

"THE EEC AND THE COMMUNITY OF THE FREE WORLD"

Text of the address given by

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I think the time and place of this address are well chosen. The time, because, in the inevitable debate on the essential question of the form that will one day be given to Switzerland's relationship with what is known as integration, the point has been reached where a conclusion is not, it is true, to be expected in the immediate future, but where, I would like to suggest, the immediate need is to reduce the debate to concrete terms.

As for the place, we well remember that it was here, in Zurich, that a grandiose vision of the future of Europe, of the way in which it would have to be shaped, was unfolded by no less a man than Winston Churchill, and I can think of no better introduction for my address than to quote a little of what he said in this city of Zurich in 1946:

"We must build a kind of United States of Europe. In this way only will hundred of millions of toilers be able to regain the simple joys and hopes which make life worth living. The process is simple. All that is needed is the resolve of hundreds of millions of men and women to to right instead of wrong and gain as their reward blessing instead of cursing....If at first all the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble and combine those who will and those who can.... The structure of the United States of Europe, if well and truly built, will be such as to make the material strength of a single state less important. Small nations will count as much as large ones and gain their honour by their contribution to the common cause."

Churchill continued:

"But I must give you a warning. Time may be short. At present there is a breathing-space. The cannons have ceased firing. The fighting has stopped; but the dangers have not stopped.... The atomic bomb is still only in the hands of a State and nation which we know will never use it except in the cause of right and freedom. But it may well be that in a few years this awful agency of destruction will be wide-

spread and the catastrophe following from its use by several warring nations will bring to an end all that we call civilisation."

Churchill's warning is now being brought into cruel relief by the explosion, on Soviet testing grounds, of nuclear weapons of unimaginable power.

There are two words by which I should like to characterize the development of the European Community in the past years and months: these words are success and recognition.

Our Community has proved itself a success. It has successfully passed through the difficult but decisive initial period. The greater part of its organisation is ready -- and it is working. On the practical side, it has already made the first approximation to a common external tariff, the principle of common policies is no longer a matter of dispute, and very soon this principle will probably be reflected in concrete measures in some important fields. These include a common policy on trade, and at home important decisions have been taken concerning the freedom of movement within Europe for persons, capital and services. All this is not the result of some simple mechanism which runs on automatically once it has been set in motion, but it stems from the constant re-assertion of an unflagging political will. There is, too, another angle from which our Community has proved a success. It has never been merely an end in itself but was intended to make it possible, for the countries of Europe, as a result of economic co-operation, to reach greater unity even in fields not so far covered by any Treaty. Here, too, progress has been made. We are witnessing great efforts to give a lasting and statutory form to political co-operation amongst those who are members of our European Economic Community.

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In the last resort, our success explains the recognition we have won. All have come to realize that what we have created is not a purely commercial venture, no mere trading club whose first concern it is to maintain and safeguard mutual interest and business advantages. It has become obvious that here there is at work a spirit which is beginning to permeate all European co-operation -- a new political spirit. This spirit has also asserted itself in our external relations. In our negotiations with non-member countries - European as well as non-European - we have attained considerable results which would be incomprehensible but for the psychological factor that our Community has been recognized as a reality; I have in mind particularly the solution worked out with Greece, our first case of association. And of course I also have in mind the current negotiations on the accession of other European States - negotiations from which both sides expect so much. Lastly, all this is accompanied by an intensification and a remodelling of the relations between our peoples and those beyond the confines of Europe, especially in the setting of the Atlantic Community.

We see, then, that the background of the European issues has greatly changed in a relatively short time -- and I would say that it has changed for the better. One thing, however, has not changed -- this I should like to say to my hosts at the very beginning of my address -- and that is our approach to our relations with Switzerland.

I should like to open this address with an unequivocal expression of friendship for Switzerland, for a nation which has always been a close and good neighbour of all partners in our European Economic Community, and with whose economy and culture we feel most intimately linked. There is a very deep reason for this attitude: it is the kinship we feel for those things of which Switzerland, by its existence and its way of life, provides a symbol.

What are our European Communities, if they are not an attempt to mould several peoples into a new entity, by peaceful means and using nothing but persuasion, by the common consent, therefore, of all concerned? To prove that this is possible there are few examples in history as felicitous as that of the Swiss Federation -- Confederation. I suppose I ought to say, though that really makes little difference in substance.

Our Communities, too, represent an endeavour so to link peoples with differing traditions and even different languages that they can fully preserve their character, their personality -- and here again the Swiss example affords us encouragement and gives us confidence. It has never been the purpose of European integration to streamline Europe. We are deeply conscious that in the last resort Europe's wealth and strength are founded on her diversity, and to preserve this is one of the aims which we have set ourselves in the integration of Europe.

Lastly the life of the Swiss Community rests upon the same fundamental principles as ours. The idea of solidarity, so inimitably expressed in the address of welcome is one which we too follow. What is our attempt at integration other than a striving after solidarity - first at the European level and then between Europe and its Atlantic partners - a solidarity which will be securer and better organized once we have integrated Europe, and finally solidarity between the wealthy and the poor, which is the great issue of international relations in our age.

It follows from this that we share yet another basic concept of the Swiss Community: like Switzerland, we are outward looking. Our Community is not the product of some introvert egoism, it was not created merely to bring selfish advantage to its members; it is also to be a means by which the relations between European and other nations can be improved.

All this causes us to feel the warmest appreciation for Switzerland's acceptance of the principle of the European co-operation, which has always been proclaimed and which has just been restated so forcefully. You may be assured that the discussion going on in this country is being followed by us with great attention and respect for the convictions expressed even though they are often contradictory.

I should like to quote only one of the many statements of which we have taken note because it seems to me to sum up with particular finesse the various elements which make themselves heard in this discussion. I refer to a statement made by M. Petitpierre to the Nationalrat shortly before he left the Government. He said:

"If we consider the situation as a whole and from a long-term aspect, we find that every strengthening of Europe strengthens the outlook for our independence and that any weakening will damage it. This is however

subject to a form being found for European unity which will respect at least the fundamental differences without which Europe would no longer be what it is today. Such respect for differences, which is a typical feature of federalism, is no cause of weakness - quite the reverse. The long history of our country has proved this."

Please do not consider me presumptuous when I say: "I might have said that myself"- of course not so beautifully. And that leads me to the heart of my subject.

Of course the real subject of this evening is Switzerland and Europe - even though it was not put this way. I do not believe that anyone expected me to come to you with a ready-made proposal, a concept, a draft treaty as it were, for settling the relationship between Europe and Switzerland. Father Christmas is not going to present us with a solution to this problem. It is not one of those for which ready-made solutions are part of the diplomatic stock-in-trade. Because amongst the facts and conditions which will shape its solution there are political decisions, and political decisions which cannot be taken by the European institutions but only by those who are endeavouring to establish a relationship with integrated Europe - in this case therefore by Switzerland.

Anyone who wishes to join us or to become associated with us must first reach his own decision. We have just seen this happen in a very impressive manner in connection with the British application for membership. The opening of formal discussions was preceded by a laborious, difficult process of decision in the country itself, a process which called for a great effort of intellect imagination and will.

This does not mean to say that until such a decision has been taken we must remain in a kind of diplomatic suspense with the country concerned. That is why I should like to add immediately that in arriving at such a decision all must make their contribution, including the other partner of the relationship, and this means the European institutions too. They must look upon the problem with which the country concerned is faced as a problem for which they share responsibility. The least they can therefore do is to be prepared to enter into any discussion on the problem.

I would ask you to regard my presence here this evening as my modest contribution to this discussion. For my part, I shall be frank and outspoken.

Any fair political discussion must begin with a confrontation of the various points of view. I now propose to attempt this, with all the reticence that behoves a guest. We all know that politics are made up not only of hard facts but also - and it is that which makes politics so attractive - of a wealth of psychological circumstances, including the opinion which others have of us. And here again we should, in my view, be quite frank with one another.

By this I do not mean that I shall deal in detail with the familiar list of Switzerland's wishes in connection with the form to be assumed by the relationship between your country and the Community. I know that the Swiss are particularly anxious to be able to take, even in peace time, certain measures appropriate for a war-time economy, thus giving particular protection to agriculture and to certain industries of importance in war-time. I realize that your wishes include the preservation of certain powers of decision in the field of foreign trade and certain precautions against being swamped by foreign nationals. I am aware that those who have to bear the responsibility for safeguarding your country's essential interests feel that some scepticism is called for with regard either to a customs union or any other association based on preferences, because these will necessarily lead to a far-reaching division of labour and specialization (as indeed they do).

I shall not deal with these points because I do not believe that at this stage of the discussion I should make a kind of an advance contribution to real negotiations.

I can be a little less reticent on a far more central problem which, as I know, is of deep concern to you in Switzerland. It is the problem of compatibility between the principle of Swiss neutrality and the lasting link which you are seeking to establish with the European Community. I consider it my plain duty not to shirk this



subject, if our discussion is not to be bereft of all meaning. I am fully aware that it will require a great deal of tact, and I only hope that you will not find when I have finished that I have been lacking in delicacy. But I feel that I should not altogether avoid at least a few of the questions which arise in this context.

Lest any misunderstanding should arise about what I propose to say I should like to make it clear from the beginning that I believe that I am not far from the realities of Swiss politics when I say that Swiss neutrality, as we, the neighbours of Switzerland, have experienced it, is a maxim of practical politics but not a dogma. By this I mean that this neutrality is of a political nature in other words it derives its vigour from constant, and repeated application in practice. Since from the outset the requirement that neutrality shall be maintained colours the approach to every situation in which there may be a temptation to adopt an attitude other than neutrality, we have before us a case where a particular concept is constantly being brought to the needs of the hour; it is of the many individual applications of the principle that this neutrality consists in practice. And here we are concerned with one of these individual decisions. If you like, we are concerned with an interpretation of the term neutrality in case you should join the Economic Community or enter into some other form of permanent link with us. I would ask you to consider my remarks as a contribution to this topical, this immediate problem and to none other.

In the first place, I do not feel that we can reproach Swiss politicians with being wrong in this approach when they establish a relationship between neutrality and membership; we cannot say that the question is irrelevant. I believe that there is indeed a methodic relationship between the problem of neutrality and that of membership, because the political content of European integration is so fundamental that any decision on membership is a decision with a vital political core. One thing however I would not consider permissible; it is to conclude that because this decision is difficult, because it requires a great effort of will, it is too difficult to be tackled. All those who have joined our Community and all those who are about to do so have been compelled to take great political decisions, decisions which sometimes were heavy with political sacrifice. European integration requires much courage and a great power of decision amongst those who want to share in it - and there is no way round. This does not mean that the problem has been made intentionally difficult; the difficulty lies in the very nature of our endeavour - and it is a great endeavour.

If, then, neutrality is policy and therefore, in the last resort, action, then we must, in my opinion, remember that the situation to which this principle of neutrality is being applied is a situation which is undergoing change. There is no political maxim which could at all times be applied to analogous circumstances. A maxim of this kind would be in direct conflict with the very essence of politics, because in politics immutable analogous circumstances do not exist. What I mean to say is this: at the outset Swiss neutrality meant neutrality in European conflicts, not as a result of any European philosophy, but simply because at the outset only European conflicts could affect Switzerland. European integration, if successful, will bring about a fundamental change in this situation.... for the ultimate purpose, the ultimate point, and the ultimate greatness of what is being done under the slogan of European unification is to make European peace secure and to make it secure for ever. There is proof that this historical and psychological motive inspired those

who 11 years ago undertook the work of European integration. There is proof that this is the driving force behind all that is happening at this stage. The highest, the noblest aim of these efforts is to make European conflicts impossible once and for all. Not merely to forbid them, but to bring about such change in the realities of the situation that it will no longer be possible even to consider a European conflict.

Let me say a few words in illustration of this: if we realize our aims for the economic core of our venture, then we shall within our lifetime see the day when we will have created in Europe, inside the Community, something like a European national economy. This means that the economic map of Europe will no longer show national frontiers. Then it will no longer be possible so to guide the forces of one individual economy, which today is still a national economy, that it can be mobilized for war purposes. You may consider this utopian, and you are at liberty to do so; but you cannot deny that such is the aim of what we are doing. This is what we mean when we say that the aim of European integration is not a mere customs union, but an economic union. This, then, is my first observation: if we translate our aim into the terms of the policy of neutrality, this aim of European unification means nothing less than eliminating the very situation which a policy of neutrality is designed to meet. In other words, our goal is to remove the raison d'être of this policy. If we succeed, nations will no longer contend for the mastery of the Alpine passes.

I would go even further. That I have said concerning the continent of Europe is of course true in an even wider context - indeed it is only because of this that such a bold idea is possible at all. It is a lamentable fact that diplomacy is always concerned with war. But in our age the relationship between diplomacy and war has been profoundly changed. The art of diplomacy is no longer that of preparing your own country so that it will win the next war, it is that of preventing the next war. The reasons are many and among them is technology. Technology has raced ahead of the politicians, who are now panting in an effort to keep up with it. This applies to us in Europe too. What is our venture

from the point of view of economic sociology if it is not an attempt to match up to modern technological conditions in a better way - on a more appropriate scale than can be done by traditional means? The same is true of the technique of war. The risk of war today is the risk of annihilation for all, including the conqueror. All international policy-making is therefore concerned not only with the outlawing of war but with making it impossible. I know that no one in Switzerland needs me to convince him that this philosophy is right; on the contrary, logic demands with quite particular force of a neutral country that it should do all in its power to avoid war.

And there is a third factor - the nature of modern war if it were to happen after all. One war is not the same as another. Compared with what will happen if such a dreadful disaster were to be on us once again, the wars of the 19th century would seem like duels fought by gentlemen in accordance with previously agreed rules and in the presence of seconds. Modern war would be entirely different no less would be at stake than physical and moral existence, especially for the countries of the free world.

This is where I come to a halt. If these premises are correct, it is not for me to draw the conclusions from them. But I may repeat that I considered it my duty to put these premises before you, as every discussion with my Swiss friends on the subject of membership or some other link with us begins or ends with the phrase: "Yes, but what about our neutrality?" And if a discussion is to be a discussion and not an exchange of monologues, an answer must be given to this question.

Having said so much about Switzerland, I now come to the other party concerned, the European Community. I cannot this evening give you a complete or even a summary description of our European Community. Nevertheless I should like to comment on some appraisals which have been made from outside. Let me begin by clearing up some fundamental misunderstandings concerning us, by laying a few ghosts which haunt

the scene of the discussions. The first appraisal or rather prejudice is that the European Economic Community is no more than a purely economic development; the second, that it has centralist or even hegemonial trends, the third, that it is the breeding ground of dirigism; and the fourth, that it is a protectionist club. I shall revert to this presently.

First: the European Economic Community is not a union of industries, producers, merchants or an over-grown consumers' co-operative or super trades union, or a single agricultural marketing organization. It is a political process that what is being unified is,

the part played by the several States in establishing the framework of economic developments. The modern State has evolved a vast number of means of intervention and these are applied with sovereign unconcern by all States regardless of the extent of liberalization in their philosophy, by the representatives of a market economy, whether social or otherwise, just as much as by those of a planned economy. What we are doing is simply to bring together and merge these instruments by which States influence the conditions underlying economic activity. Contrary to appearances and despite the ample space which the Treaty devotes to the customs union in relation to the space given to economic union, the points concerning economic union are far more important and of much greater interest than those dealing exclusively with the customs union. It is years since I have seen this idea so brilliantly expressed as in a small League of Nations memorandum, one of its last publications before it was transformed into the United Nations. I should like to read this brief passage to you because it not only reflects the essence of that thought but is at the same time an admirable piece of writing:

"For a customs union to exist it is necessary to allow free movement of goods within the union. For a customs union to be a reality it is necessary to allow free movement of persons. For a customs union to be stable it is necessary to maintain free exchangeability of currency and stable exchange rates within the union. This implies, inter alia, free movement of capital within the union. When there is free movement of goods, persons and capital in any area, diverse economic policies concerned with maintaining economic activity cannot be pursued".

This means that the inner logic of cause and effect inevitably leads from a customs union to the merging of economic policies.

Now for the second ghost: it concerns centralist or hegemonial tendencies. If I could but tell you how little centralism there is at our end, how little the only institution which could be tempted to grow into a centralist organ - I mean my Commission - would be in a position to take centralist action even if it had the worst intentions in the world; I should rapidly convince you. In all the polemics against our Economic Community there is nothing more paradoxical than that of all things the existence and functions of this common executive is made the target for attacks by federalists. This is paradoxical because the decisive motive in setting up the Commission was to safeguard the federal idea in the Community. When we were setting up the Community, we very quickly reached agreement that its progress should not be burdened by all its members having the right to veto every decision. But though we were all against the veto we were equally against being arbitrarily outvoted. It was at this point that the Commission was conceived. It was agreed that decisions could be taken by a majority vote only when the majority was in agreement with the Commission, and the Commission was so designed that - so far as this is humanly possible - it should become the mirror of the higher common interest; in other words, it was made independent of any individual interest of the Member States. You will therefore understand how much we are surprised to find that the existence of the Commission and its functions, which it can exercise only in co-operation with the Council of Ministers which retains the power of decision, has come to be suspected of centralism.

I now come to the third ghost: Brussels as the breeding ground of dirigism. I shall be brief. It is true that Brussels (if we use the name of that city to cover all Community institutions) has the power to interfere in the economic policy of the Member States. But it can do so only where this is necessary to prevent the individual interest of any one Member hampering that unification of the national economies of which I spoke earlier in this talk.

This reproach is rather on the lines of the old trick of the malefactor who shouts "Stop thief!" All the dirigists in the various national economies - I am tempted to say **all the dirigists everywhere** - complain with one accord that the existence of Community institutions prevents them from going ahead with the individual interests which they would so much like to pursue as in the good old days of yore. For the so-called dirigism of Brussels is no more and no less than the prevention of dirigist tendencies in the member countries themselves. The basic philosophy of our Treaty is liberal and not dirigist.

What I have said also applies to the protectionist aspect, and I do not propose to waste your time by telling you in how many articles the Treaty, which is our constitution and binds all institutions, compels us to pursue a liberal policy; nor will I give you a detailed account of how we have so far lived up to this Treaty.

Now that I have made at least these few remarks in defence of the European Economic Community, I should like to turn to the third and last aspect of my subject. It is the question of how these two factors, Switzerland and the European Economic Community, can be linked together.

First, the structure of our own Community provides the appropriate ways and means. Theoretically, three solutions are possible. The first is membership, which means acceptance of our Treaty as it stands; this is what we are discussing at the moment with the British. The second solution is called association. It is a much more flexible kind of link. I have recently had the honour of being repeatedly quoted in Switzerland for my interpretation of Article 238 of the Treaty, which deals with association. I do not therefore need to repeat this interpretation. In this article the Treaty invests the European Economic Community with a gratifyingly comprehensive power to make agreements. As a collective person under international law the European Economic Community does not have - and incidentally this again shows its federal character - unlimited and general powers, but enjoys only those specific powers conferred upon it by the Treaty. One of these is the comprehensive power of association to which I have referred. As you know we have so far only used this instrument in one case - that

of Greece. In the Treaty itself we have moreover made provision to cover a special type of association, namely that of the African countries. So far neither of these cases would justify the suggestion that a political doctrine on how this legal power is to be used has been established. We have been pragmatic in this field and have treated each case on its merits. What little material we have will not yet allow of any general conclusions on which to base a broad political directive for the use of the powers of association.

The third solution is provided by commercial policy. We mean by this the use of all traditional forms of commercial policy which make it possible to find bilateral solutions, especially in the customs field, or to conclude multilateral agreements. We are making use of the multilateral facilities in our capacity as an economic community also, mainly by co-operating in the two great organizations which regulate our commercial activities from outside both by what they make possible and by the limits they set. I am thinking of course of GATT and OECD.

GATT is an important factor determining how we can establish a lasting relationship with other States, especially in Europe. I should not like to let this opportunity pass by without making it quite clear that the European Economic Community fully supports GATT. GATT is the beginning of a world economic order based on definite rules. Even outside the European Economic Community we do not move in a kind of space without rules or order, in what one might call some juridical no man's land, but the three pillars of GATT give us clear rules; the freedom of economic activity, the preservation of competition and above all the equality of member States: i.e. the principle of equal treatment most-favoured-nation treatment or non-discrimination, all of which mean the same thing.

A second major organization, the rules of which also affect our action, is the OECD. It is the most characteristic and consequential innovation through which Atlantic developments have gone in recent years. The transformation of the OEEC into the OECD marks a revolution in Atlantic economic policy.



Put rather badly, it might be said that the ~~treaty~~ of OECD ended a period in which Europe was a field for charitable action by our Atlantic partners, a distressed area, an area for the doing of good deeds. It was only when OECD was set up that the political and sociological fact of our having become real partners in the Atlantic community was formally recognized. This is an event of the most profound importance.

In these two settings, in GATT, but even more in the Atlantic setting, something has been growing up recently that deserves the closest attention: it is a new order in Atlantic economic policy. The leadership is in the hands of the United States of America. Standard-bearers of the new order are the new American government, the Kennedy Administration, and in it that forceful and imaginative personality George Ball, the Economic Under-Secretary of State in the State Department. This new step, which is about to remould the entire system of economic relations in the Atlantic area and to give it new substance, springs from nothing other than the appearance on the scene of our economically united Europe - an event which is felt to be the challenge of the day, this term being understood in a positive and friendly way. This new fact is to be dealt with by an appropriate policy designed to fit the new circumstances. The changes which are coming about in the relationship between the whole European continent and America as a result of Europe's economic integration are regarded as changes of the first importance for America's foreign economic policy, and an effort is being made to find new means to cope with the new situation. No solution has yet been officially announced and its final adoption will be the subject of a difficult debate between the Administration and Congress, with its almost executive powers in the field of customs policy. The debate will be as difficult as that which any liberal central authority has to face when it has to discuss a liberal commercial policy with federal organs. At any rate we can already discern some outlines of a new policy. It is a customs policy imbued with

liberal trends intended to give the Administration fuller powers than it has had for many years, including the power of applying linear customs reductions. There is already talk of powers which will enable the government to negotiate customs reductions up to 50%. However, all this is to be done in full observance of the GATT principles, and must therefore be non-discriminatory. The trend of this policy is therefore not towards an "Anschluss" between the United States and a preference area, but towards general liberalism in customs matters. I regard such a policy as a grand vision for the remodelling of Atlantic economic policy. In particular, I believe that the acceptance of the GATT principle of non-discrimination is a fact which merits general and lively approval.

Are you surprised to hear this from <sup>some</sup> one who plays a part in shaping the policy of a regional body such as the European Economic Community? I think not. It seems to me that it is a mistake to regard what is happening in European integration as the embodiment of a regional principle in the commercial or economic field. I am convinced that the real change through which we are going means that a new political, federal structure is crystallizing. Seen in this light, the acceptance of discrimination by those outside the new group is not so much an exception to the rules of GATT as an anticipated recognition of the final political result, it is, as it were a political credit granted to us for the transition period which we need to complete this political process of crystallization.

The real change, therefore, is in the elements to which this world economic order applies, and not in its actual aims. A new unit is growing up out of several units - not overnight but slowly, too slowly in the view of many. This unit, however, accepts the idea of non-discrimination.

With this reference to the future I would like to close my address. There is no denying, of course, that behind all the activities we call economic integration lie many commercial, business and economic motives. From the business angle - amongst others - what we are doing must make sense, that is to say, it must bring advantages, and we do not detract from our venture when we frankly admit that it is intended to make Europe wealthier and healthier in the material sense of the word.

But this is not our only motive, nor is it a sufficient explanation for so profound a change as that being brought about before our eyes in Europe by the movement towards European unity. For what is happening here in the economic and diplomatic field can happen only because it is founded

on a change of spirit and of heart, because men are now prepared to cast off habits of which they themselves feel more or less clearly and more or less consciously that they are outdated, and because men are at the same time prepared to act boldly.

We shall succeed in our task if we can combine two essentials:

We must be able to appreciate this great new entity with a full sense of conviction and to act in accordance with this conviction, and we must cling, in all this, to the sure foothold provided for each of us by the best traditions from the past.