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## "BROADENING THE HORIZONS OF EUROPE"

Excerpts from a Speech by

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President of the Commission, European Economic Community

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Before the

Norske Studentersamfund (Norway's oldest student society)

If one conclusion begins to emerge from the hard thinking that we have all put into the problems of the Six (Common Market) and the Seven (European Free Trade Association), it may be that in the past our horizons have been too narrow.

We have thought and talked a great deal about such solutions as free trade areas, customs unions, full membership, partial association, and the like; but I wonder whether we may not all have been a little too narrow in our approach. There are, after all, more than just our thirteen nations in Europe. Besides, the nations of Europe have many other friends -- very generous friends, who greatly assisted postwar recovery. Perhaps, therefore, we need to look beyond our specific European problems in seeking new ways of solving them.

As an example of one of the ways which we ought not to leave out of consideration, I would like to quote a suggestion which recently came from the Assistant Secretary General to the General Agreement on Tariffs and Trade (GATT). This was to the effect that the development of both the Community and the EFTA into "low tariff clubs" might in itself lead to a solution of the internal European problem, which would in turn offer advantages to our friends across the Atlantic as well. This is one possibility. But whatever the solution, I am inclined to think that it will be developed in stages, piece by piece, and, in the meantime, anything that we can do here and now to reduce practical difficulties, to bring the Six and the Seven closer together, around the conference table with their other friends and trading partners, can make a comprehensive solution easier by removing obstacles to a frank and full discussion of the real problems involved.

### A Matter of Definition: The Meaning of Unity.

The essential problem of the so-called Six and the Seven is really a problem of what is meant by European unity. In a very real sense, the Community is one unit. Although its most publicized actions so far have been in the field of tariffs and quotas, it contains many more far-reaching features. It aims at setting up a single home market where capital, labor, and services, as well as goods, will circulate freely. This entails the harmonization of legal systems and the application of common rules. It also calls for common policies for agriculture and for transport, coordination of monetary policy, and common responsibility for regional development and social policies designed to insure the harmonious development of the economy.

The unity of the Seven, on the other hand, is of a less advanced order. By this I do not mean any slight on the European Free Trade Association or its members. Its Scandinavian members, in fact, were talking about the possibility of a Nordic customs union three years before the

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members of the European Economic Community signed the Rome Treaty. And if the countries of the Seven have found it easier to establish among themselves a less thorough-going degree of unity, this simply reflects their particular situation as individual countries.

#### Major Differences Between the Six and the Seven

I am fully aware of the various reasons which cause our friends in the rest of Europe to find it difficult to respond to the Rome Treaty's standing invitation to join the Community. I also fully appreciate the significance of the European Free Trade Association, especially to great nations with a long tradition of sturdy independence.

The European Free Trade Association differs from the Community in that it is principally concerned with industrial products. Secondly, it is an association for free trade between countries which retain as much as possible of their national autonomy. Without a common tariff or a common policy for external trade, it is less easy for the Seven to act as a unit in international economic relations. Thirdly, the countries of the Seven, being concerned with trade between separate nations, do not at present aim at achieving the other characteristics of a single home market, such as completely free movement of capital, labor, and services. Their rules of competition, likewise, are far less comprehensive than those in the Rome Treaty; nor does the Stockholm Convention provide for common policies, or even for harmonization of policy in the commercial, social, or fiscal domain.

The EFTA has no such institution as the European Investment Bank or the European Social Fund, which, in the Community, represent the practical acknowledgement of common responsibility in these two fields. Finally, its institutions are very much looser and more traditional than those of the Community. If "Seven equals One," it is a different kind of "One" than that which equals "Six." For this reason it is difficult to give a clear and simple answer to the seemingly simple question of "Six plus Seven equals what?" It is not a question of adding together two separate figures, but rather of putting together two beings which are quite different.

#### Who Wants to Divide Europe?

I don't think anyone can doubt the need to get the Six and the Seven together in some way. I am sure that no statesman in the world today would be willing to take the responsibility of "dividing Europe," for although the concept of Europe as a whole is a much less definite one than that of the Six or even the Seven, I would not deny its validity. Indeed, it is for that reason that I think we must be very careful, while we avoid dividing Europe, to avoid at the same time any danger of dissolving Europe and particularly any danger of dissolving what is so far the most intensive form of unity yet achieved within Europe, which is the European Community.

The problems of the Six and the Seven are very real problems, and experience has shown that they cannot just be waived magically away by giving some political incantation. I get very impatient when I hear it said that "the Six-Seven problem is only a matter of finding the political will for a solution," or "only a matter of a few technical adjustments on either side." Even if there were no other conditions and considerations, it would still be extremely difficult to work out the theoretical economics of a simple marriage between the Six and the Seven. Even the Rome Treaty, whose signatories' separate economies are somewhat comparable, took two years to work out, and it had the experience of the European Coal and Steel Community to guide it. Among the members of the Seven, already so different in aims and structure from the Community, there are very great contrasts in matters of trading policy, degree of economic development, and so on. I know that it is sometimes suggested that the pragmatic approach carries with it the danger of distracting attention from matters of principle, and that therefore no fundamental solution would ever be found. I say these fears are groundless, for to my mind the pragmatic approach provides a way forward, not a way back.

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### The Community's Pragmatic Approach

The various actions the Community has taken in pursuing its pragmatic approach have included the following measures:

1. The adoption of a moderate external tariff based on the simple arithmetical average of the previous tariffs, representing considerable tariff reductions for France and Italy, in particular.
2. The calculation of the tariff in such a way that its average incidence was below that of the previous national tariffs taken together.
3. The negotiation of List G tariffs to a level whose incidence was again below that of the previous average.
4. The granting of important concessions to the Community's trading partners by the offer to extend to them, on two occasions, many of the mutual advantages which the Community's member states accorded each other in the process of lowering internal trade barriers.
5. The decision to abolish industrial quotas within the Community by the end of 1961 and to make the same abolition as soon as possible vis-à-vis the rest of the world.
6. The acceptance of the Dillon proposals for world-wide tariff reductions of up to 20 per cent.
7. The proposal for a further round of substantial tariff reductions to follow the Dillon negotiations.
8. Even before the Dillon negotiations, the provisional reduction of 20 per cent in the Community's external tariff in connection with the acceleration of the Common Market's transition period.
9. Cooperation in forming the Committee of Twenty-one, including the member nations of the Organization for European Economic Cooperation, the United States and Canada, and the EEC Commission, to study any difficulties which the Community's creation might cause to its trading partners and the means of remedying those difficulties in conformity with the rules of the GATT.

This last proviso is important because the European issue is only one aspect of our tasks in the field of international economic relations. It is necessary to achieve a greater coordination of our attitudes in the face of two great economic challenges -- the challenge of state trading countries and the challenge, both human and economic, of the developing countries.

With these challenges in mind, the OEEC is now being transformed into the Organization for European Cooperation and Development, in which the United States and Canada will be full participants.

This reflects both the widening of our European horizons in general and the looking outward toward the problems of the developing countries in particular. They need from us special treatment, in the tariff field perhaps, and certainly in a greater common effort to coordinate the prices of raw materials. They need more multilateral aid; they need technical assistance; they need, in fact, a concerted effort on the part of the industrialized nations of the West. That concerted effort we are now trying to make. It would be too much to claim that the European Economic Community is solely responsible for this new movement, any more than it is responsible for the problems which that movement seeks to solve. But I think we may reasonably claim some small share of the credit, and, in the process, I think we may hope that by standing side by side to solve these world problems we shall find that our European problems will become easier to solve.