferences accorded to these States to the benefit of other countries; in the proposal of association for African and other States of the British Commonwealth; in our willingness to consider the concerns of nations such as Israel and the development problem of States like Lebanon, and others. Our association with Greece involves financial aid as will undoubtedly our future association with Turkey.

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I hope, as I promised, to have sketched for you the building of a Community and the emergence of that Community in a world context. Sometimes it has seemed that our Community was being torn out of its crib and being asked to shoulder the burdens of a man. Sometimes it has seemed that even our friends were being too impatient to give us time to mature, to consolidate our achievements. Now increasingly it seems that time is really on our side, that as events

such as the British negotiations and the Atlantic Partnership engulf us we do not falter but we find ways to use our problems to further and accelerate our own development, as a European Community with worldwide responsibilities. As we face these responsibilities, it is encouraging to know we have friends, and particularly such a powerful and reliable friend as the United States.

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