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INFORMATION MEMO

Summary of the Commission Memorandum on the Community's
Action Programme for the Second Stage.

1. The beginning of 1962 was marked by an event of capital importance in the life of the European Community - the move to the second stage. The agricultural policy decisions taken on this occasion were rightly considered as a break-through to the common policies.

How did the Commission picture the further course of the task entrusted to it by the Treaty? The answer is found in a Memorandum which it has drawn up on "the Community's Action Programme for the Second Stage".

2. While the customs union is being implemented in accordance with a time-table laid down in the Treaty, the advance towards economic union depends on legislation promulgated by the Community institutions themselves and on the requisite political action being taken by the Member States. The Commission's chief responsibility in this process is to choose the moment when action must be undertaken and to provide the ideas on which the various plans shall be based.

In working out the action programme the Commission was inspired by two aims: the first was to lay down lines to be followed in pursuing its own action in the years ahead and settle the direction of the Community's further development; and the second aim was to fulfil the duty incumbent on it to give guidance to other countries seeking to participate in the common task or to link themselves organically with it. These countries are entitled to ask what the economic union which the Treaty lays down is going to mean in practice if it is to be correctly applied in the letter and the spirit. Finally it is important for the Community to press on with its own consolidation at a time when new tasks are facing it in its relations with the outside world, particularly since the adoption by the United States Congress of the Trade Expansion Act.

3. The Commission endeavours to lay down in eleven chapters the action which should be taken if the various objectives of the Community are to be achieved; in doing so it presents an overall view of the anticipated development of the European Community.

On the customs union the Commission emphasizes that there must be no slowing down of the pace at which duties are being abolished. It has been possible to reduce duties between the Member States by 50% in four and a half years and it should be possible to abolish the remaining 50% in a further four and a half years.

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This is possible since a reduction of 80% will be achieved on 31 December 1965 by applying the Treaty time-table, while the subsequent reductions (during the third stage) will, we know, be governed by directives to be proposed by the Commission. However, if the general economic situation permits, and if the economic union has advanced pari passu with the customs union, the Commission intends to propose that internal customs duties be completely abolished on 1 January 1967.

There are other obstacles which the Commission is also tackling: cartels, fiscal frontiers and other distortions of competition. The Memorandum highlights the essential function of competition in guiding economic life in Europe and gives details of EEC policy on cartels, dominant positions and State aids. It then goes on to indicate action planned or already begun in the fields of taxation and approximation of legislation.

The chapters on common agricultural policy, common energy policy, social policy, common transport policy and aid to developing countries are based on earlier studies and give a general picture of future development in these different fields and of the action which will have to be undertaken in order to achieve it.

The economic policy chapter defines short-term objectives and discusses more distant aims. Before the middle of 1963 the Commission intends to submit proposals to the Council for "Community planning". The first step would be to make a comparative study of the long-term plans, programmes, projections or forecasts of Member States with the aim of dovetailing the long-term national policies and the various Community measures and of preparing the technical and political foundations for a consolidated plan. The aim would be to establish such a plan for the 1964-1968 period.

Monetary policy is of vital importance for the Common Market. From the end of the transition period on, if not even sooner, economic union will involve fixed rates of exchange between Member States, with very narrow limits on the variations allowed. The Commission's suggestions are based on the collaboration which already exists between the six countries, but further consultation procedures are envisaged and they should gradually lead to a genuine monetary union.

In the chapter on external relations, the Commission emphasizes that the Community is very conscious of its duties towards non-member countries in Europe and in the world at large, and that it desires to follow a policy of co-operation and progress for all. This policy finds specific expression in the following four fields: the widening of the Community, partnership with the United States, aid to developing countries and the shaping of the Community's trade policy along liberal lines.

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- 3 -

4. In short, the action programme shows that considerable areas of the economic and social policies of the States are inevitably affected by the process of European integration. This is due as much to the pressure of economic forces - since the customs union necessarily calls for economic union - as to the intentions of the authors of the Treaty, who chose this way of establishing the unity of Europe.

It would therefore be unrealistic to see a distinction between "economic affairs", which would be dealt with jointly in the Economic Community, and "political affairs", the joint handling of which remained in large part to be dealt with by the "Political Union". The EEC is in no way a purely economic venture now requiring to be duplicated by a political venture. On the contrary, it can be safely asserted that with the Community political integration has already begun in an essential field: the field of economic policy.