

THE EUROPEAN COMMUNITY INFORMATION SERVICE

Suite 808, The Farragut Building

Washington, G. D. C.

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ASPECTS OF EUROPEAN INTEGRATION

Address delivered on October 1, 1964 at Cornell University, Ithaca, N.Y., by Dr. Johannes Linthorst Homan, Member of the High Authority of the European Coal and Steel Community, Luxembourg

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Mr. Chairman, ladies and gentlemen,

I need hardly say that it is a great pleasure to me to be in your country once again, and both a pleasure and a privilege to have been asked to speak to you here today. I feel I owe it to the occasion to discuss my subject, "Aspects of European Integration," with the same frankness as would be expected of me at a European University -- firstly, because frankness is also the expected thing as between friends on either side of the Atlantic, particularly on a matter of common interest such as this, and secondly, because I happen to have inside information on the Cornell spirit of free debate, from my son, who spent several very happy semesters here and married a Cornell girl. So you see that, as every good politician should always try to do, I have got my information from two reliable sources!

I am going to talk to you about the functions and aims of the European Executives, of one of which, the High Authority of the European Coal and Steel Community, I am a Member. But I must emphasize that what I am going to say to you represents my own point of view, expressed on my own responsibility.

When our six member countries decided to tackle European economic co-operation from a new angle, by concluding the three Treaties establishing the European Coal and Steel Community, the European Economic Community (usually called the Common Market) and the European Atomic Energy Community (usually called Euratom), they took a very important step indeed. They chose a new road to the efficient organization of Europe on a regional basis, and hence

to the evolvement of a new European legal system; they adopted a quite new departure as to both their economic and their institutional methods.

By way of general introduction to my subject, I would like to say a few words on each of these four aspects -- international regionalism, international law, and the economic and institutional implications of the European Treaties.

The question of promoting international co-operation on a basis of regional solidarity is of course by no means a new one. It has long been the view of some statesmen that, while the improvement of international relations, and the establishment of international co-operation in many specific practical fields, is a world problem, it is such a huge one that it would be much more easily solved by a gradual regional approach, culminating in full co-operation among the major world regions so grouped. This view was, however, regarded with some suspicion by other statesmen, who feared the regional approach would only impede world co-operation, and accordingly preferred the device of world bodies comprising the individual nations as such.

The United Nations, very sensibly, gave both schools of thought a fair chance; consequently we now have U.N. itself and its specialized agencies, which are world-wide in their scope, and at the same time U.N.'s various regional Economic Commissions, with which some of the specialized agencies work hand in hand.

Partly inside and partly right outside this framework, each of the main regions of the world is seeking to work out ways and means of dealing with its own particular problems. And it is my impression that bit by bit this regional emphasis is coming more and more to the fore. So far so good. But the regional emphasis has its dangers: the self-centredness of the old nation-States could come to be replaced by a self-centredness, and isolation, of the new economic groups. And so we must never forget that our

regions, or whatever we may call them, must be so formed as each to make its positive, constructive contribution to the whole. In the case of our own European Communities this is commonly expressed in the possibly oversimplified phrase, "We must cultivate an outward-looking, and not an inward-looking attitude."

To turn to the question of modern international law as a basis for the regional approach.

The Western world has certain special responsibilities. One of the main differences between our own and the Communist mode of thought is that we regard our society as one in which the law lays down and guarantees mutual obligations and rights. We do not subordinate, we co-ordinate. Our aim is the progressive development of more and more clearly defined law, not of power, although of course common power is needed for our common defense.

Hence international regionalism requires a system of international law adapted to each individual region while at the same time ultimately trained on world co-operation. Within each region of the free world, therefore, we should strive to frame our regional law in such a way as both to unite the component nations of the region and to make clear to the rest of the world that we are not setting ourselves apart.

In our work for European integration, we are constantly mindful of this overriding aim. Our common Institutions, our European Court of Justice, our various Universities and Bar Associations are all thinking and acting along these lines, and I am glad to say that public interest, both inside and outside the Community area, is growing steadily.

The concept of mutual obligations as among the different parts of the world has to be applied also to our economic policy. Consequently, I feel we should welcome the increasing conviction that in matters of trade too we should all "do as we would be done



by" -- though this of course raises many problems as to future legal principles, jus constituendum.

After all, numerous conferences and negotiations of recent years, as well as the famous General Agreement on Tariffs and Trade, have clearly demonstrated that the great question of our day and age is that of fair international and interregional dealing. And one very special point is that the newly emergent countries in various parts of the world are entitled to expect the older-established countries and regions to adopt an attitude which will enable them to cope with their own particular difficulties.

In short, our regionalism must not be aimed at self-sufficiency. On the contrary, our economic and trade policy must be designed to give all concerned the full benefit of an international, inter-regional division of labour, so that producers everywhere can specialize in their own interests and in the interests of consumers everywhere. What I like to call "the law of international specialization" is to my mind one of the most important principles of modern times. In this respect too we must do our utmost to be outward-looking.

Now, if a region is to have any hope of organizing itself as an entity, it will need guidance from institutions of its own. Consequently, it has to select appropriate institutional machinery.

This is no easy matter. Many possible systems and arrangements suggest themselves. Hardly any region in the world is so happily placed in this respect as North America, consisting as it does of two partner countries both of which are federally constituted. In Europe, where for centuries the nation-State was the highest community, it is much more difficult to evolve an up-to-date approach in this matter: only a process of gradual, sustained development can produce strong institutional cohesion among the countries of Europe. It was to this, and to our European legal and economic problem, that I was principally referring when I emphasized the importance of the

step taken by the Six in concluding the Treaties for European integration.

May I briefly outline what that step involved?

The first of the European Treaties was the Treaty establishing the European Coal and Steel Community, the outcome of the famous Schuman Declaration of 1950. Robert Schuman was the French Foreign Minister, himself a Lorrainer, from that border area between France and Germany which had for centuries borne the brunt of nationalism in its worst and extremest form. He enthusiastically seized on the suggestion, put to him by Jean Monnet, that the heavy industries of France, Germany and others would be pooled under common institutions, as a unit with the broader and higher common aim of regional -- not national -- responsibility, to serve, it was hoped, as the nucleus for European federation.

Unfortunately, only six countries responded -- France, Germany, Italy and the three little Benelux States, Belgium, the Netherlands and Luxembourg.

The new Community was established as a Common Market for coal and steel, governed by certain agreed rules as to its internal form and character and its external position. Internally, a number of common rules on matters of social and economic policy in the coal and steel sectors were accepted, including a completely new system concerning competition, cartels and concentrations of industrial enterprises. Externally, the Common Market for coal and steel was to rank as a "free trade area," that is to say, a region within which the goods concerned would not be subject to duty or other trade restrictions at the frontiers between the component national markets, but which would not have a common external tariff or a common official commercial policy vis-à-vis the outside world. Some small provision -- but only very small -- was also made for co-ordination among the member countries in respect of commercial policy. Financially, the Community was made independent of the member Governments to the

extent that it was to have its own source of income, a direct levy on the value of its industries' coal and steel production.

As this was the first Treaty of its kind, the rights and obligations of the signatories were very carefully spelt out. As a result, the Treaty emerged as what has been called a "program Treaty" -- a set of very specific rules and regulations allowing little elbow-room to the administering Institutions.

These Institutions are four in number.

First, there is the central Executive, known as the High Authority. It consists of nine Members, eight of whom were appointed by the six Governments and the ninth co-opted. They are required to act in complete independence of their Governments, in order that the High Authority may take its decisions exclusively on the basis of the Treaty and of its own conception of its European duty.

A Council of Ministers, representing the member Governments, ensures co-ordination between the High Authority's work and the Governments' general economic policies.

A Common Assembly, or Parliament, was to see to it that the High Authority's activities were properly in line with the Treaty.

A European Court of Justice ensures that the implementation of the Treaty is effected in accordance with the law.

It was clear from the start that this was only a beginning. Indeed, there would be little object in pooling coal and steel only, and leaving all the rest of the economy as before.

Various negotiations in this connection between 1952 and 1954 having come to nothing, in 1955 the six countries submitted to a working party of six independent experts, one from each, a long list of further joint measures they considered should be undertaken. The working party, headed by Mr. Paul-Henri Spaak, the Belgian Foreign



Minister, made such good progress that in the course of 1956 the Governments received the extremely practical and sensible Spaak Report, containing its conclusions to the effect that negotiations should be opened for two new Treaties, one to establish a General Common Market and the other a system of co-operation in the peaceful use of atomic energy. And in 1957 the E.E.C. and Euratom Treaties were duly accepted and signed.

The E.E.C. or Common Market Treaty is both like and unlike the Coal and Steel Treaty. It resembles it in introducing free movement of goods within the new Common Market, and in setting up four Institutions; it differs in regard to many details of that market, and to some details of the institutional setup.

The first major difference is that the new Common Market was conceived not as a free trade area but as a Customs union, with a common external tariff and a common commercial policy vis-à-vis the outside world. This portion of the E.E.C. Treaty is, like the E.C.S.C. Treaty, a "program Treaty." But the General Common Market, embracing all goods other than coal and steel, required a much more intricate set of arrangements than the Common Market for coal and steel had done, and since it was felt to be impossible to lay down all these arrangements in advance the new Treaty, though providing for a common policy in many fields -- free movement of labour, capital and services; agriculture; transportation; rules of competition; the business cycle; social questions -- simply indicated the broad outlines, leaving the details to be filled in by the Institutions. In this respect the E.E.C. Treaty is what the French call a "traité-cadre" -- an outline or skeleton Treaty.

Institutionally, the E.E.C. Treaty vested more powers than the Coal and Steel Treaty in the Council of Ministers, and less in the Executive; also, the new Community was not to have the same financial independence, but was to meet its expenditures out of contributions by the member countries.

The Euratom Treaty was institutionally similar; as regards functions, it provided that Euratom should organize common research, common investment and so on, in other words a common policy for the production and peaceful use of nuclear energy.

Up to now the Coal and Steel Community has remained in Luxembourg, while the Common Market and Euratom have their headquarters in Brussels. The Common Assembly of E.C.S.C. was converted into the European Parliament, a joint Institution of all three Communities, meeting in Strasbourg and having its Secretariat in Luxembourg; the European Court of Justice, also installed in Luxembourg, has similarly had its jurisdiction extended to cover all three Communities.

Now, it will no doubt have struck you that to have three separate Treaties, and so three separate Communities, among the same countries but with different functions and organizational arrangements, was a pretty cumbersome setup, bound to lead to difficulties. And so it did. Accordingly, the member countries are now working, as a first step, toward a merger of the three Executives -- the High Authority of E.C.S.C. and the E.E.C. and Euratom Commissions -- and of the three Councils of Ministers, with a view to the ultimate amalgamation of the three Communities themselves. This of course would mean an entirely new Treaty covering all of the existing common activities, and possibly others as well.

This in itself would be fairly conclusive evidence that the new methods had been, generally speaking, a success. Well, they have. European problems are being tackled in a completely new way. Production and distribution of coal and steel are being more and more thoroughly modernized in order to stand up to the broader-based competition. The social problems arising out of this reorganization are being successfully countered. The General Common Market, though not yet established in its final form, is ahead of the schedule laid down in the E.E.C. Treaty for the introduction



of the Customs union. Both labour and capital can move more freely. Common policy is gradually taking shape in many fields, even on matters not actually provided for as such by the Treaty. Industry and labour have set up European offices and European committees which are constantly submitting new and useful suggestions; so too, on the side of legal theory and practice, are the Universities and Bar Associations.

The European Institutions are pulsing with life. The Executives are served by a corps of go-ahead, enthusiastic European officials, full of ideas and ideals. The European Parliament keeps an alert and competent watch on developments, and asks nothing better than to be allowed to take its part in framing European legislation. The Councils of Ministers carry on the many-sided and often difficult task of co-ordination and policymaking. The European Court of Justice enjoys the well-earned respect of all.

It is difficult to give a bird's eye view to an audience in another continent, but perhaps you will allow me to quote a few figures.

The Coal and Steel Community has managed to maintain its share in world steel production, notwithstanding the substantial increase lately in world production capacity: in 1952, the year of its establishment, the six countries' share was 19.6 percent, and in 1963 it was 19.5 percent. For coal the figures are of course less encouraging, as coal is everywhere coming up against stiffer competition from other energy sources: many pits have had to close, but the rest are being very thoroughly overhauled and modernized.

As regards the General Common Market, the monthly average value of trade exchanges among the member countries has increased from 566 million dollars in 1958 to 1,309 million in 1963, and of importations from outside from 1,346 million to 2,054. Importations from the United States in 1958 totaled a value of 234 million dollars

a month; last year this figure had risen to 420 million. And exportations to the United States were up from 139 million dollars a month in 1958 to 213 million in 1963.

These are of course overall figures, showing that there has been no falling off (to put it mildly) in trade exchanges with the rest of the world. In particular cases, the difference may easily be even greater.

Naturally, I am not pretending that everything in the garden is lovely. Common policymaking is bound to encounter all kinds of objections and resistances from rooted national and international habits and vested national interests, particularly, in the Communities' case, since they do among them cover a very large slice of what used to be the national autonomy of the member countries, yet leave untouched such other major elements of national affairs as general foreign policy, defense and so on.

In such circumstances, everything hinges on whether the countries concerned are in practice working toward European integration or away from it. And, most unfortunately, since January 1963 a good many elements making more for division than for unity have been in evidence. There are differences of view on the desirability of admitting other countries, such as Britain and the other members of the European Free Trade Association, and Ireland, to membership; there are differences on the question of Atlantic solidarity, differences on common Atlantic defense, differences even on the importance of the national principle and national sovereignty. Little is now working for, and much against, our new "supranational" approach to the regional modernization of Europe and to the European law in process of developing. And that is a very sad state of affairs indeed.

Naturally, I cannot possibly give you any forecast of what course events are going to take. But, in the light of what I have been saying, I can tell you what I personally think ought to happen. The future will show whether I have been too optimistic.

My great hope, as I say, is that ultimately the federal approach will gain the day. This is also the hope of many federalists in our own six and in other European countries, irrespective of party allegiances.

We hope that once this critical time has passed a way will be found of establishing a regional setup suitable for the whole of free Europe, that this European regionalism will be founded on a European code of law, and that it will be outward-looking in matters of trade, starting with Atlantic co-operation.

We hope that the organizational structure of this new Europe will rest on institutions capable of gradually developing on federal lines -- that is to say, a central European Executive which may ultimately become a European Government, a European Parliament freely elected by universal suffrage and invested with full legislative powers, and a Council of Ministers that can serve as the prototype of a European Senate.

But we well know that it will take many years before this United States of Europe can become a reality. We know, too, that it can never be achieved at all on the basis of national egoism, of the absolute sovereignty of the nation-State, or of power politics.

These, then, are the general ideas I would like to discuss with you today, and with the various groups I hope to meet during my brief visit to Cornell.

Thank you very much for your courteous attention.