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TOPIC: The New Europe

PLACE: Ballroom, First Floor

Every time I have been present in the United States I have noticed that there is a great difference between a European and an American introduction. I might almost say that in Europe one is introduced, whereas in America one introduces oneself.

Perhaps I may say the following by way of introducing myself. For more than four years I have been one of the two thousand civil servants who are often known as Eurocrats to distinguish them from the multiplicity of bureaucrats that you find in Europe. I drive a car with an EUR license plate; I pay my income tax as a Eurocrat, not to an individual State but to the European Community; my children go to what is known as a "European" school, with children of twenty other nationalities, where they learn a second European language as a second mother tongue. This school gives them the right to be admitted to any university in Europe. If I should have a dispute with my employer, the Common Market Commission, then I can appeal to a European Court, whose decision will be effective on the territory of the six Member States. My two thousand colleagues come from those 6 Member States, speak different languages and work together at the Common Market Commission's offices in Brusselsand at any hour of the day in front of our headquarters you can see automobiles with CD plates, which belong either to the 40 foreign representatives accredited to the Community or to the permanent representatives of the Member States, who also have ambassadorial rank

It is odd that these things have become so commonplace in so short a time. Nobody in Brussels is conscious of them any longer, just because they have become part of everyday life.

The New Europe

If I go to France on vacation I can smoke my own brand of cigarettes, now that the French state tobacco monopoly is obliged to sell foreign as well as domestic brands. Advertising has gone "European" and we are now told to favor "the most smoked filter-tip cigarette of Europe."

If my wife buys a refrigerator it will cost 50% less than a couple of years ago as a result of mass production and specialization for a market of 170 millions.

When I first came to New York as a Eurocrat in 1958 - six months after the common Market Commission began to function - and was asked by the American customs officer in his usual friendly manner "What is your job?", I had to tell him twice: "I'm an official of the European Common Market." This made him think I was some strange kind of commercial traveler and ask me to open my case.

Last year, when I answered "Common Market official" to the same question, the customs officer asked "Do you think you'll succeed, sir.?"

So much for introducing myself! This may also give you an idea of how much progress is being made in European integration. Most of the examples I have given have been of a personal nature: one's convictions are reinforced by personal experience. As a European philosopher once put it: everybody knows the word "hunger", but it means something quite different for someone who is really is hungry.

The integration of Europe is a natural process with its roots in European history. From Caesar to Charlemagne, from Napoleon to Hitler, there have been various efforts to bring about some kind of unification. They were largely based on military power; they all proved unsuccessful.

What has now been achieved has grown, to borrow Churchill's phrase, from blood and tears.

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It is a matter of common knowledge that in 1945 the European economy was completely disrupted. At that time I was a civil servant in The Hague, and I can well remember everyone saying that the National economy was on the verge of bankruptcy. And, as in usual before such a collapse, balance sheets were drawn up of holdings in foreign securities to see how long consumer demand could be met by selling them.

On June 1947, Secretary of State George Marshall proposed what became known as the Marshall Plan in his famous speech at Harvard. The states of Europe were invited to survey the economic situation and together decide what was needed. This co-operation gave rise to OEEC, which was set up by the Convention signed on 16 April 1948.

In the meantime, in September 1947, the French and Italian Governments had decided to enter into a customs union. This plan was never put into effect, however, because it started from the assumption that labor

conditions, monetary policy and the like would have to be brought into line before the customs union could be set up.

Another project was the Benelux Convention, which was signed in London as early as October 1943,

The examples of Francital and Benelux should remind us that ups and downs are inevitable in the march towards European integration.

In the meantime - and this brings me back to where I started - there had been important developments in OEEC as well.

The problem of quantitative restrictions was tackled, and the strait-jacket of bilateralism was burst open; now each country accepted the obligation - and the risk - of raising import quotas for all the other members of OEEC.

Next, the European Payments Union was set up, leading to the multilateralization of European payments.

The efforts made by OEEC to liberalize the movement of goods and payments were naturally very gratifying, but free movement of goods was never attained.

Up to this point, economic considerations and requirements had always played the major part in Europe. But on 3 May 1950 an essentially political aim was set before us for the first time. This was the Schuman Plan.

There is no doubt that Schuman's main purpose was to merge two sectors of the French and German economies so thoroughly that a political conflict between the two countries would be unthinkable. This in itself explains the supranational features of the Schuman Plan. But another consequence was that the Plan was bound to be a first stage only, for it would be difficult to weld together the essential parts of two national economies without affecting the rest of those economies.

Then came another lull in the progress towards European unity: the failure of the European Defense Community, which was intended to combine the military potential of its member countries but which was halted by the French, since they felt such a political undertaking was premature.

Less than a year later, before anybody had really recovered from the failure of the European Defense Community, a conference was held at Messina by the six member countries of the Coal and Steel Pool.

It was decided without a hitch that studies should be made for a "Common Market", and Paul Henri Spaak of Belgium was asked to preside over a meeting of experts.

The influence of a personality such as Spaak cannot be overestimated. It took a man like Spaak at a certain point in the discussions to say to the experts: "Gentlemen, thank you for your assistance. We must now try to hammer something out of the material that I have gathered together."

The Spaak report noted that a parcellized Europe was simply growing obsolete in the age of mass technology: it was incapable, for example, of using the biggest American mass production machinery. It was incapable of mounting its own industry for the production of modern and transport aircraft. In the age of the big market, Europe was walled off by tariff into unsatisfactory small national markets.

One of the keynotes of the Treaty of Rome, which grew out of the Spaak report, was that a number of rules and stages should be instituted as a means of solving the main problems.

An intermediate solution of transition periods and consecutive stages was chosen.

At the very moment when M. Spaak dispensed with the service of experts, considering that the time had come for political decisions, and the Spaak Report was to be discussed in Venice, it was noted that the interest of the British Government became cooler.

What was the attitude of the British at this time?

They believed that the problem of the Community and the task it had set itself were so complex that they could not really believe that the enterprise would be successful.

Another factor certainly weighed heavily as well: the British Government could not quite understand the Six's view that the Common Market had to be approached by way of a customs union.

Behind the political argument of the Commonwealth connection, there stands the economic factor of the Ottawa preference system. The economic unity of the Commonwealth has as its keystone the customs tariff.

Consequently, the British Government wanted to be able to rely on a number of these firm economic positions.

When American aid gradually bore fruit and European countries began to sit round the table together even at a time of prosperity, it was America that gave full political support to the enterprise.

Now what exactly is the European Economic Community?

The essence of our economic credo can quickly be seen in the third article of our Treaty - the Treaty of Rome, which can be regarded as our constitution. Our economic credo is:

- a) elimination of duties and quotas;
- b) a common commercial policy;
- c) free movement of persons, services and capital;
- d) a common agricultural policy;
- e) a common transport policy;
- f) a common anti-trust policy.

In fact, a common policies in all sectors of the economy with the ultimate aim being a better peaceful life for the citizens of Europe.

The Treaty of Rome was a response to a technological challenge - the advent of mass production and hence of the need for larger markets, the relative shrinking of distances, and the emergence of economic giants in the United States and the Soviet Union. Is it necessary to add that these new developments were political challenges too? The need for larger markets is itself a challenge to the narrower frontiers of the nation-state.

And there was and is the great external threat which unites us. For fifteen years Western Europe has been menaced by political forces whose aim is the negation of democratic life. These forces are very close at hand: the Iron Curtain is nearer to Brussels than Washington, D. C. is to Boston.

European integration is thus (and I cannot emphasize this too much) from start to finish economic and political in content and background.

In domestic politics, can you think of anything that is more explosive than the farm problem? And yet, as you know, we have instituted a common agricultural policy that has been in effect since 30 June.

Let me put another question. Can you conceive of a commercial policy that has no relation to foreign policy in general? Here too, as you see, the Council of Ministers has taken decisions on commercial policy, of which I shall give no further details at present, and the Commission has already acted as negotiator for the six Member States, and signed on their behalf, or rather on behalf of the Community as a whole, the most important tariff agreement ever concluded, the Dillon Agreement, at the beginning of this year.

The political content of European integration is clearly illustrated by the role of the Common Market Commission and the other institutions of the Community, which shows that the European Community is more than the sum of its six Member States, as even

Pravda had to admit recently.

Mention of the Community's institutions, indeed, is yet another reminder of the political nature of its work. Living and working within the structure of those institutions, one is sometimes tempted to take them for granted and to forget how unusual they seemed when they were first established. Three of them - (1) the Executive Commission, (2) the Parliament and (3) the Court of Justice - are a clear acknowledgement of the unity of that larger entity which is being created, and the fourth - the Council of Ministers - although in some respects resembling a traditional international body, is also an essential part of the new and larger whole, not only in its legal status but also by virtue of its voting system and, I may add, the atmosphere that normally prevails there.

The true role of the EEC Commission, in fact, is threefold.

First, it has the task of drawing up proposals to be decided by the Council of Ministers; in this sense it may be said to resemble an Administration presenting bills to Congress.

Secondly, it is the Commission's duty to watch over the execution of the Rome Treaty and call member Governments and enterprises to account if they fail to respect it; in this function it perhaps resembles a Federal Commission.

Thirdly, the Commission has the role of helping to bring about agreement in the Council of Ministers by presenting its concerted views, by using its skill and its power of advocacy to secure the acceptance of measures which are in the interest of the whole Community even if they mean the sacrifice of purely national interests. Here again the EEC Commission might be said to resemble an Administration seeking to reconcile the various interests of the States.

The political aspect of European integration is also demonstrated by the existence of the European Parliament. It is the Parliament alone that can compel the Community's Executive to resign.

The function of the Court of Justice, which takes its decisions independently and watches over the Treaty, is also of a political nature.

You know how difficult it is for national Governments to accept as binding the decisions of a non-national judge, so it is important to add that in the nine years since the Court began handing down decisions - most of them so far on coal and steel questions, but some already within the EEC - there has never yet been a single case of Court orders being defied.

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I should now like to mention European integration in the sphere of foreign policy.

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First of all, there are the problems connected with the current negotiations between the Community and Great Britain. The political consequences of Britain's joining the Community were made quite clear at the last Commonwealth Prime Ministers' Conference in London.

Once again, let me take just one aspect of what has been agreed to date. It was accepted by Great Britain and the Six that worldwide agreements on trade in foodstuffs from the temperate areas should be negotiated at an early date and that, should such arrangements fail to materialize, more limited agreements with those prepared to conclude them should be considered.

This is an example of the influence that an enlarged Community would have in the world. Here in the United States I can surely say that the solution of agricultural problems is a matter of politics. The United Kingdom and the Six have also agreed that the Community's price policy, which largely determines the level of its own production, and therefore of its imports from outside, should be so devised as to ensure a reasonable income to Community farmers and at the same time satisfactorily to develop world trade.

Some of the countries affected by this will be the USA (which sells 25% of its farm exports in the Common Market), Canada, Australia, New Zealand and Argentina.

Another point closely related to the British negotiations for membership is that all the countries of what is known as the European Free Trade Area wish to have some special tie with the Community. Take the "neutral" countries like Austria, Switzerland and Sweden: here we can see a crack in economic neutrality.

Another good example of the political consequences of European integration is the system of association. Part Four of the Treaty of Rome establishing our Community declares that overseas countries which in the past enjoyed advantages in Europe may continue to do so. Sixteen African countries that have gained their independence have decided of their own free will (this is a point I want to stress) to retain their economic ties with Europe, that is to say with the EEC.

We must keep in mind that the development in Africa - that of our Associates as well as of others - turns on the economic fortunes of perhaps four or five crucial products.

Closely connected, however, is a political issue. These nations are seeking the most effective means of economic advancement. We must prove to them that we understand their problems and that we can establish bonds of mutual economic interest. If we permit a vacuum to exist, we can be sure that the forces of the East will quickly fill it.

The French-speaking African nations have already founded the African and Malagasy Organization for Economic Co-operation (OAMCE) which you might consider an African parallel to the Organization for European Economic Co-operation. Its goal is comprehensive regional planning.

The Rome Treaty attempted to achieve a balance of interests by granting tariff quotas which would permit a certain volume of imports into some Member States from non-associated countries at low duty rates or duty free.

The Community's external tariff is crucial for the suppliers of tropical products - South and Central American countries, for example.

And this year the Community decided to cut import duties on coffee and cocoa by 40%; the duty on tea will probably be abolished, which will constitute a drastic first step towards weakening the preferential system between EEC and its African Associates.

Another set of problems is the relationship of the Community to the Eastern Bloc. On this point, ~~Emoshchev~~ says that economic co-operation if possible not only between individual states in East and West, but also between economic associations of states.

Not the least important of the reasons for this change in attitude towards the EEC has probably been the realization by the Soviet Government that it is impossible to induce the Governments of Member States to conclude bilateral agreements which would be a breach of the Treaty of Rome. The trade of this Eastern bloc is political trade, and as a result none of the factors on which the economic order of the free world rests remain valid. Faced with this state of affairs, we must begin by applying a common discipline to our business dealings with the Eastern bloc.

The Russian proposal now before the United Nations that a world trade conference be convened, at which the EEC would be cast in the role of black sheep of the international family, clearly illustrates that the Communists recognize how much of a political reality the EEC has become.

It is not always one's friends who can see one's true character. Perhaps this is a case in point.

For the political content and consequences of the EEC my last example (and one which affords me great pleasure), is provided by the relations between the Community and our friends on this side of the Atlantic.

I should now like to say a few words about our relationship. The term "Atlantic Partnership" has been applied to it. Partnership signifies a relationship of co-operation - with competition between our economies and with the necessary co-ordination of our economic policies - the partners being approximately equal and increasing their strength through vying with one another. It is clear, then, that the full development of our Community is assumed and the partnership is not to have any discriminating effect externally.

In other words, while no new organization is to be set up (use will be made of existing institutions such as GATT, OECD and IMF) there will be a new policy, particularly in the customs field but also in international economic affairs (including monetary policy, development policy and so on), resting on one American and one European pillar. On 4 July, here in Philadelphia, the day on which the United States commemorates its independence, President Kennedy made a Declaration of Interdependence between Europe and North America.

It is in the European Economic Community that we have the real reason - and it is both economic and political in nature - why your President asked Congress for the greatest possible freedom to negotiate ever accorded by a US Congress.

The Trade Expansion Act became a necessity because the USA and the EEC account for 90 percent of the free world's trade of industrial products.

I think that on this point I had better say something about the widely held misconception that the Trade Expansion act was needed to attack the tariff walls now being built in Europe. Granted, a new tariff wall is being set up in Europe; but at the same time four existing ones are being torn down.

There have been eighteen months of negotiations (with the United States, among others) on the question whether the new wall will afford greater protection than the old, individual ones.

In these negotiations the EEC duly observed the rules of GATT, and the American negotiators and observers from private industry considered that a fair deal was being offered. The United States has recognized that the new EEC tariff is reasonable.

However, the essence of the Trade Expansion Act is concerned with quite another matter. A new union is being created in Europe. A major part of what could formerly be regarded as foreign trade (because the European countries levied import duties against one another too) now becomes internal trade and ceases to be subject to restrictions.

The relative competitive position of the United States is therefore changed with respect to those countries that are now on the way towards treating one another as parts of the same economic unit rather than as foreign countries.

This is a very clear illustration of the EEC's influence on Europe's relations with America.

The New Europe

And so I come to the end of my brief survey. Lack of time has compelled me to limit myself to only a few examples by which to show that European integration springs from a political situation, is economic and political in content and at this moment is already reaping successes in the field of international policies. An increase in Europe's economic influence automatically entails an increase in its political influence, since economics and politics just cannot be divorced from each other.

For both members of the Atlantic Partnership, this new balance of power involves greater responsibility and some restriction of freedom.

The term "interdependence" used by your President reflects the nature of the problem. People on both sides of the Atlantic will have to accept it as perfectly natural that the actions of the one will influence the other, and that our futures -- if they are to be bright futures -- lie together, not apart.