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Record of a speech  
by  
Professor Walter Hallstein,  
President of the Commission of the European Economic Community,  
at the  
annual dinner of the Foreign Press Association at The Hague,  
on 24 January 1959.

The European Economic Community is not merely a community. It is a *zoon politikon* in its own right - in other words, it is a being which cannot live, develop or flourish in isolation, but only together with other beings of the same or a related species. For that reason, what we do needs to be understood outside our Community. Our aims and our means need to be brought home to public opinion throughout the world. The public at large see matters as you present them. Therefore, in speaking to you to-day on a chapter which is of paramount importance to our Economic Community, I appeal for your help; I refer to our external relations. As you know, our Community is limited to economic affairs, to economic policy, so that therefore our external relations are, in fact, external **economic relations**.

When looking at the Community as it fits into the economy of the world, it is usual to speak of three circles, each defining certain aspects of the Community's external relations problems and programme. The inner circle is concerned with activities and relations within the Community itself, i. e. the relations between our six countries. The second, somewhat larger, circle is the wider European one - it also covers those countries who - unfortunately - are not members of our Community. The third circle, finally, is that of the world economy as a whole.

This picture requires immediate correction. It is the well-known purpose of our Economic Community to create conditions in which the economic relations between the Member States no longer

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appear as external trade relations. We aim at establishing these relations in such a way that they can be described as an internal market. We strive to give all these trade relations that degree of security and uniformity in a defined area which is characteristic of trade within one single national economy.

This means that, having reached its goal after the transition period, the Community will function as one unit in its relations with the rest of the world. That is the meaning of those articles of the Treaty which provide that in future the Community will pursue a strictly uniform trade policy vis-à-vis all others. During the transitional period economic activities within the Community will be increasingly merged and consolidated and forged into one, until at the end of the process that first inner circle will have contracted to a point.

There remain, then, the other two circles. So far as the European circle is concerned, our Community pursues a liberal, multilateral, and evolutionary policy vis-à-vis the wider European area and its members. Liberal, because it is not the intention of the Community of the Six to let the laws of market economy function within, and then to act like a giant hedgehog spreading its bristles as soon as contact is established with the outside world. Multilateral, because the Community acknowledges the importance of establishing an organized - the emphasis is on the word organized - community in the wider European area to settle political and economic relations. We therefore hold the existing European organizations in high esteem and are very aware of their merits and usefulness. In the field of economic policy this applies in particular to OEEC, which has the immense merit of having set up something like a uniform economic area in Europe after the second world war - quite apart from the great work it did in establishing the European Payments Union. In the political field the same applies to the Council of Europe. Evolutionary, because any imaginable solution should be so conceived as not to stand in the way of a wider European, or even global, economic order - or a combination of both. In fact, wherever possible such trends should be encouraged.

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The reasons why we feel like this are not primarily reasons of economic advantage. Our statistical studies show that the interest in close economic ties with Little Europe is not necessarily greater in the other European countries than in overseas areas. On the contrary, we have found that certain areas outside Europe are very closely bound up with our Community. It appears, then, that we maintain strong economic links not with European countries only, and not with all European countries. None the less we wish to remain economically and organizationally united with these our European neighbours. Of course, all our further considerations flow from the conviction that the integrity of our Community must be preserved in any wider European solution. There can be no greater misunderstanding of our work than to look upon it as no more than the transition from a small to a large area. Not because we are little-European sectarians, supranational fanatics, or ego-tists whose first and last thought is the advantage of the Six, but because we are wholly convinced that the preservation of an intense, firmly consolidated and highly dynamic core in Europe is essential for Europe as a whole. Our European Economic Community has radiated a stimulating force: I refer in particular to the negotiations concerning the Free Trade Area, which would never have happened had the Common Market not been set up; I refer also to the introduction of currency convertibility - here again the Common Market was the motive force; I refer finally to the American proposals for a general new round of tariff reductions, submitted to the large world forum of GATT. The fact that our Community was brought into being contributed to these so-called Dillon proposals. These examples support the justification of our demand that our Community be left intact. By the same token we recognise that the legitimate interests of our European neighbours must be respected. Finally, there is the common political interest in strengthening the bonds between all European countries in order to regain for Europe as a whole the position in world politics which is her due.

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Yet - and this leads me to the third and widest circle - any European structure that we may devise must fit harmoniously into the wider global economic order (in referring to the global economic order I would, pro memoria, draw attention to relations with the Soviet Union, though it is yet too early to say anything of a programmatic nature on this subject). There already exists something on the lines of a world economic order. There are certain principles towards which the world economy is striving, though they may not yet be fully realised either legally or politically or in practice; nevertheless they have sufficiently integrated the world to make this order clearly recognisable. In naming the sources from which this world economic order flows, let me mention three outstanding examples: First, there is GATT, to which I have already referred, and whose objective is the reduction and removal of customs barriers and other trade obstacles throughout the world. In other words, it represents the principle of non-discrimination on the world level. Then there is the International Monetary Fund, whose efforts rather correspond to those of GATT in the monetary sphere and whose objectives are quite analogous. Finally, on the European scene, there is the OEEC, to which also I have already referred. If we could make a composite photograph of all this, it would show a uniform concept which might be summarised by saying that the objective of these endeavours is the establishment of a world economy with convertible currencies and stable rates of exchange but without customs duties, quantitative restrictions or other trade barriers.

During the debates which took place last week in our European Parliament, on which the Commission of the European Economic Community is parliamentarily dependent in the full sense of the word, we had the interesting experience of being exhorted by almost all speakers not to forget in our labours that the Community we are building must be made to fit into the world economy. Indeed, the justification of such exhortations is confirmed if we consider the share which the economy of our Community will have in world trade.

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A glance at the trade figures alone shows that they amount to almost as large a share in world trade as those of the United States; Great Britain then follows at a certain distance. Looking at raw material imports alone, we even find that our European Economic Community is the largest importer of raw materials in the world.

What does this mean in detail? In the first place it means that the European Economic Community is something great - if you will forgive me for this somewhat terse statement. I say this without intending any qualitative distinction, or, at least, I mean to reject a certain negative implication. Not all that is great is also evil. This applies to statesmen and to enterprises alike. Need I prove this? Must I recall that the present world order, the degree of security in which we do, after all, live, the joy we feel in being able to do our work in the way it is being done, or the happiness an evening such as this gives us - that all this is essentially due to the existence in the world of a great political and economic entity, the United States of America? Not only would Europe have fallen into eternal darkness if that great power had not existed at a certain point in very recent history; in other parts of the world too - I might instance some of the young nations of Asia - it is only the existence of that great structure which opens up reasonable prospects for a happy future.

In stating the world-wide economic importance of our Economic Community we give proof of its close interconnection with the rest of the world. If we compare import and export figures and consider the quality of the goods exported, we find that this Community of ours is the greatest processing area in the world, a processing area which depends on trade more than any comparable region. This dependence on trade will even increase in view of the trend towards higher production and productivity which we find in our Community. As I say this, I can already hear some objections from outside, to the effect that the Treaty establishing the European Economic Community itself does something to reduce that dependence on the outside world. Does it not do so by associating with

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itself a number of overseas areas which are particularly important as producers of raw materials? Must not therefore the rest of us, those of us who have not yet become associated with you, fear that our share of trade with this Community will be reduced?

Such fears are, to say the least of it, based on arbitrary premises; on the assumption of wholly unproven facts, such as for instance the argument that production in the overseas areas associated with us might increase to a greater degree than consumption within the Community. This is not only entirely unproved but also completely unlikely; in fact it is in outright contradiction to the conclusions drawn from certain exact studies made by GATT and by FAO, the great world agricultural organization. Nor do I believe that there is any justification for the anxiety that industrialisation in the areas associated with us might increase at such a pace that other industrial areas would be deprived of their outlets. This worry comes from too static a way of looking at things. It is against all reason to fear that the Common Market might petrify in self-sufficiency. What I have said just now should prove that the very structure of this organization makes it so dependent not merely on trade but on increased trade, that any policy of self-sufficiency would mean a gross violation of the Community's own vital interests.

It also follows from this world-wide interlocking that the great economic structure formed by our Community will exert considerable influence in its relations with other economic entities. I am thinking of two groups in particular: First, **the highly developed national economies**, as I should like to call them by way of distinction from the second group, that of the so-called underdeveloped areas.

I should like to illustrate my first point with the most striking example: Would it be presumption on our part if we believed that by following a good trade policy our Community could help in reducing American protectionism? If anyone should think that this is presumptuous, then let me put it to him in another

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way: Would it be presumptuous to believe that a bad trade policy on the part of the European Economic Community might help to increase American protectionism, the reduction of which we all wish to see? I do not think the answer to this question could be in the negative: which means that the answer to the first must be in the affirmative.

It is, however, still more important to establish what influence our Community will have in its relations with the underdeveloped areas. Our Economic Community depends so much on the raw materials from these areas that we cannot afford to leave them to an uncertain or unhappy lot. At times we say, with a certain degree of pathos, that one of the tasks of our European Economic Community is a world peace mission. These are no empty words; they are a perhaps somewhat lofty way of expressing the vital concern of our Community that nowhere in the world should there be tension or conflict which might render trade and industry uncertain everywhere: for we would have to bear the consequences.

Clearly, our relationship with these underdeveloped areas will set additional, or at any rate different, problems from those which will arise in connection with the highly developed countries. For they are problems which cannot be solved by exclusively commercial means, that is to say by such means as the freeing of world trade in the sense in which I referred just now to the world economic order. That is why I speak of the external economic policy of the Community, and not just of its trade policy. I do not believe that our Community, or the countries which are its members, will be able to manage without a positive and planned development policy, pursued in concert with the international organizations already engaged in this task, and also with the two great individual factors in world economic policy, the United States and the United Kingdom.

There can be no doubt that the establishment of our European Economic Community means a deep change in the economy of the world and particularly in world trade. Nor can there be any doubt that

the actions of the Community, its right or its wrong policies, will help to determine the future of world trade. This is one more reason why we refer to this European Economic Community of ours as a dynamic undertaking, an undertaking whose effects radiate far beyond the geographical limits of its jurisdiction. It is therefore our duty to establish principles and to work out in due time a general policy for our external relations and external economic policy, in which the guiding thought must be the liberalisation of trade. In doing so we shall give proof of our constant claim that the ultimate justification of our efforts lies in the benefit which they will bring, not for us alone and not only for the wider Europe, but for all of the world which is united by the same principles of liberty.

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