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Those of you who have been following political and economic developments in Europe attentively over the last few years will have seen that during that time the countries of Europe have made not just one attempt but a whole series of efforts to achieve greater unity.

In August 1954, the European Defence Community fell to the ground. As you know, it contained, in Article 38, the beginnings of a political unification of Europe. Its failure may possibly have given the impression that all our attempts have proved fruitless. The fact of the matter is that European public opinion was not ready for military and political integration. But I should like to do something to dispose of the idea that everything that has been done by the countries of Europe for more radical integration has failed all along the line. So I am proposing this evening to confine myself to the economic side, where a number of outstanding results have been achieved, and we have reason to hope for others before long.

If we think about it, it is not really surprising that the line of least resistance to a united Europe should run through the economic field. It is much easier to get business men and labour leaders

together round one table, with a view to working out what should be done to arrive at something they both want, than it would be with any other group of people.

I imagine this must be so in the New World too. At any rate, I think it is a very obvious truth in Europe.

I.

I should like, first of all, to say a word about the Benelux Customs union, which is proving a particularly striking success. I shall only mention it in passing, as some of you recently heard an account of the subject at the Belgian Chamber of Commerce.

This economic integration, affecting a geographically small area with a population of less than twenty million, but an industrial and agricultural potential among the highest in the world, has been an extremely successful venture. It has come to be regarded as, so to speak, a prototype for all efforts on a larger scale in Europe.

You would not find many politicians, or business men, or labour leaders who would deny for a moment, that the Benelux Customs union has done a great deal to raise the standard of living in our three countries, which is, in fact one of the highest, if not the highest, in Europe.

I remember a statement which was made to me, some years ago now, by Mr. Murphy, who was then United States Ambassador to Belgium. He said that the standard of living in Belgium was very nearly as high - allowing for all necessary differences - as in the United States. I must confess that this was perhaps putting it a trifle too strongly as regards my own country, but I do think that the standard of living in the Benelux countries is the nearest to the American level that exists in Europe.

And there is one thing that seems to me of the greatest importance. In these three countries, there are a number of men who now have practical experience of the complicated problems of economic integration in our modern economy. I have often noticed that such experience was prized by all those who had to do with problems of that kind in other countries. It is not surprising that the efforts now going on for integration originated in Benelux, and I am convinced that Benelux will go ahead with its work for so long as may be needed, until success is finally achieved.

II.

But I want to speak to you particularly about the second experiment in economic integration which we carried out in Europe recently -- the Schuman Plan.

I am far from expecting our American friends to forget the failure of E.D.C. in the success of the Schuman Plan, but what I should like to stress is the good reason we have to be optimistic about the economic integration of Europe, with all the prospects of reconciliation which it opens up for us in the political field. For to us the Schuman Plan means, and will always mean, more than just a common market. It is, and will always be, the first step towards United Europe.

In 1952, France, Germany, Italy and the three Benelux countries implemented a Treaty setting up a common market for coal, steel, iron ore and scrap among the six countries. This Common Market is governed by an independent political power. This sector of integration has an executive arm -- the High Authority -- a Court of Justice, and a Parliamentary Assembly. As well as these three traditional democratic institutions, there is a Council of Ministers, whose essential task it is to co-operate with the High Authority in harmonizing the latter's policy regarding the Common Market with the economic policies of the six Governments who retain their sovereign powers for their economic policy as a whole.

It may be that you do not altogether appreciate the importance of this Common Market because it is limited to four products. Of course, four products are not much, when we think of all those long lists used in connection with Customs measures and quota systems, which usually run into hundreds of products. But that is not the way we have to look at it when we try to gauge the progress our countries have made towards economic integration. These four products represent no less than a quarter of the total value of the trade between France, Germany, Italy, the Netherlands, Luxembourg and Belgium. That is to say, if our countries did four times as much, we should have pooled practically the whole of the trade between the six countries.

A. What results has the Schuman Plan yielded?

Obviously, the first thing anyone expects from a common market is an increase in trade between the countries belonging to it, as against the previous state of trade.

I should like, if I may, to give you four significant figures. They are easy ones to remember, if you will allow me to give you them in the round. The increase in the volume of the trade between the six countries from 1952 to 1955 was approximately 30 % for coal and iron ore. Trade in steel increased threefold, and in scrap fourfold.

There is no denying that the favourable state of the general economic situation did bring about an overall increase in trade between our six countries from 1952 to 1955, but it has been concluded from that that trade was on the increase between them quite irrespective of the Common Market. It is a view which is easily refuted: there is no arguing the figures. From the first half of 1952, that is, before the introduction of the Common Market for coal and steel, to the first half of 1955, the value of the trade between our six countries went up from 100 to 145 overall, and from 100 to 171 for the four Common Market products.

But if we want to get the full measure of the swiftness and scope of the effect which the Common Market has had, we have to take into account two circumstances which cannot be expressed in figures:

Firstly, coal, steel, iron ore and scrap are among the bulkiest products, with the highest transport costs in relation to the value of the product. So there would be every reason to expect the increase in trade to be much less marked in those particular sectors than the average, whereas in actual fact it is just in those sectors that trade is soaring.

Secondly, we have to remember that, unlike many other products, coal, steel, iron ore and scrap are being traded between our six countries at prices which have either actually dropped below the 1952 level, or have only risen slightly -- mainly thanks to the abolition of dual

pricing, which used to be widely practised in these sectors. That would be a further reason for the value of the trade in the products concerned to lag behind the rest, but in point of fact, I repeat, it is well ahead.

This moral is a confirmation of the moral we can read into the Benelux integration. There too, the Customs union very quickly led to an undreamt-of expansion in trade between the Belgo-Luxembourg Economic Union (which has been in existence for thirty years) and the Netherlands. Trade between the three countries has risen to heights which the most optimistic observers would not have ventured to predict. I do not propose to deluge you with figures this evening, but one or two very simple indications are useful for getting things straight in your minds. While Belgium's foreign trade is now approximately six times what it was before the war, her exports to the Netherlands are eleven times what they were. On the Netherlands side, the proportions are equally startling. The overall foreign trade of the Netherlands has increased ninefold, and exports to Belgium twelvefold. And there can be no doubt that the Customs union has had a great deal to do with this expansion.

B. What can we learn from this second experiment in economic integration in Europe which in contrast to Benelux, covers six countries, but in a more limited field -- only coal, steel, iron ore and scrap?

## Economic Integration is the Key to Unity.

1. There have been long discussions in Europe as to whether economic integration should be preceded by political integration. It was held by some economic integration could not succeed unless there was a process of political construction at the same time. That experience has shown is that economic integration is perhaps one of the best ways of bringing people closer together politically. Political leaders, business men and labour representatives have to meet to discuss their various problems, and that leads to contacts which are of the greatest value for political rapprochements.

It is a rather remarkable fact that when the Dutch, the Luxembourgers and the Belgians want to emphasize the historical element common to all three of them, used to have to refer to themselves as "the Spanish Netherlands" -- that is, to go back to the sixteenth century. Formerly, there was no other way of describing the three countries which are now known as "Benelux".

We find the same thing in the Europe of the six Schuman Plan countries. Economic integration helps to bring about closer political relations. The fact that the Foreign Ministers, and the Transport Ministers, and the Labour Ministers of our six countries are having to meet regularly to deal jointly with various problems presented by the operation of the Common Market, establishes contacts between men which are essential if we are to achieve rapprochements between peoples. And it is not only those actually engaged in the business of government: the operation of the Common Market provides opportunities for contact



between the hundreds of business men, labour union leaders, journalists, research workers and scientists who meet regularly during the Sessions of our parliamentary assembly and of the Consultative Committee, and at the many meetings of experts of all kinds which the High Authority has convened over the three years it has been in operation.

The other day, an ambassador from one of the Asian countries was asking me what the political rapprochement between our six countries since the war really amounted to. The answer I gave him apparently struck him so much that he did not quite credit it: I said war between our six countries was now unthinkable. As he expressed some doubt about this, I asked a leading Italian, a leading German, a leading Frenchman and a leading Luxembourger whether a war between our six countries was still within the bounds of possibility. They all replied that it was not. I do not know if what we said convinced the ambassador from Asia, but anyhow it made me think: I have been thinking quite a lot about the rate at which relations are improving among the peoples of Europe, who in the last forty years have seen two world wars break out.

*First lesson, therefore: economic integration is the key to unity.*

There must be no turning back:

2. L Another thing we can learn both from the Benelux experiment and from the Schuman Plan integration is that, if integration is to be a success, it must be introduced once for all, with no possibility of turning back. If we of the European Coal and Steel Community had not a Treaty binding for fifty years, with a transition period strictly limited to five, or in some cases seven, years, we should never have got the political leaders responsible, or the business men, or the labour representatives, to make the adjustments which are so vitally necessary, and to take the plunge and launch out where conditions are suitable for the development of production. Which goes to show that you can't get economic integration by producing

a one-way ticket and keeping a return half in your pocket.

It is only when you are one of a party and have to go all the way that everybody, from the Prime Minister in the Cabinet to the manufacturer wondering whether to invest or pull out, has the courage to take the decisions required.

Second lesson: No going back.

3. L There must be an executive body with real powers, and organs of democratic control. A third moral we can draw from the success of Benelux and the success of the Schuman Plan is this: Benelux does not have common institutions, particularly a common executive, a kind of economic

government for the three countries together. Benelux succeeded without common institutions, because it is a group of only three countries, very close neighbours. In practice, problems are dealt with by talking them over round a table, or simply by telephoning. But even so the governments have finally found that it would be desirable to have certain common institutions, and it seems likely that before long we shall have a consultative parliamentary council to discuss the problems of the three countries, which will thus get to know one another's problems better, and do something themselves to help find the answer -- for there are still quite a number of problems to be dealt with, especially as regards agriculture.

The Schuman Plan has worked out quite differently. When you pool the economies of six countries, you have to have common institutions. In the world of today, that means all the institutions which ensure that democratic rules are observed -- an executive, a parliamentary assembly and a court of justice.

The Schuman Plan has shown that very often it is that executive which is the driving force in any advance, whereas the governments in their absorption in home politics have not always either the time or the means to push ahead.

*Third lesson therefore: Real integration needs an executive body with real power. A single market brings more competition more investment and thus a higher standard of living.*

4. *L* Then again, the Schuman Plan has brought about in the coalmining and iron and steel industries a considerable increase in competition.

It is an undeniable fact that many protectionist measures were aimed, directly or indirectly, at reducing competition from producers abroad.

We all know that competition is the spur to a market economy, and that it cannot be discarded for long without the most dismal after-effects, in the form of slackness and stagnation.

You know enough about economic problems to realize that this very considerable increase in trade is naturally tending, in most of our countries, to result in a very considerable increase in competition. And this intensification of competition promptly produces a very considerable increase in investments.

I am not going to burden you with figures here either, but one or two outstanding examples may serve to illustrate this increase.

Between 1952 and 1955, the total amount invested in the iron and steel industry over the six Schuman Plan countries rose by nearly 50%.

The total amount invested in the coalmining industry rose by 15%. As regards the collieries, we have to bear in mind the intensive effort already made in connection with investment in France, as a result of the various plans worked out by the Directorate of the Re-Equipment and Modernization Plan. The advance in this field has, therefore, been less marked than in the iron and steel industry.

In the Belgian collieries, investments went up 50% between 1950 and 1955.

And in Germany investments in the coalmining industry more than trebled between 1950 and 1955.

*Y*  
*Final lesson: More competition, more investment, higher living standards. Economic integration benefits all the countries concerned.*

*X*  
Gradually, the conviction is gaining ground among large sections of the population in our various countries that the economic integration of Europe gives an equal start to everybody. In the early days it was feared that some countries would be the gainers and others the losers in the process. But it did not work out that way at all. Whether it produces or whether it consumes coal, or steel, or iron ore, or scrap, each one of our six countries has gained by the Common Market.

It has been suggested that the Community was lucky inasmuch as it started under boom conditions, and has consequently not yet shown whether it is capable of surviving in the hard times of economic recession.

This is not so. In 1953, there was an incipient recession in the United States, and an incipient economic sag in Europe. But then there came something completely unexpected -- unexpected because it had not happened for thirty or forty years -- the revival started in Europe, in the spring of 1954, and did not reach the United States until after trade in Europe was already in full swing.

One cannot very well point a final moral, for our experience is still too slight. But it does seem reasonable to hope that in the process of expansion the economic situation will become more stable as markets broaden and the risks of any return to protective measures by individual countries are eliminated.

*Fifth lesson, then: economic integration brings benefits to all the countries concerned.*

Imagine the risk of economic collapse to which the United States would be exposed if at the slightest breath of recession each of the forty-eight States did everything it could think of --- stepping up Customs duties, introducing quotas, restricting the movement of labour -- to pass the buck to the other forty-seven. Obviously, the threat of such a thing is a heavy drag on all possibility on industrial growth, on all the essential investments, on all the specializing which makes for a rise in productivity, and at the same time it means that the deleterious effects of a decline in trade are likely to be ten times as serious as they need be.

And yet Europe has been living under these conditions for several decades, and I feel that one day it will come to be realized that to get away from them is one of the great advantages of economic integration. No country in future will be able to delude itself that by shifting its problems upon somebody else it will not, in the end, suffer just as much from the protectionist measures it employed as a means of evading difficulties.

III.

I should not be giving a fair picture if I were not to mention the good results achieved by O.E.E.C. and E.P.U. over the last few years. O.E.E.C. has undoubtedly done a great deal for the liberalization of trade in Europe since 1948, and E.P.U. has considerably encouraged the movement of products.

We must not involve ourselves in petty squabbling over the different methods of economic integration and co-operation. Where integration is impossible, you have to make do with co-operation, but wherever integration is possible, then it is imperative to have integration.

There are two points in this connection which are, to my mind, arguments in favour of integration.

Firstly, the world of today is far too complicated for unanimous decisions all the time. In our experience, too, one very often only does governments a bad turn by allowing them a veto. It exposes them to all sorts of pressure at home, which they are not always strong



enough in Parliament to resist.

May I give you an instance from my personal experience. Although I am convinced that subsidies to enterprises are anti-economic, and in the long run anti-social, I was induced to grant some myself, under pressure from parliamentary representatives from the three traditional parties in my country, who had formed a bloc to get subsidies from the Ministry of Economic Affairs for an enterprise that looked like having to close down. What an advantage for a Minister of Economic Affairs in such a position, if there is a fifty-year treaty forbidding him this sort of transgression, and compelling him to seek out constructive solutions instead of merely introducing remedial measures, which generally land him in a groove he has a lot of trouble in getting out of later on!

The second thing that makes integration of such unique value is that there is no turning back. In the economic world of today, it takes on the average twenty thousand dollars' worth of investment to provide a job for one workman. We in Europe shall never, in the long run,

achieve anything like full employment unless we give the enterprises  
guarantees that the markets they are reckoning on selling to ~~are theirs~~ *will never again*  
*be arbitrarily closed to them, whether times are good or bad.*  
~~indefinitely, in good times and bad alike.~~ If we do not manage that,

I personally am certain that we shall be cutting ourselves off, finally  
and completely, from the higher standard of living which is so sorely  
needed by many millions in Europe. And the outcome will infallibly be  
that in competition with the totalitarian countries we shall be unable  
to achieve good enough results to convince our men and women in free  
Europe that our system, the system of private enterprise and independent  
corporation and competition, is the best -- the best safeguard for a  
steady improvement in the standard of living, the best factor for  
stabilizing trade, the best basis for the freedom of the citizen.

IV.

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And now -- what of the future? Shall we be able to push on towards our broad European markets, or shall we be brought up short in this path which looks like being our sole salvation, either in a cold war or in a not-so-cold one, where systems are judged in the ultimate analysis on what they have achieved economically and socially?

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It has been suggested that the High Authority of the European Coal and Steel Community is in favour of extending the Common Market to cover all products, because otherwise it may come to grief on its own ground. I venture to state that this is entirely untrue. The balance-sheets of our activities which we have produced over the past few years give us every reason to be proud of what we have achieved. Besides, we have not yet attained all the objectives we can fairly expect to attain. Personally, I am pretty sure that as regards trade, and investments, and freedom of movement for miners and steelworkers, and building workers' housing, we shall be able to report progress for several years to come.

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The problems arising out of "co-existence" between the Common Market and the national economies have not

proved too formidable to be coped with by the means at the High Authority's disposal under the Schuman Treaty. Harmonizing economic policies is uphill work, but it can be done.

If, indeed, we must go ahead with the extension of the Common Market, it is not because what has already been pooled is in jeopardy. It is because we have got to apply what we have learnt to the European economy as a whole.

I have a pretty good idea that if we could start a common market for several sizeable sectors of our economies every two or three years, we could guarantee Europe an expansion such as has not been seen time out of mind -- not since the fifteen or twenty years before the first world war.

The whole European economy would then be able to make up part at least, if not all, of the leeway it has lost in relation to North America, to develop its underdeveloped areas -- we have

them in Europe too, you know -- and to make sure that it is not outstripped by the Communist world.

It has been suggested, too, that the High Authority is in favour of the Euratom project because it hopes in this way to keep in check the competition offered by atomic energy to coal. Here again, I can say flatly that it is not true.

Europe has hardly started on its new upswing, and already we are short of coal. The Community alone will probably be importing twenty-five million tons of American coal in 1956. No, I assure you, we realize perfectly well that the world of tomorrow, and the Europe of tomorrow, if they want to go on with their economic expansion, will need all the sources of energy they can lay hands on: oil and atomic energy will be indispensable adjuncts, not awkward competitors.

V.

Of course, we shall come up against obstacles, and not always just where we are expecting them.

First of all, national governments do not like to hand over a portion of their traditional sovereignty, which has, incidentally, been considerably extended by the tendency towards State intervention in the economic field as we have witnessed it all over the world for some forty years. It is understandable, but it does not make for efficiency.

But gradually, as time goes on, we are finding among the officials we meet a number of like-minded people who are also all for the joint exercise of the sovereign powers belonging to our various countries.

Among business men, too, we come up against obstacles. It is extraordinary how hesitant and reluctant business men can be -- even those with any amount of punch in their own field -- when they are faced with structural changes.

When it comes to the point, business men are no keener than anybody else on drastic alterations to the conditions in which they live and work. That also is understandable,

Recent speeches by the presidents of the Federation  
of German Industries and the French Employers' Association, demanding  
a Common Market as a matter of urgency, indicate that  
industrialists realize more and more that there is no other way out  
for Europe.

but it is not efficient. And there, too, we are finding more and more  
supporters among business men who have come to realize the  
advantages of the Common Market, and above all have seen for  
themselves that a common market does not bring with it any of  
the disasters they were mistakenly expecting. I think that  
today you would hardly find ten business men in the coalmining  
and iron and steel industries who would want to go back to the  
old divided economy. We are counting on the supporters I  
mentioned to win over their colleagues.

Then there is a further obstacle -- the dread of State  
interference and State control. There are three aspects that  
have always struck me in this connection.

As you know, in most of our countries there is no anti-  
cartel legislation. On the other hand, it is plain for all to  
see, both in Europe and in the United States, that the first  
broadened European market has been accompanied by anti-cartel  
legislation. Inevitably, this has disrupted a good many habits  
of thought and commercial practices.

Again, a large market is bound to involve certain rules  
of fair competition, and more particularly rules barring dis-  
crimination between buyers or producers in comparable situations.

Observance of this provision in the Treaty requires certain formalities, such as the publication of price-schedules. It is a nuisance, because it is something new, even though publication is reduced to its simplest form.

Finally we have the bogey of State control. The Schuman Treaty vests the High Authority, as the Executive of the Community, with a number of powers -- the right to fix maximum and minimum prices, to introduce quotas, and so forth -- in certain carefully-specified circumstances, such as a shortage or a serious selling crisis. The very fact that it had these powers was enough to start some people worrying about the terrible word "control", quite forgetting that most governments possess the same powers, but that no businessman would think of asking his government to abolish them, since it is obvious that nowadays a government simply has to be properly equipped to take action if the need arises. Unfortunately, there are still people in Europe in 1956 who want to establish the Europe of 1880. It just can't be done.



Well, ~~W~~ what use has been made of these powers conferred by the Treaty on the Executive, to be brought to bear in certain exceptional circumstances? Inside three years, the High Authority has done away with all existing instances of State intervention. There used to be maximum coal prices in the Netherlands, in Germany, in France -- they have all gone. There used to be arrangements limiting steel prices in the home market in Germany, France, Belgium and the Netherlands -- they have all been jettisoned too. In ~~point~~ of fact, it is obvious to any objective observer that we have taken an enormous stride towards working the coalmining and iron and steel industries back into ~~a~~ market economy. They were eased out of it -- the coalmining industry in particular -- twenty years ago or more, and the result was that the coalmining industry languished, so that after two or three years of expansion, Europe found itself short of coal.

Now, at this point, I'd like to ask you to do something for us. You are coming more and more in contact with European businessmen. They have the highest respect for American businessmen. Talk the problem over with them. Tell them all the benefits you have derived, as regards productivity, and the standard of living, and wages, and investments, from your enormous common market of a hundred and sixty million consumers -- benefits European businessmen can enjoy too, if we achieve a common market for France, Germany, Italy and the three Benelux countries. You see, there are a hundred and sixty million of us too.

One final obstacle lies in the indifference of public opinion. There are so many people in our countries who would like the American standard of living, but do not want to change anything ~~as~~. Bit by bit, we have got to convince them that if we go on working the way our great-grandfathers did, we can only expect to have their standard of living -- maybe a bit higher, because of technical advances, and maybe a bit lower, because of smaller individual effort. At any rate, we have the satisfaction of noting that the younger age-groups are definitely more inclined to favour European integration than their elders.

VI.

You know the projects on which Europe will have to take a decision in the coming months -- Euratom and the general common market.

I do not want to set myself up as a prophet, but as far as Euratom is concerned, I have good hopes that we shall be able to take a decisive step forward during the next twelve months. We shall all make a big effort to show the peoples of Europe that the peaceful development of nuclear energy is something which goes far beyond the narrow confines of our various countries.

In any case, as far as the Benelux countries are concerned, the position is simple. The total amount of what is being done by the United States, on the military and the non-military side, for the development of atomic energy comes to twice the national revenue of my country for a whole year. The situation is much the same as regards the Netherlands.

What I say about Belgium, the Netherlands and Luxembourg is equally true of France, Germany and Italy. Gradually, it is becoming apparent that we shall have a common atomic industry or we shall

plant should be state-owned or privately run. I would like to say that, in my opinion, these controversies are not fundamental and that fair compromises will be easily found.

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not have one at all. *By the way, some of you may have been disappointed by the honest differences among the Common Assembly's political parties on whether Euratom was to be confined to peaceful utilization of the atom, and whether atomic*

As regards the common market, the position is, I think, rather more complicated. I think we shall need more time to bring it off.

But there, too, I am not without hope. Sooner or later, the countries of Europe will realize that they must have a stable system, and a common market for the six countries, in which even now each one is selling anything between one-quarter and one-half of its exports.

The Netherlands are marketing 38% of their exports in the ~~six~~ <sup>5</sup> Community countries, Belgium and Luxembourg 45%, France and Italy 24%, Germany 30%.

It is inconceivable that in the long run we should not set up a common market within which men, money and merchandise will move freely. It may take time, but the day will come when we shall have a common market in Europe. And that common market will help to bring about the United States of Europe.