

SPEECH BY THE RT. HON. SIR CHRISTOPHER SOAMES
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HAMBURG

EUROPE'S WIDER HORIZONS

Mr. Chairman,

May I begin by thanking your Association and the Senate of the City of Hamburg, on behalf both of my wife and myself, for your most kind hospitality, and for doing me the honour of inviting me to address you on this important occasion. I am also most grateful to you, Mr. Chairman, for the kind words you have said about me by way of introduction.

What splendid and moving images of Germany's history, and of the history of Europe, are conjured up in the mind of one who enjoys in Hamburg the hospitality both of the Ostasiatischer Verein and of the Senate of your great City!

The Senate of the City of Hamburg - there appears before the mind's eye a picture of those great northern commercial city-states of the Hansa, peaceable and prosperous, spreading far and wide across the oceans and the seven seas the benefits of international trade - and thereby reaping in addition to rich material rewards the precious exchange of ideas and values which comes to those who stand at the cross-roads of the world.

The Ostasiatischer Verein - there appears a different and more haunting image as one is carried back to the beginning of the century, when your Association was founded, to a time when Europe stood, proud and ambitious, looking towards imperial destinies in the colonial world, but bound to half a
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century of tragedy and shipwreck.

How different the picture is today! The storms of those years are stilled. The Ostasiatischer Verein has found its destiny in the peaceful promotion of equal and friendly relations between Germany and the peoples of South and East Asia. The City of Hamburg has survived all the tragic vicissitudes of fate and has been born anew. And, indeed, on a wider canvas in its essential character the Community we are now building in partnership together in Europe resembles nothing so much as your ancient traditions in this City - devoted to the arts of peace, and open to the world.

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Openness to the world: this, Mr Chairman, is the theme I should like to take for my remarks this evening - for it is and must ever be the constant theme of the external relations of our European Community.

You only have to look at the facts. The Community of the Nine has a gross national product that does not fall far short of that of the United States. Its population is greater, and its production of many key manufactures is second to none. Our member states together transact no less than 40 per cent of the free world's trade, fully half of which is with the world outside. They hold some 30 per cent of the world's currency reserves. They are the source of over 40 per cent of official development assistance to the Third World, and they provide a large proportion of the private investment and new technology by which the developing countries set such store. And to many nations, both developing and developed, the Community is their most important export market for raw materials, for food and

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for industrial goods.

A single country would only arrive at such a position of power and influence gradually over generations, even centuries - during which time the rest of the world becomes accustomed to its face. Not so with the Community. Yet, when viewed from outside, the Community is now one country for trading purposes. Against the sweep of history our weight in world affairs has come into being almost overnight. From being nine separate and distinct elements in the world economy we have become a single closely-integrated economic force in a remarkably short space of time.

So we are called upon to forge a new network of international relationships between the Community as such with all the other countries of the world - thus slowly but surely defining the character of an important new personality on the world scene. Countries and groups of countries all over the world want to define their relations with us. They look to us, sometimes with hope, sometimes with trepidation, to make clear our policies and purposes and the nature of our intentions. Travelling around the world - as I have to do to help mould these relations - leaves one in no doubt about the intense interest and the hopes which the development of the Community inspires - whether in big countries like China and the United States, whether in Canada or Latin America or Australia, whether in the countries of South East Asia and the Sub-continent, or whether in Africa, the Caribbean and the Pacific.

So it is pioneering work in which we are engaged. The Community's external relations are an enormously exciting and challenging - and probably the most important - aspect of the Community's life.

The essential challenge is to meet the hopes that are placed in us. Our power brings with it responsibilities. We
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have a responsibility to be understanding and imaginative in our trading policies. We have a responsibility towards those less well off than ourselves. We have a responsibility indeed in the conduct of what may seem at first sight simply to be our internal policies - on agriculture, on textiles and such-like - but which inevitably have a wider impact upon other economies around the world. In short, above all we have a responsibility to be open towards the world.

For our Community has something special to give - and something which we can only give as a Community. We embody values which have had an inestimable influence on the development of world civilization. And as the Belgian Prime Minister, Mr. Tindemans, pointed out in his recent report on European Union - our peoples expect the Community to be, wherever appropriate, the strong and effective voice of Europe in the world.

How well have we done so far in managing to define our external policies? I am tempted to reply with the words of that 'male chauvinist' of the 18th century, Dr. Johnson - who, when asked about the qualities of the first woman preacher to be heard in London, replied "A woman's preaching is like a dog walking on its hind legs. It is not well done; but you are surprised to find it done at all." The hard fact is that it is quite remarkably difficult to fashion a coherent external policy out of the external interests of nine independent nations, each with its own tradition and its own pride - to say nothing of its own prejudices.

But of one thing I am sure. Our Member States will only reap the full advantages that derive from being members of the Community when all come to recognise that we have a vested interest in its

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success. In other words the Community will only find its full strength when our leaders and governments are prepared to devote a real will and the highest degree of sustained effort to pursuing European policies in the European interest.

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Where lies the European interest?

Take first the question of our relations with the other industrialised societies. Here our philosophy is simple, and it is founded upon experience. One of the main features that distinguishes the decades since the war from the decades of the 'twenties and 'thirties has been the existence of an open world trade and payments system based on multilateral disciplines. This system has served us very well over the past thirty years, and it continues to serve us well. Look at the contrast between the way in which we are riding the present recession - with all the difficulties it has brought in its train - compared with the way in which the recession of the 1930s led to deepening international tensions and ultimately to the disasters of the second world war.

And so we must continue to tend our relationship of confidence and cooperation with the United States, with Japan, with Canada, and with the other developed industrial societies. We must continue to ensure the maintenance of the multilateral disciplines of an open world economy. We must cherish the Community's direct and regular bilateral contacts with our industrialised partners. And because the interdependence and interpenetration of our

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economies has gone so far - and will go so much further - we must be prepared to go beyond crisis management to a new concept of the joint management of our distinct but necessarily convergent policies. This is the only way in which we can hope to resolve the inevitable frictions which arise between us: only thus can we be the masters of events and not their slaves.

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Then on the southern flank of Europe itself a number of countries are looking to us for an ever closer degree of cooperation and, in one case, for full membership of the Community. Each of these countries has made it clear that it considers its relationship with the Community to be a key to its future. Indeed in some of them it is also considered to be an important element in their future political orientation and stability - a way of consolidating the achievement of their aspirations towards that system of pluralist democracy which is the basis of our own societies. It will not always be easy to find the right response to these manifold claims upon our economic and political support. But we know that we owe it to our fellow Europeans - who are placing such hope and confidence in us - to do everything we can to find that response, in keeping with the spirit of openness in which our Community has been built.

In the development of our relations with our Eastern neighbours the problem is different but the challenge is none the less real. By its signature of the Helsinki Summit declaration the Community as such is firmly committed to working for increased economic cooperation between the Eastern and the

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Western halves of our continent. This is yet another dimension of openness.

We are ready to live up to that commitment, and we have made known our willingness to negotiate trade agreements with the countries of Eastern Europe on a new Community-wide basis. Already before Helsinki, a full year ago now we had contacts with COMECON in Moscow. Recently we have had the official COMECON response proposing a wide-ranging agreement. It cannot but be a source of satisfaction that, after years of systematically cold-shouldering the Community, the countries of Eastern Europe are now prepared to sit down at the negotiating table to explore ways of cooperating. We must now give to this proposal the careful consideration it deserves. Difficult issues are inevitably raised, but we owe it to ourselves as well as to our Eastern neighbours to set about the task with all seriousness and in a constructive spirit.

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I turn now to what is perhaps the most fundamental and formidable of the challenges that faces the Community and its commitment to the concept of an open world economy - a challenge which is of the most immediate concern to the members of the Ostasiatischer Verein.

An open world economy is not just one in which the trade barriers between the industrialised countries or between East and West are reduced. It is an economy in which the whole sum of the world's resources is actively and progressively engaged.

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Everywhere in the developing world there are unemployed and underemployed resources - human as well as physical - waiting to make their contribution to the progress of mankind. We simply cannot go on with the situation which prevailed in the 1950s and 60s, when our prosperity and growth contrasted with a widening rather than a narrowing of the gap between the rich nations and the poor. It would be both impossible and wrong to resist the pressure of the less well off for a better share in the good things of this life. As Churchill once said: "the earth is a generous mother - there is sufficient for all. Let us go forward together."

Let me offer you what I believe is a valuable analogy. One of the main features of the recent history of Western industrialised societies has been the emergence and growth of mass democracy. This great historical process which has transformed the ancient societies of Europe over the past two hundred years is now being repeated in an international context with the emergence from colonial or dependent status of a large number of independent countries in the Third World.

Decolonisation has ushered in universal suffrage in world affairs - as witness the United Nations. And this new universal suffrage of the nations has brought with it an increasingly insistent and powerful pressure for changes in the economic sphere, just as it did at the level of our own societies. In just the same way there is increasingly at international level a wide-spread demand for the redistribution of wealth and for the deliberate management of economic processes so as to secure a greater share for the poor in the increase of prosperity.

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Moreover, just as one of the roots of the spread of mass democracy in our own societies was the growing interdependence and complexity of the economic processes of industrial society, so also in the world today all our countries, developed and developing alike, are increasingly interdependent. The poor nations benefit from the expansion of the rich economies, and suffer when they stagnate, and the rich nations cannot survive on their own any more than can the poor.

There should therefore be no doubt about the extent to which the stability and capacity for peaceful progress, both of our own societies and of world society as a whole, depend upon the cooperation of the great masses of people upon whose consent our systems are ultimately based. This is the lesson of all the great social conflicts of recent West European history. And although it may be difficult for us to conceive the specific forms that a similar conflict might take at the level of the relations between the rich nations and the poor, we can certainly apply something from our own experience in the avoidance or resolution of such antagonisms.

Let us not however view the matter in too negative a spirit - as if it were a question of finding the least that we can grudgingly give away in the fear that if we do not, yet more might be taken away from us.

In the experience of our societies the direct result of the political pressure for a better deal has been the expansion of the purchasing power of the less well-off. And we have learned that this expansion of consumer purchasing power is an enormously constructive engine of prosperity and growth. Further - this expansion can be nourished and sustained by the deliberate management of demand and by a rational approach to institutional reform and structural change.

What is required here, and what our experience shows to be possible of attainment, is a wide measure of agreement about where we are going and how we should get there, and a climate of cooperation rather than one of conflict and confrontation.

Carrying these lessons forward onto the world stage, we must - in short - be open to substantial changes in the world economic order. Indeed we must be prepared actively to work to bring them about. We must recognise that the multilateral framework of disciplines and institutions which has governed the world financial and trading system since the war was almost exclusively the work of the industrialised countries, and that the consensus that supported it was their consensus. If we are now to preserve its open spirit in the changing circumstances of the present, and still more of the future, we must be ready to broaden its basis to include the countries of the developing world.

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What should be the main features of this new consensus in international economic affairs?

In the first place, we must on no account jettison the achievements of the past. In the institutions and procedures of the post-war open world economic order we have built up a rich store of experience and habit. The justified demands of the developing countries must be hearkened to, and also their claim to play their part in the management and growth of the world economy. But I can think of no course likely to be more destructive and self-defeating than the denial of all that we have learned over the past thirty years in the running of an open and expanding

world economic system.

In the second place, the new consensus in the world economy must be based upon a general recognition of the fact of our interdependence. And interdependence, let it be remarked, is a two way street. There can be no question of all the rights being on one side and all the obligations on the other.

Third, our new consensus must be designed to secure real economic growth, both in the industrialised countries and in the developing world. Our experience in our own societies teaches us that a new distribution of wealth more favourable to the less well-off is only economically realistic against a background of growth and the creation of new wealth. Let us therefore be in no doubt that in the interests of us all the first priority is to restore the health of the world economy and to secure a return to expansion.

Fourth, let us be under no illusion that this new consensus can be found without the industrialised countries being prepared to make certain sacrifices and contributions - limited perhaps, but real. It is simply no good hoping that we can somehow find the philosopher's stone which will transform the economies of the developing world without our having to undertake some transfer of resources from us to them. One example is the growing tendency for the developing rather than industrialised countries to gain the benefits of a part at least of the processing of primary products - and we must be ready to adapt ourselves to this.

Fifth, in making the political and economic decisions which are a necessary part of the building of a new consensus, neither rich nor poor should forget that there is in nature an ultimate economic logic which cannot be overridden merely by political decisions. It is, for instance, one of the features

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of that economic logic that in the long run investment will not be attracted and growth will not occur where there is no freedom to make profits and to enjoy them, or where the prospect of political stability is lacking.

Finally, the Community's contribution to the new consensus cannot be artificially concentrated within limited geographical bounds - it must necessarily be global in character, while taking account of our special responsibilities.

Up till now the Community's policy towards the developing countries has been based on three main instruments - the Lomé Convention, the Generalised Scheme of Preferences, and the Community's Food Aid Scheme. And this year for the first time we are starting, albeit on an extremely modest scale, a Community aid programme to those developing countries not covered by the Lomé Convention. There are in addition the bilateral development aid programmes of the Community's member states.

All of these instruments, apart from the Lomé Convention, are global in character, and I believe that the movement of events is rapidly making out of date the argument about the so-called Euro-African bias of the Community's development policy.

The Lomé Convention is itself quite different from what preceded it. It is true that it is limited in its geographical coverage. But its spread is vastly more extensive than that of the Yaoundé conventions, and it is an agreement of quite a different character - in fact it sets out to do no less than

"to establish a new model for relations between developed and developing states, compatible with the aspirations of the international community to a more just and more balanced economic order".

Its provisions concerning trade and financial and industrial

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cooperation are expressions of that ambition. And its arrangements for stabilising the export receipts for a dozen basic commodities - the STABEX Scheme - are acknowledged as a major innovation in the relations between the industrial world and the developing countries: an innovation which offers the possibility of a much wider extension.

When the Community's General Scheme of Preferences was established in 1971 it was also a pioneering venture. It covers the whole range of the developing countries, and it provides in practice for the duty free entry of almost all industrialised products and preferential entry for a large range of manufactured food products from the developing world into the Community market. The trade coverage of this scheme is now of the order of 4,216 billion dollars. We have no cause to be ashamed of this: no other industrialised country can match it. Then the Community is filling out its relations with certain other developing countries by concluding Commercial Cooperation Agreements with them - agreements which create the institutional framework for a full-scale commercial partnership. We have already reached agreement with India and Sri Lanka, and we hope soon to reach a conclusion with Pakistan - which I shall be visiting in ten days time - and then with Bangladesh.

We have developed a particularly close cooperation with ASEAN. The fact that these five nations in South-East Asia should have come together to form an area of peace and economic

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cooperation naturally strikes a highly responsive chord in the hearts of all of us who have been striving to do precisely the same thing in Western Europe. And they for their part clearly welcome the emergence of the European Community as a major trading and economic force.

I must tell you that I attach particular importance to the Community's relationship with the countries of the Indian sub-continent and of the South East Asian Association.

Why should this be so? I do not say it, I assure you, because these countries are of particular interest to this distinguished audience. We have of course a particular obligation to them, enshrined in the Declaration of Intent which was a feature of the Treaty of Accession between Britain and the Community. There was good reason for taking on that obligation - these countries have long-established and important trade-flows towards various of our member countries. It is important to them that these trade-flows should continue and increase. But nowadays instead of being on the historic bilateral lines they can and should be directed to the Community as a whole.

So in various ways the Community has made arrangements which enable these countries to take the advantages offered not only in the traditional markets - markets numbered in tens of millions - but on the Community market of 250 million people, to which they now have a ready access for their most important products.

In the last three years, while I have had my present responsibilities, I have twice visited these countries, and I have had many meetings in Brussels with visiting Ministers and officials from them. I have been struck by three factors.

First - the fact that the Community has no past means that we have no colonial hang-ups in our relations. We and they both

realise that we can incorporate in our relationship all that is best from the past, which is by no means inconsiderable.

Second - they see in the Community both a large and valuable market, and a considerable source of capital and know-how offering them a real extra option besides the United States and Japan in their economic activities and planning. They appreciate the opportunity of diversification which we offer them, especially since they have a natural and historical affinity with Europe. And they realise that it is only the Community as such and not individual Member States which can offer them these opportunities on the right scale.

Third - I was struck by the very considerable contribution which businessmen from the Federal Republic were making to these new relationships. Their presence was considerable, their sensitivity and understanding of a high order, and their activity purposeful and effective - and much appreciated. My congratulations and thanks, gentlemen. Gratitude is perhaps a lively sense of favours to come - and please do not weary in well doing.

When we look, then, at the whole range of the Community's attitudes and policies towards the Third World, we can, I believe, say without complacency: so far so good - considering that the Community is so young in years. But we are only at the beginning. The fact is that a global approach to development problems is implicit in the very concept of a new consensus in international economic relations - a concept upon which the Community rightly sets such great store. We are looking to the Conference on International Economic Cooperation in Paris to supply a fresh and real impetus in this direction.

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We regard it as being of the highest importance. It is the smallest gathering possible which could grapple with these problems - and we only have to ask ourselves what could be the alternative to it to realise how vital it is for both the industrialised and for the developing countries that it should succeed.

Relations between the rich North and the poor South, relations within the industrialised world, relations with our neighbours in Southern and Eastern Europe: such is the crowded agenda which is moulding the Community's external policy. What lesson can we draw from our experience so far?

There is, I believe, one lesson that runs through the whole complex of the Community's external relations - whether we are thinking of the experience of the Community as such operating in the area of its direct responsibility, or whether we are thinking of our experience in the looser framework of what is known as political cooperation. It is that in the Community our member states have found a more effective way of carrying out their international responsibilities and of furthering and protecting their interests than would ever have been available to them on their own in the modern world.

None of our member states could hope to speak, as the Community is now speaking, on a footing of equality in its commercial and economic relations with the United States. None of them by themselves could have made the contribution through trade and aid assistance that Europe is now making to the development of the Third World. And none of them on their own could aspire to be regarded, as the Community now is, as a valid option among the three or four main economic forces in the world. No one of our member states can achieve this by themselves. But

because of the nature of the Community each is able to make its own distinctive contribution to the development of its policies, and each shares in the benefits which accrue to the whole.

But if this be accepted - and who could indeed deny it? - then it is not enough to pay lip-service to it. Governments must draw the necessary conclusions, which should be reflected in the attitudes and policies of each and all of us. Nothing is for free in this world - to gain these advantages all our Member States have to be ready and willing to trim and to adapt their national policies to arrive at a European position in the European interest. Every time we act in a disparate fashion we lose something of our political strength and credibility in the world.

I have spoken to you this evening almost exclusively about the Community's external relations which are my field of responsibility and the particular interest of the Ostasiatische Verein. But at the same time let us not fail to remark the worrying contrast that exists between the steady progress which we have been making on the external front and the relatively slow pace we have experienced recently in the Community's internal development. There is also a sad contrast between the public image of the Community among our own peoples and the view of the Community as it is seen from the outside. Within the Community there is at present a certain poverty of European expectations and aspirations - a poverty which is in no way reflected in the view of the Community held by many countries outside.

It is my hope, Mr Chairman, as the peoples of Europe look about themselves at the confused and ever more rapidly changing

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kaleidoscope of world events, that, led and guided by their governments, they will recognise the growing presence and stature of their Community in the world and the growing demands being made upon it. Then let their gaze turn inward for a moment, so that they may impart to the inner development of the Community the necessary will, determination and impetus so that it may measure up to the hope and confidence which is placed in it by our friends and allies in the world around us.