

STATEMENT

by the President of the Commission of the
European Economic Community

Professor Dr. Walter HALLSTEIN,
to the Consultative Assembly of the
Council of Europe during the debate
on European economic relations
in Strasbourg, 20 January 1960

Mr. President,
Ladies and Gentlemen,

I should like to express, not only for myself but also on behalf of the Commission I represent, my sincere thanks for the invitation to speak before this illustrious Assembly.

Let me take this opportunity to say a word of appreciation in memory of your late President, Mr. John Edwards, who has died so unexpectedly and who had taken such very special interest in the preparation of the present session of the Consultative Assembly. It is our duty, and for me it is a sincere personal desire, to pay our respects to this man, who did so much in the cause of European co-operation. The spirit in which he, till his last breath, devoted all his strength to the unification of Europe lives on in this room and can be felt in the course taken by this debate.

To me the opportunity to address your Assembly once more is also a further and welcome opportunity to state how clearly we too realize the extent to which the European Economic Community, and in particular the Commission, is indebted to this forum, a forum of the European conscience. I am convinced too that in view of the extension to the whole Atlantic area of the competence of the ^{other, the} major European economic organization, the importance of this forum will in future increase. My Commission cordially shares your desire that no opportunity be missed and no effort spared which could contribute to the development of active co-operation based on confidence between the Community and its European partners.

In turning now to the subject of my address I should like to begin, Mr. President, by expressing my gratitude for the outstanding contribution which the two reports have made to this debate. I have myself read them to great profit and have learned a great deal from them. I should like to add that in saying what I am going to say I draw much additional encouragement from the spirit in which all previous speakers have dealt with the problems we are here debating as matters of joint responsibility.

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It seems to me that our immediate need is to be clear about the position in which we find ourselves today. What are the special features of the conditions under which we are renewing our efforts to come together in the important field of European co-operation? How can we usefully organise this co-operation under these new conditions? I realize that any answer to this initial question must necessarily be an interim answer. For policy is synonymous with action. And if one thing is action, if one thing is in a constant state of flux, if there is one thing which knows no condition of rest and static conservation, it is the question of European unification. We can therefore hope for no more than a sort of snapshot of the situation.

To make it easier for me to fix our position I am tempted to recall something I had the honour to say to this Assembly from this very place a year ago when you held a joint session with the Parliament of the European Communities. At that time, negotiations in the OEEC Committee on the large free trade area had just been interrupted and the Council of Ministers of the European Economic Community had, on the proposal of the Commission, immediately taken the well-known interim decisions of December 1958. At the same time, my Commission had set about preparing its First Memorandum, which was submitted to the Council of Ministers in February.

When I recall some of the elements of the situation as it obtained at that time and as I tried to explain it here a year ago, it becomes easier to see how far the problems with which we are dealing today were already clearly before us then and how far those matters which today are clear and beyond doubt were only beginning to take shape at that time. In the introduction to my address I said that we, the organs of the European Economic Community, accept our responsibility to a wider Europe and that we realize that the two concepts of Greater Europe and Little Europe do not indicate an alternative but that they are two aspects of the European development towards unity which go together and complement one another, and even depend on each other.

I also said that we do not regard the discussion on the possibility of associating our Community with other European partners as a sort of discussion on economic creeds. What we wanted were practical talks in which, as we fully realized, all concerned had a legitimate interest in arriving at a positive conclusion.

Mr. President, I added a further idea to this confession of solidarity, which is as dear to me now as it was then. It is an idea to which we have meanwhile given greater attention. I was dealing with the commercial, policy of the European Economic Community. Seen from our point of view, that is to say from within the Economic Community, the problems which are here at issue are problems of its commercial policy. I told you then with a degree of assurance which you may at that time have considered bold, that this commercial policy would be liberal. I could at least point to the obligations imposed on us by our Treaty.

I also drew your attention to the close commercial relations which link our area to the development countries and pointed to the responsibility which this entails for us. In the same context I spoke about our relationship with the highly developed countries, and I illustrated this with particular reference to the vast economic area of the United States. I said there was no doubt that, if our Community pursued a consistent economic policy, this could exercise considerable influence on American economic policy. This morning's debate gives me cause to recall these remarks of mine. If the commercial policy of our Community is good, it can in fact help to reduce American protectionism. If it is bad, it may give this protectionism a boost that will result in new tensions and, as in Europe, these tensions will not be confined to industry and to economic policy.

If you will permit me to sum up, my observations of a year ago contained three elements to which I should like to revert today: our recognition of European solidarity, our desire for practical talks with our European partners, and our determination to live up to the world-wide obligations and ramifications of our Community by accepting this responsibility and pursuing throughout the world liberal practices which will have their effect on internal relations in Europe.

That, then, was how we saw things a year ago. How do they appear today? I do not believe that a more fortunate time than the present could have been chosen for this debate. As has already been said - and I will therefore not dwell too long upon the broad features of the situation - the result of the Paris negotiations is a milestone in the economic history of post-war Europe. I can therefore only share the general satisfaction which is happily apparent at the outcome of these discussions. Though some may say that this satisfaction is based on doubtful criteria,

since Paris after all did no more than open up new possibilities without bringing us new results, I do not believe that this detracts from the significance and value of this satisfaction or the pleasure it gives us. At any rate Paris produced sufficient tangible results to merit our applause irrespective of any subjective appreciation.

For my part I should like to stress three elements, which, I feel, provide the criteria for an appreciation of the results obtained in Paris; I can be brief, because Mr. van OFFELEN's speech has already contained much of what I can say here about the Paris results as seen by the Commission.

First, then, there is the new relationship between Europe and America. As you know, my Commission has from the outset paid great attention to the effects of changes in Europe's economic policy on the relations of this Continent with America. Our attention has at times been misinterpreted, and there has been no lack of misunderstandings of that kind in today's debate. Initially it was believed that reference to consideration for our Atlantic partner was no more than an attempt to disguise an evasive attitude of the Commission, in an endeavour to escape from the difficult European problems. Well, it has meanwhile become known *urbi et orbi* that the relationship of this Continent with the Atlantic partners can no longer be separated from the discussion of European problems. It is not pride of authorship which makes me say that we were just a little quicker in putting forward this idea. Nor does the question whether we consider a settlement of the relationship of Europe with America more important than a settlement of relations in Europe itself reach the core of the Commission's attitude towards this problem of our relationship with our Atlantic partners. Sometimes our action has been interpreted as meaning that we no longer had in mind anything but this major question. This again is an injustice, and therefore the reproach that we propose to put the cart before the horse also falls to the ground. We have never considered that there was a choice before us, either of substance or of sequence. We believe that both problems, the Atlantic and the European, must be taken together and that the two solutions must be compatible one with the other. For that reason we believe that, in fact, neither question can have priority in time over the other.

Mr. President, I do not think I need seriously deal with the question whether the Commission, in referring to its consideration for our Atlantic partner, was perhaps acting as the agent of American policy. We are very far removed from any such ridiculous presumption.

Since, however, this idea has been mooted, I will say briefly that we raised this aspect of the problem because it affects the elementary and vital interests of Europe. It was in the cause of Europe that we sounded a warning note. It was in the cause of Europe that we advised serious consideration of this aspect of the question and its inclusion from the very beginning in the study of our economic problems.

For that reason we are happy for the sake of Europe that this new relationship between Europe and America, of which I have spoken, is now reflected in the full participation of the United States and Canada in the work which is now beginning. In order to appreciate this participation which has - let us be frank - already borne its first fruit in making possible the satisfactory results reached in Paris, we must look at both the American and the European aspect of this new co-operation between the two continents, a co-operation based on equality. So far as the American aspect is concerned, one fact which merits a moment's reflection is that America has now decided to accept a share of organised responsibility for the settlement of Atlantic and therefore also of European matters. That decision was certainly not an easy one. Those amongst us who have a little experience of American foreign policy know that all of us, all the free nations whose fate is inextricably bound up with the success of American policy, are faced with a dilemma when we see American policy hesitating between the tendency to retain a large measure of independence, of autonomy, and the willingness to enter into organised commitments. We must welcome the fact that in this case the decision has been in favour of an organised co-operation which, though it occurs in the economic sphere, is unquestionably of signal political importance. This political importance lies in the fact that - let me put it in modest terms - it is apt to weaken isolationist trends, not only in the economic but also in the political field.

The second factor which may have made it somewhat difficult for our American friends to come along with us is their - and we must be clear about this - shall I say, ideological leaning to universal solutions. Again, this is not because of dogmatism, but is based on a very understandable attitude of which we in our own interest must not simply say that it should be lightly sacrificed to more limited organisations.

Now for the European aspect: this can be sketched in a few lines. It is a changed Europe which is about to enter into this co-operation with America. As has already been said twice this morning, a period of European post-war economic history has ended. The time when Europe was a depressed area and when it lived to a large extent on the generosity of others is over. The political recovery of Europe is practically complete. The admirable

achievements of French economic policy last year formed the coping stone in this rebuilt and economically independent Europe. It is this Europe, a Europe sound in its economy and psychologically imbued with renewed self-assurance and, I might add, unshakeably confident in the ultimate success of our joint endeavours, a Europe already in the process of achieving even political unity, which has now entered into an association with its Atlantic partners.

Certain internal American developments of a purely economic character have helped us in attaining this new balance. It has already been said that trends in the American balance of payments have acted as a stimulus which has made it easier for the Americans to take the decision to which I have referred. We shall have to watch the psychological consequences of this ^{new} development in America's external trade in order not to make any mistakes in our own external trade policy in Europe. As a psychological consequence of this turn of events two features have appeared in America's foreign economic policy. One is a mounting sensitivity to discrimination; we have seen this grow before our eyes in recent months. Those of us who have in the past six months had an opportunity to study American policy at its source have felt the growth of this sensitivity. The other feature is the increased American anxiety to have the European continent share the burden of political tasks of world-wide significance. This applies in particular to the problem of under-developed areas.

This brings me to the second of the major results of Paris. What was achieved in Paris, is a new form of co-operation of all Europeans in common tasks. It is no paradox if in this context I also pay homage to the decision that we shall assume a greater and even growing share of the burden for the under-developed countries, not only as a sign of solidarity between the rich and the poor, which it is, and not only as a sign of Atlantic solidarity, which again it is, but also as a sign of European solidarity. For all Europe is called upon to bear its share in the common effort.

In the face of these tasks which this continent has to solve in its relation with other continents, it is not possible to put forward the pretext that Europe must first put its own house in order. I should like this to be known quite unequivocally as my point of view. For it is not as a result of any arbitrary selection or any arbitrary scale of values we have ourselves set up, that we are confronted by these duties towards other continents; they spring from the facts themselves. Our solution of the task

of helping the under-developed areas - a problem of explosive character and one of the most urgent of tasks, if we look upon the need to ensure the survival of Europe as the essential reason for strengthening it - is not a matter of our choice, but is a problem imposed on us by destiny.

The third result, and this brings me to our subject matter, is the re-starting of discussions on European trade itself. Talks have been resumed. It is true that no practical solutions have yet been worked out in Paris. We have not yet been told what the future shape of things in Europe is to be, what pattern or what concept is to be used to settle Europe's trade relations. Nevertheless, a procedure has been established and this, as we have repeatedly been told, has opened up new possibilities. All those who are now tackling this common task are agreed that the best use shall be made of these possibilities.

I do not think that it would be opportune at this moment to enter into speculations concerning the practical content of a future solution. I regard this not only as useless but even as downright harmful. I think I found during the negotiations in Paris a tendency - and I hope I will not be contradicted - to tread warily so far as the resumption of formal attempts to find a formal solution to the European problem is concerned.

In the conferences this reticence was clearly discernible; it came not from any reluctance to grasp the nettle but on the contrary from the feeling that the cause would not be helped unless an effort were first made to clear the terrain somewhat. The fact that the Europeans have drifted apart in the past year has allowed some weeds to appear in the European garden and we might be well advised to do some weeding before we sow any new seed. This implies that we must first of all tidy up and clarify our concepts, that we must attempt to reduce the number of points of dispute, that we must strive to sound out the extent of existing predilections which stand in the way of agreement, so that we may know how much resistance there is to compromise, and that we then tackle the compromises themselves.

It appears to me - and I have drawn great encouragement from some of the statements of representatives of the British Government to the effect that they are thinking on similar lines - that we should for some time, though not for long, apply cautious and unsensational measures to cope with these tasks. Fortunately, nearly all other European countries interested in this discussion have diplomatic missions accredited to our Community itself.

This opens up excellent prospects for that clearing of the ground to which I have just referred.

My very modest contribution in the field of which I have just spoken is an attempt to help in clearing up the individual questions with which we are now faced when we dissect the overall problem of a satisfactory ordering of European trade, in other words, when we try to grapple with the problem, to reduce it to concrete terms, and subject it to analysis. We should like to know what these questions contain and what they do not contain. This may sound very trite, but I do not find it so. As I have said, in the last twelve months there has grown up a tangle of misunderstandings, exaggerations and even of tendentious distortions - a tangle of ideas containing a kernel of truth. Therefore any good method for preparing the tasks ahead of us must begin by ensuring the elimination of all statements of the case which hide the core, the substance, of things, and allowing the facts and their bearing on each other to be clearly visible. As Minister KRAG has just now rightly said, this is also a problem of establishing the right climate for the coming negotiations.

I should like to put the question in this way - I repeat this is a modest contribution to our discussion, but I think a necessary one: what are the options with which we are really faced? It has been rightly said this morning that politics are nothing but a chain of options, just as the life of every man and woman consists of the decisions and choices that have to be made at every moment. What are the real questions, and what the imaginary problems which we should jettison as ballast?

I should like to say here and now that the conclusion I have drawn from this brief survey, which is not complete and does not pretend to be complete, is that all these alternatives recommended to us as making it easier to reach a decision because all we really need do is choose between this or that possibility, seem to me to dissolve into nothingness - some of them because we have no choice at all, as one of the two solutions offered is altogether impracticable, and some because we are not forced to make a choice, since we do not have to decide one way or another, as the solutions before us contain elements of both the alternatives.;

Let me begin with one set of choices put before us which I regard as clearly uncool problems, likely to impede rather than help us in our discussion. I know that I will cause surprise when I list the option between trade war and trade peace as the first of these, the option between a united Europe and a division of Europe with the consequence - the words are not mine - that Europe is in danger of falling apart over the great political questions on which its very survival depends. I do not mention this option in order to introduce arguments why Europe must not fall asunder. I should consider it somewhat peculiar if I suggested that anyone in this conference room or anywhere else in Europe was seriously considering opting in favour of such a division. I mention it for a very different reason. The alternative between a divided Europe, a Europe divided even on questions of high policy, and a Europe united on these questions is usually presented to us in the form of: if this or that does not happen, such a division will follow.

I have raised this question here because I should like you to reflect with me whether this logic is really inescapable. A trade war in the form of measures of economic policy organised by governments, or a division of Europe in the sense that there would be divergences on vital questions ^{such} as Eastern policy, is something that does not happen by itself, like a bolt out of the blue. In politics there are no developments which happen by themselves in the way that chemical processes do. Politics are made, political acts are committed. When I have said again and again that there will be no such division, my decisive and in fact only reason for doing so has been that I cannot see a responsible person, a responsible statesman or politician in Europe either among the Six or Seven or elsewhere who would take upon himself the responsibility of choosing to divide European policy with all the calamitous effects this would have because of difficulties - however large they might be - arising in the sphere of commercial policy. I have never yet met anyone who has advocated so suicidal a policy.

That being so, Ladies and Gentlemen, we should be a little careful in our assertions. Let me take up an idea which M. van OFFELEN expressed here this morning: Nothing could be less helpful in finding the solutions for which we are searching than dramatization or, if

you will forgive the word, ~~emotion~~.

I should not like you to misunderstand me. I am in no way suggesting that the maintenance of a situation which appears unsatisfactory to many people in Europe, both among the general public as well as among economists and politicians, would not entail politically disadvantageous consequences. If therefore someone warns us of the danger of political estrangement, as the Norwegian Foreign Minister, Mr. Halvard LANGE, has done, I accept this as an argument. What has brought us together to make this effort if it is not the feeling that in addition to safeguarding the material interest of our economies we must also avoid disastrous political consequences?

The second unreal alternative which I should like to clear away is the recently suggested "choice" between hegemony or federalism in Europe. If my interpretation is correct, this alternative has its roots in the realisation that through the establishment of the European Economic Community a new element of strength, of great strength even, is being added to the European picture.

This, Mr. President, Ladies and Gentlemen, is indeed true; it is undisputed and it is irrevocable. It is true even to the extent that the creation of such an element of European strength has been one of the decisive motives for the establishment of our European Economic Community. It is sufficiently well known - and I need not go into it in more detail - that one of these motives was the idea that Europe needs to increase its strength in order to further economic expansion and to give an additional impetus to prosperity.

In speaking of this strength we are thinking not only of economic sufficiency or economic abundance. We mean to imply a shift in the economic centre of gravity and also an increase in the political strength of Europe.

Need we defend this? Need we perhaps defend it against the unspoken reproach that this is no more than giving full reign to megalomania, a whim of people who will never be satisfied? Do people not realise that the yardstick for a sound order, the criteria for setting up of entities capable of acting in the fields of economy, economic policy and general policy, are not things we can pick for ourselves. These yardsticks are imposed upon us. They are the yardsticks of the world of today, yardsticks of political and economic

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areas and of economic policy on the grand scale; and we know only too well that they are being daily brought home to us very drastically and obviously by Soviet power and its danger to us, as well as by the fact that we must enter into peaceful competition with an economic giant like the United States.

It is truly said of nations, as of individuals, that they have not only the right but the duty to be as strong as they can; the same holds ^{TRVE} ~~good~~ for Europe.

I know that this means the rejection of another pattern for a good world economic order, of another sociology of world economics, which to me - I am sorry to say - is no more than a romantic pipe-dream: the pattern of the largest possible number of the smallest possible units, kept in balance by a fair order of things.

I look upon this idea as unrealistic, unless Europe were to abdicate. But, Ladies and Gentlemen, Europe will not abdicate.

What does the presence of this new quantity mean in fact? It means that a new unit has appeared among the factors which contribute to determining events in the economy of the world. I must dwell for a few moments on this point, since in what one of the rapporteurs said this morning it was impossible not to discern some doubt about the unity of this new body. I shall not go too closely into details. I do not think there is any need to do so for I am, after all, speaking to people who, as I can see from these debates, are very familiar with our Treaty.

Now, our European Economic Community is not only the method of settling problems of internal trade. It is not merely a customs union - though it is one - it is an economic union. Over and above the task of ordering European trade on the freest lines possible, the Community addresses itself to the much more ambitious task of creating within its boundaries a state of affairs approximating, as closely to one national economy as is possible in view of the continued existence of the States which form the Community. With an almost inexorable logic, this entails a certain fusion of economic policies and this fusion is most evident in the matter of trade policy which, is, of course, our chief interest.

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From the moment when this Community comes of age and leaves
12 the transitional stage behind, there will be only one trade policy
for the area of the Community, e.g. the Community policy. For, as
I have already said, it follows logically from the fact that a cus-
toms union has an external tariff that the responsibility for ad-
ministering this tariff cannot be handed over piecemeal to six dif-
ferent member Governments. Our Community is then a body. Very well,
I admit that what I have just said leaves out of account the factor
of development. This new economic body, this new unit, as a factor
in world economy cannot come into existence at one stroke, overnight
as it were. That is perhaps the difficulty bothering some of those
who are watching us; in the transitional stage these community ele-
ments take shape but slowly. We are passing from a state in which
the six component bodies in the union have individual responsibility,
to a new state of common responsibility resting with the union it-
self. This requires time. During this transitional period there is
a very ingenious division of competence between the several Govern-
ments and the organs of the Community.

But to sum up, I consider it would be right for us to take
seriously the fact that, as we move on through the transitional period,
the organs of the Community are increasingly assuming the role of
guardian of the Community's interests, to take it at least seriously
enough that we do not leave these organs out of the work which we are
preparing to undertake.

I have special reasons for making this remark. And now, Ladies
and Gentlemen, I put the question: Does the fact that one of those
who have come together in this common effort is fairly large con-
stitute hegemony? I will answer this question with a decided "No".
The Community itself is designed to give an undeniably strong expres-
sion to the federalist element. The internal constitution of our
Community is federalist: it is not centralist. If anybody can tell
a tale about the organs whose specific business it is to represent
the Community interest not being perfectly free to make their decisions
without let or hindrance, it is certainly the spokesman of the Com-
mission. I say this without criticising the Treaty, which I find ex-
cellent, and I say it without regret. I say it simply in the light
of my knowledge of the internal workings of our Community.

No more unjust reproach could be made to the institutions of the
Community as a whole than that they are striving to attain a position

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of hegemony in Europe. After all, it should not be forgotten that a strong European Economic Community in the centre of Europe is in the interest of all Europeans, including those who, for reasons which we fully appreciate, do not participate in the organization we have built.

The technical aspect too should not be overlooked. As far as the mechanics of the possible methods of association can now be discerned, it is already obvious that they offer sufficient protection against any general European organisation of whatever shape or form falling under the domination of the Economic Community. I therefore look upon the attempts to label the EEC as an organization based on or heading towards hegemony as a distortion of the truth against which I protest most emphatically and with the deepest conviction.

The third pseudo problem with which we should not saddle the discussion is the contrast between a political and a purely economic organization. This question arises particularly in and for those countries that follow a policy of neutrality and feel inhibited in certain respects from joining the European Economic Community, which lays claim to certain political characteristics. These countries wish to retain their right of autonomy of decision, their sovereignty, because they do not want to be exposed to the reproach of taking sides politically. These are the two facets of the objection to association put forward on grounds of neutrality.

Our first answer to this is: Yes, the European Economic Community is political, and in a way which differs from that in which even a structure such as the Little Free Trade Area is of course political. The Little Free Trade Area is political not in its objectives or its regulations - policies are not made common - but in its effects. But this is not what we have in mind when we say of the European Economic Community that it is political. Here we mean that the merging of policies is itself an object of the Community.

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The European Economic Community is, then, political. But this does not of itself - and these are my two counter-arguments to the qualms felt by the neutral countries prepared to associate or considering association - that the Community claims competence in political affairs generally, and so in those fields where a conflict with the obligations of neutrality might occur. It means only that certain parts of economic policy are drawn into the Community nexus, as in fact they are. I have already referred to trade policy, and agricultural policy was mentioned earlier on. The same applies to transport policy, and the increasing co-ordination of general economic policy is only further evidence of the fact that the political is the real object and the essence of the process of building a community.

My second counter-argument is that, if I am not mistaken, the countries which put this question of ^{are} course, in every case, those considering not entry into our Community but association with it, and this means the establishment of a relationship with us which, although structural, is not such as to involve all the obligations - and therefore all the rights - which would go with full membership.

Now, if their association is something less than complete membership, it is within the power of those who work it out not to be drawn into the political nexus in which membership of the Community would involve them, but to avoid this. In particular it means - but I will not go into the technical side of the question - finding solutions in the institutional sphere which would stop short of complete inclusion in the Community and the consequent complete identification with its policies.

Furthermore, if all these objections were pertinent, it would be just as much out of the question for these neutral countries to link up with the European Economic Community through the medium of a collective association. This will become clearer if I now consider the alternatives of bilateral or multilateral association.

This brings me to the second group - I will be brief, Mr. President - I mean those cases in which we seem to be confronted with a genuine choice but in which I also think there is no need to make an exclusive choice one way or the other since the problem is probably of a much more subtle nature.

The first alternative to be found here is that between bilateral and multilateral solutions. In discussion this generally means the difference between each individual non-member state concluding a

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treaty with the European Economic Community, and several or all of them doing so together. I may say in passing that I do not consider this terminology very appropriate. I think the contrast would be better expressed if we were to speak of individual and collective association. A bilateral association is indeed in a certain sense almost a contradiction in terms. In the talks on association which we are at present conducting with Greece and Turkey we find that negotiation on a treaty with one of the associated countries often includes the multilateral aspect, which means that the relations of the associated country with third countries must also be settled at the same time. 15

If we go more closely into this contrast, we come to a very simple fact - and I might recall what I have just said - I mean the fact that, while the European Economic Community ~~takes~~ the field as a single unit it has always to deal with individual governments acting on their own responsibility and unrestricted in their sovereignty.

This is indeed the reason why the so-called Little Free Trade Area was formed: no one of the potential members was willing to abandon any measure of sovereignty in his own foreign trade policy. The countries in question wished to maintain their autonomy in this field, and when they engage in negotiations with us, it is one case of their exercising this individual autonomy in their external economic relations.

But behind all this there is something of great material importance which goes beyond the formal aspect; I mean that there are in the actual economic situation of the various countries pronounced differences which will make themselves felt in one way or another irrespective of the method of negotiation.

This remark is no less pertinent if the other governments, the governments of the countries which are not members of our Community, decide that the talks in which they participate - I must repeat this - on their own individual responsibility, shall be carried out jointly. For even if they choose one person as their mouthpiece this would still mean that when dealing with the problem of a particular country the individual in question would be acting under the authority of the government of that country.

The upshot of these remarks is that fundamentally there are only two points at issue in this question. The first is that of the form of negotiation, the question whether it is desired that the

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talks be carried on separately or jointly. Then there comes the question of material importance: if these various countries now begin talks with the European Economic Community, how much will emerge that is of common interest and how much of individual interest and what, consequently, will be the respective importance in the future settlement of the common element and the individual element?

I do not know how accurate the newspaper reports are, which state that the Austrian Foreign Minister two days ago hinted that the solution might lie in a combination of an outline treaty between the Community and the Seven, and individual arrangements which could be concluded under this treaty between the seven Governments and the Community. I do not wish to adopt any position in relation to this idea. I would only like to say that it doubtless adds a new element to the question upon which I have just touched.

Mr. President, I can be brief in dealing with a second genuine alternative. I mean the alternative of a worldwide or a European solution. What I wanted to say on this point I have already said. I am well aware that we are not making the task any easier for ourselves when we transfer the European discussion to a wider framework. But let me say once more: in politics we cannot pick the problems we have to solve.

The problems are there, they assert themselves, and when all is said and done we should consider ourselves lucky that they do so in a way which holds out so many prospects of good co-operation, as is evident in particular from the fact that the representatives of non-European interests with which we have to deal are powers as friendly to Europe as the United States and Canada.

The last alternative with which I shall deal is one of which I have already had occasion to speak elsewhere, but which is perhaps becoming important precisely because we see that the task facing us has been given shape through a programme of negotiations, but, if I may so express myself, has not yet hardened into concrete alternatives. That is the question: shall we proceed dogmatically - or, if you prefer it, systematically or on principles - or empirically? On this point I should like to make one remark only. Whatever the prospects of an all-embracing European solution may be, I would consider it irresponsible if we did not at least begin by making, simultaneously and with all possible speed, an empirical effort, i.e. an effort to

decide where the difficulties really lie which we have brought about through the establishment of the European Economic Community, and through the differences in treatment of non-member States which necessarily accompany it.

We have never tired of recommending that an attempt be made not to think on the lines of abstract organization, not to proceed by deduction, not to seek for a system, but to make facts and figures the object of our investigations; we have made this a programme point in our Second Memorandum, and we are extremely glad to say that it has met with the approval of the Council of Ministers, which is competent in these matters. We believe in fact that if you get down in concrete fashion to particular tariff items and specific branches of production and trade, it is possible to ascertain where the shoe is pinching one or the other party, and that there is a chance of thus narrowing the area of controversy and reducing the sources of disputes. Let us speak of cars, machine-tools and chemicals and throw as much ballast overboard as possible in a concrete effort to see things as they really are and not allow them to be hidden by preconceived, all-or-nothing solutions to the problems set. It will then be easier for us all to find our way about in the new economic landscape which has resulted from the establishment of the European Economic Community.

How can this be done? I think in three ways. First, very concretely, by making the autonomous customs policy of our Community take this road. This has been done through our Council of Ministers deciding to extend to non-member countries important customs and quota preferences which we grant each other. Secondly, it can be done by setting out to follow on principle a liberal trade policy, i.e. a liberal customs policy. On this point, too, we have made it clear what we mean. We mean shaping our external tariff in such a way as to enable us to reduce as far as at all possible, the differential treatment of our trade partners, resulting from the establishment of our external tariff. In saying this I would add that the establishment of the external tariff is legitimate. We remained within the GATT framework - this is known and undisputed - when we decided to take the average of the existing customs tariffs. Thus, under the definition of GATT, we are not open to the reproach that the establishment of this common external tariff would mean any raising of the customs protection around the Community territory as a whole. Despite this, we have declared that we desire to treat this

legitimate external tariff as merely an initial tariff and that we wish to reduce it in order to make use of every available opportunity. The Dillon negotiations scheduled to begin this year are the first such opportunity. But we have added that we can imagine a further effort of similar scope after the conclusion of the round of tariff negotiations associated with the name of the U.S. Under-Secretary for External Affairs. This is a great deal.

Finally, Ladies and Gentlemen, I would be failing in my duty if I did not add a short plea in favour of our Liaison Committee, with which I shall be near the end of my remarks. May I remind you that this Liaison Committee, as accepted on our proposal by the Council of Ministers of our Community, has a double, or, if you will, a triple task. First an exploratory task, in the concrete sense which I defined above, of examining the flow of trade between the Common Market and its partners and the tariffs which play their part in determining this flow - either positively or negatively- and of finding out in which fields the development of the trade of the European Economic Community may give rise to difficulties. The second task is to propose concrete solutions for the elimination of these difficulties and to suggest agreements between the parties concerned. Thirdly and finally, the Liaison Committee will arrange for preliminary discussions between the countries involved in order to find a common line of approach for customs negotiations on the multilateral plane.

It has been a great pleasure for me to note, both in Paris and also in various remarks which I have heard here today, that there is increasing awareness of the practical value of this proposal. May I repeat: I do not believe that anyone need reject this proposal because he fears he may be putting himself at a disadvantage in the event of a wider solution. As we stated unequivocally in our Second Memorandum - and that too was approved by our Council of Ministers - this method of a sort of board of complaints and appeals, is a method of direct help in overcoming difficulties which may shortly arise or which are already beginning to cast their shadows before them.

Since all more comprehensive solutions require time - on this point everyone is agreed - it is a good thing to do something here and now. For to abstain from doing something good because you hope to do better in one or two years is indeed the worst of all policies.

.../...

Mr. President, I shall close with four points summing up what I regard as the essence of what I had to say.

First, we must not forget the purpose of our efforts, which is the freeing of trade, and we should not replace this aim by ideas for solutions whose only importance is their use as instruments, and which are nothing more than a means to our end. There can therefore be no question of giving such means an absolute value.

Secondly, it should be our ambition to seek solutions which satisfy the greatest number possible - naturally, not only the Six or only the Seven - but also those who with some bitterness referred to themselves at the Paris Conference as the forgotten Europeans, those five countries which do not belong to either of the two groups of the Six or the Seven; and finally, our solutions should satisfy others as well as Europeans. What these solutions will be, whether they will be the same for all, whether there will be solutions of various shades and how far such variations will go, whether they will be more or less clear cut, it would be premature to say today. For owing to the variety of the factual conditions we shall - and this is my third point - have to apply certain differentiations. It is already evident within the European area - and it was already evident during the earlier efforts - that special questions arise, for instance, in relation to the outlying countries, and that these require special solutions. The case of these countries will not be the only one calling for special treatment.

Fourthly, the mode of procedure will be very important. May I repeat here that it must be a procedure which, without exceeding the bounds of the possible, guarantees rapid progress, but is at the same time a cautious procedure in the sense that we must not act prematurely and without sufficient preparation, so that our efforts fail again. We should try to advance along all roads. It is of, course, just this philosophy that lies behind the Paris decisions. For, Ladies and Gentlemen, many roads lead to Rome, and Rome here means Europe.
