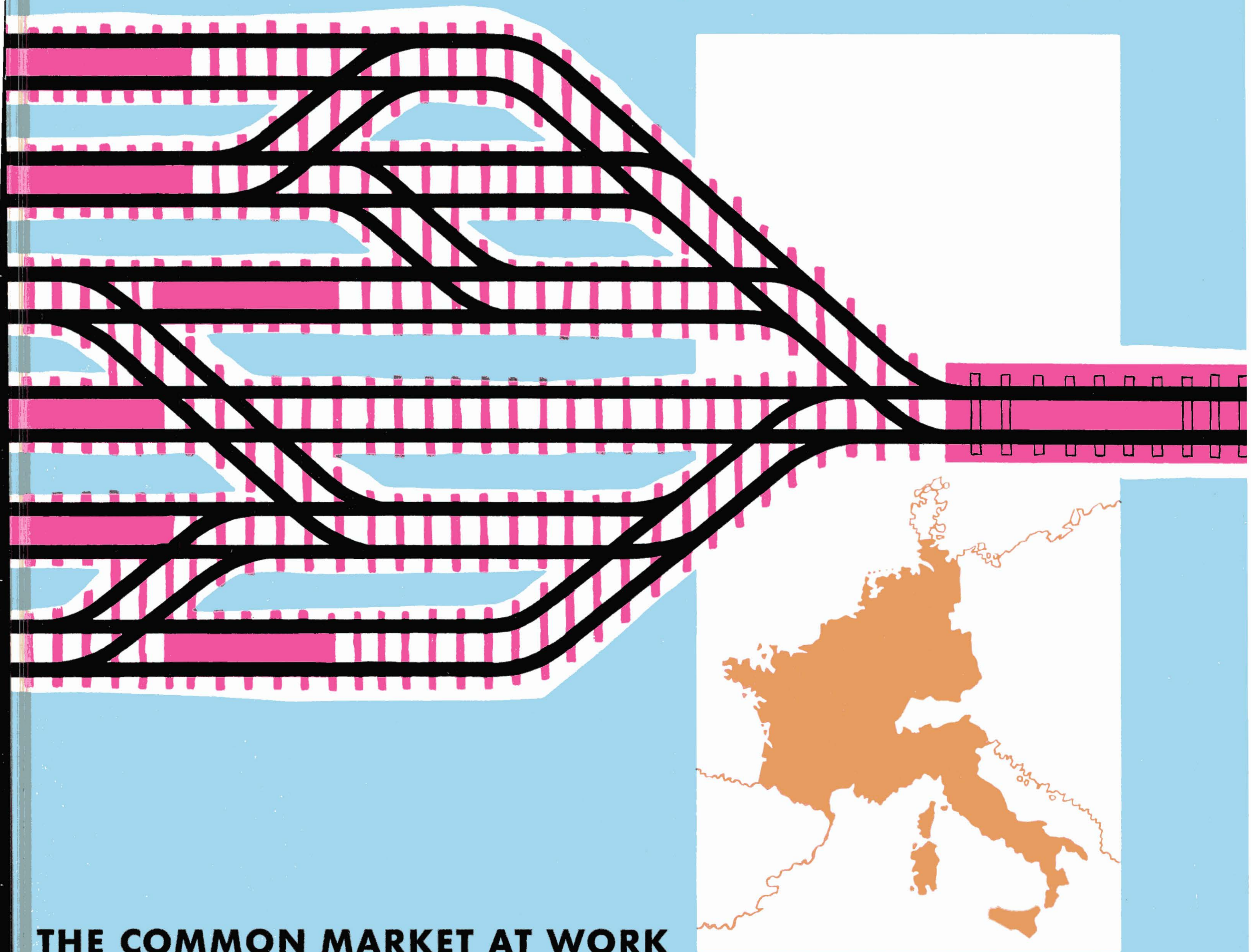

THE COMMON MARKET AT WORK

The Common Market after two years

1958 1959

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1960 brings a united Europe one year nearer to full reality. On January 1, 1958, the Treaty establishing a European Economic Community came into effect, and on January 1, 1959, the first measures were taken for establishment of its Common Market for all goods, to be followed by further measures on January 1 and July 1, 1960. In ten years from now, or at most in thirteen years' time, the six nations of the Community — Belgium, France, The German Federal Republic, Italy, Luxembourg, and the Netherlands—will have been welded into one economic unit.

This publication, which is based on the First and Second General Reports of the European Economic Community, describes the Community's structure and the way in which it has set about the task of building a united Europe.

This is not only a matter for politicians, economists, and technicians. It concerns the 165 million inhabitants of the six Community countries. But it also concerns the peoples of the world as a whole.

Unity in Europe means higher living standards and a better guarantee of peace.

SIX NATIONS - THREE COMMUNITIES - ONE EUROPE

The European Community consists of six nations:

Belgium
France
The German Federal Republic
Italy
Luxembourg
The Netherlands.

Together, these nations have 165 million inhabitants, whose destinies are henceforth to be more and more closely linked by the existence of:

- The European Coal and Steel Community Treaty, signed in Paris on April 18, 1951;
- The European Economic Community Treaty signed in Rome on March 25, 1957;

and,

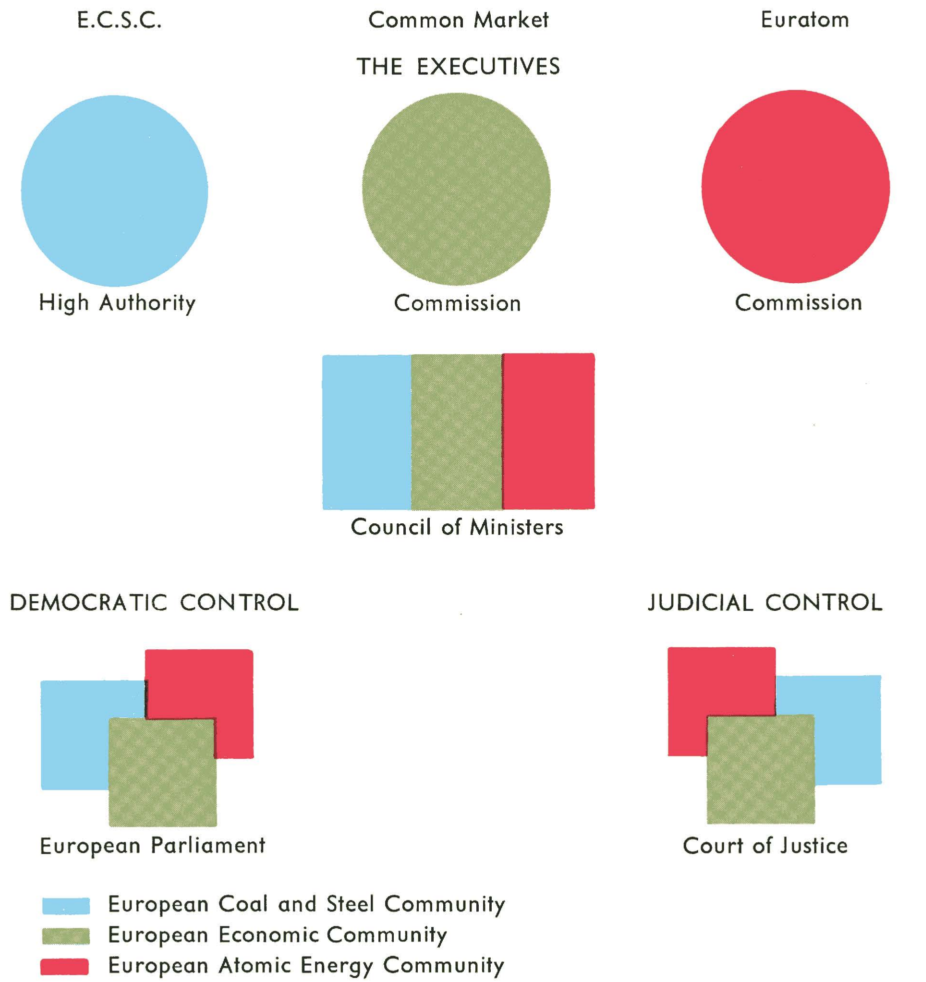
- The European Atomic Energy Community Treaty signed in Rome on March 25, 1957.

These three — the Coal and Steel Community, the Common Market, and Euratom — are gradually turning six nations into one economic unit.

The Coal and Steel Community established its common market for coal, steel, iron ore, and scrap in 1953; Euratom established its common market for nuclear products on January 1, 1959; and the general Common Market — for all goods, services, labour, and capital — is being gradually opened over a period of 10 to 13 years from now. When this transition period is over, there will be no more economic frontiers between the six nations, which in the economic sphere will operate very like a federation of states.

The diagram shows how the three European bodies form a single whole, as branches of a single stem. The Presidents, Members, and staff of the three Executives hold full and regular joint meetings once a month to thresh out their common problems, and they share joint statistical, legal, and information services, as well as cooperating closely at all levels on such questions of joint interest as transport, energy policy, labour policy, and foreign affairs.

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY



INSTITUTIONS

The Community's institutions are patterned on those of a modern democratic state, and based on the separation of powers.

The Executives

The Executives of the three Community institutions are independent of Governments and they take their decisions by majority vote in the general interest of the Community as a whole.

The European Commission of the Common Market

The Governments of the member countries appointed the members of the European Commission in January 1958, shortly after the coming into force of the Common Market Treaty. The members are as follows:

President: **Walter Hallstein**

Vice-Presidents: **Piero Malvestiti*)**
Sicco L. Mansholt
Robert Marjolin

Members: **Hans von der Groeben**
Robert Lemaignen
Giuseppe Petrilli
Jean Rey
Lambert Schaus

*) Since appointed President of the High Authority, European Coal and Steel Community, and replaced by Vice-President Giuseppe Caron.

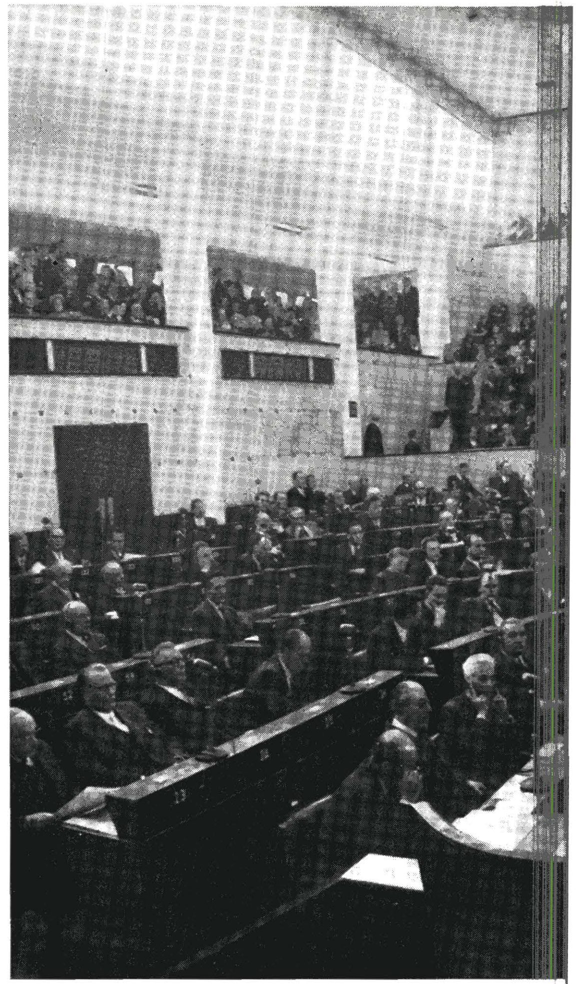
The Council of Ministers

The Council of Ministers of the Common Market takes decisions on the proposals of the European Commission and helps coordinate its work with the general policies of member governments. The Council consists of representatives of member states who vary according to the subject under discussion, Ministers of Transport discussing transport matters, Economics Ministers discussing general economic problems, and so on. Chairmanship of the Council is fixed by rotation every six months.

The European Parliament

The 142-man European Parliament has held its sessions in Strasbourg since the coming into force of the Common Market Treaty. Its inaugural session was in March 1958. Its 13 standing Committees keep a constant check on every aspect of the work of the three Executives.

At its inaugural session, the European Parliament elected as its President Robert Schumann, who was also re-elected President in January 1959.



The Court of Justice

The Court of Justice of the European Community was established in Luxembourg on October 7, 1958. Its members are as follows:

President:	**A. M. Donner**
Judges:	**Nicola Catalano** **Louis Delvaux** **Charles-Léon Hammes** **Otto Riese** **Rino Rossi** **Jacques Rueff**

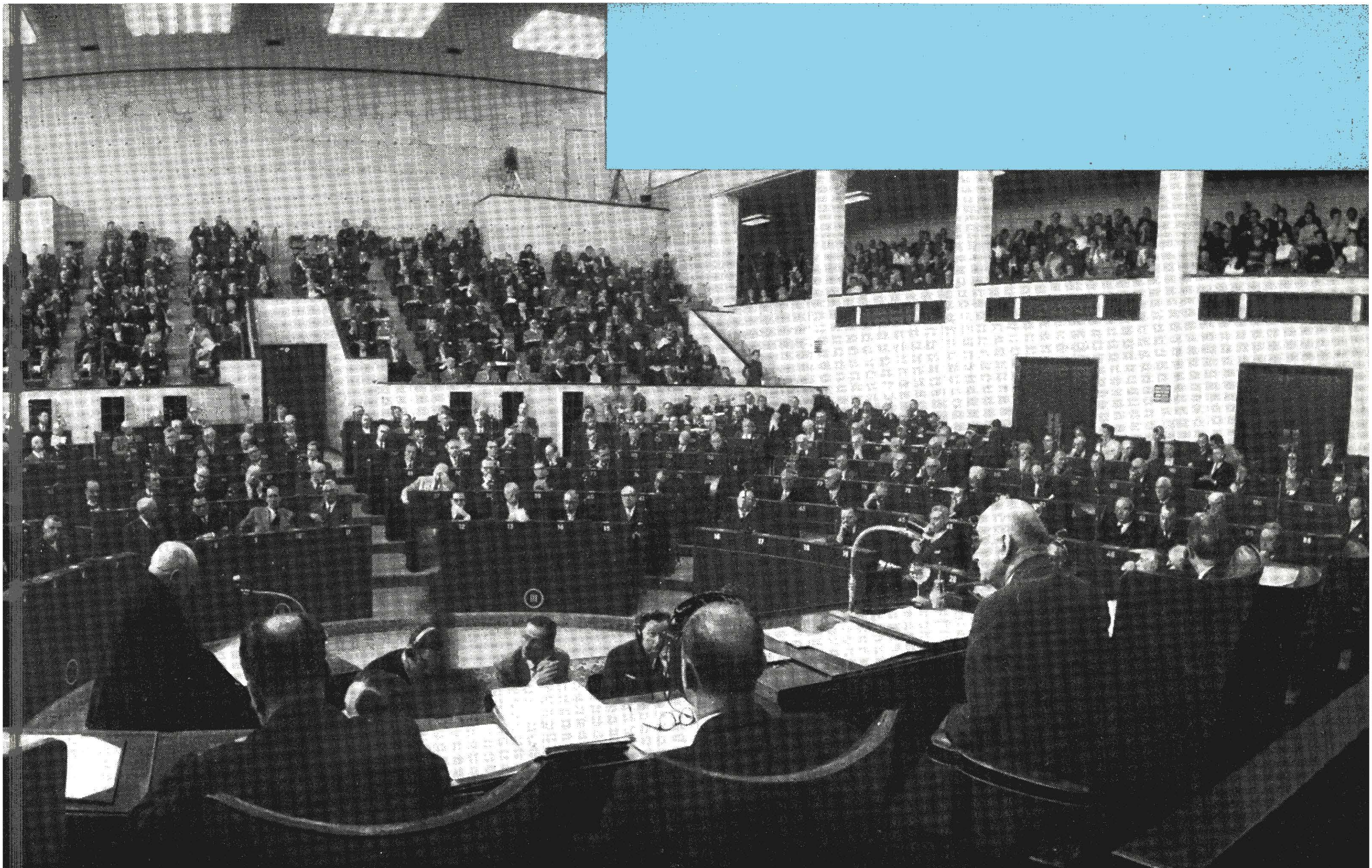
The Economic and Social Committee

This 101-member Committee, which is composed of representatives of industry, business, labour, the professions, etc., has the task of advising the Common Market Commission and the Council of Ministers, as well as the Euratom Commission, on the practical and technical repercussions of their work. Its present President is M. Roger de Staerke.

For the High Authority, the 51-man Consultative Committee plays a similar role.

The Monetary Committee

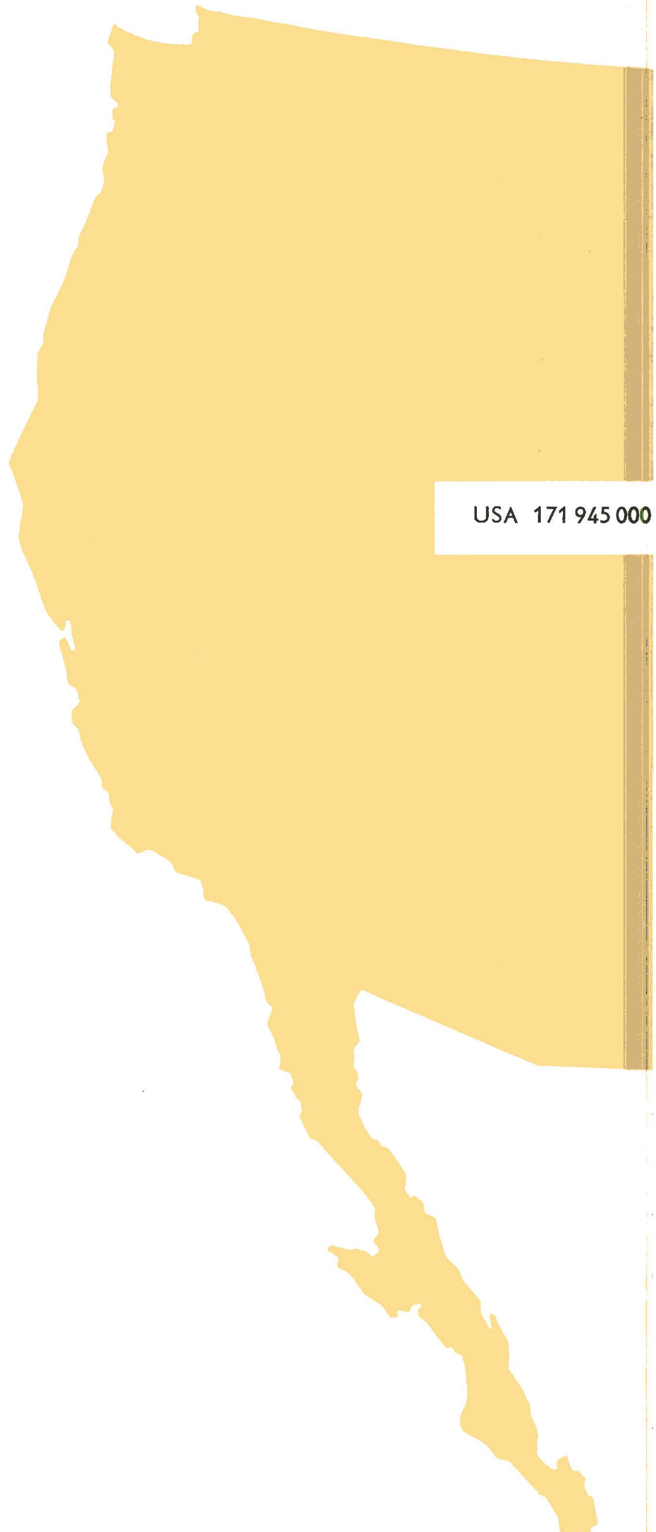
advises the Common Market Commission and the Council of Ministers on monetary problems and the financial situation of member states.

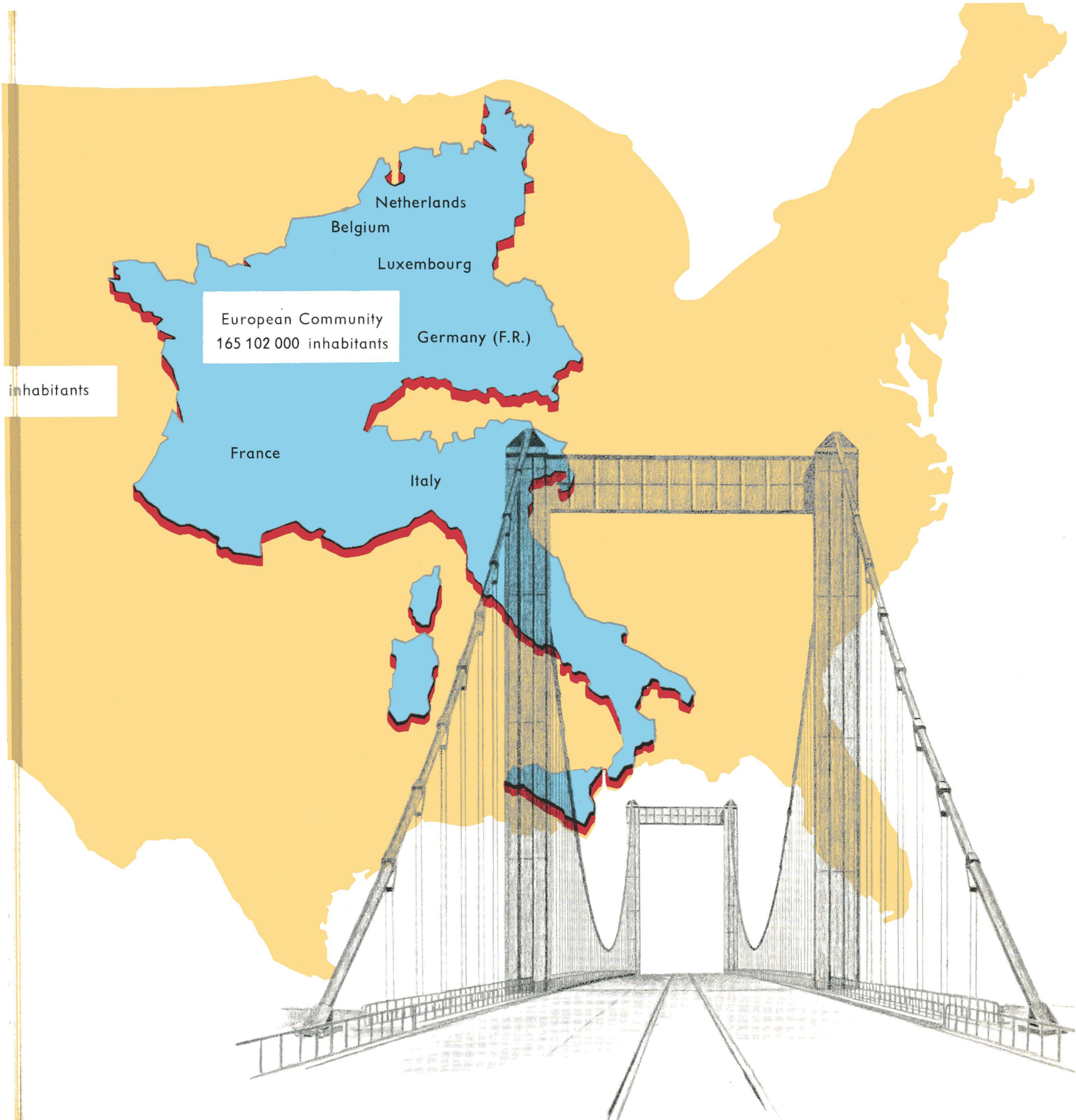


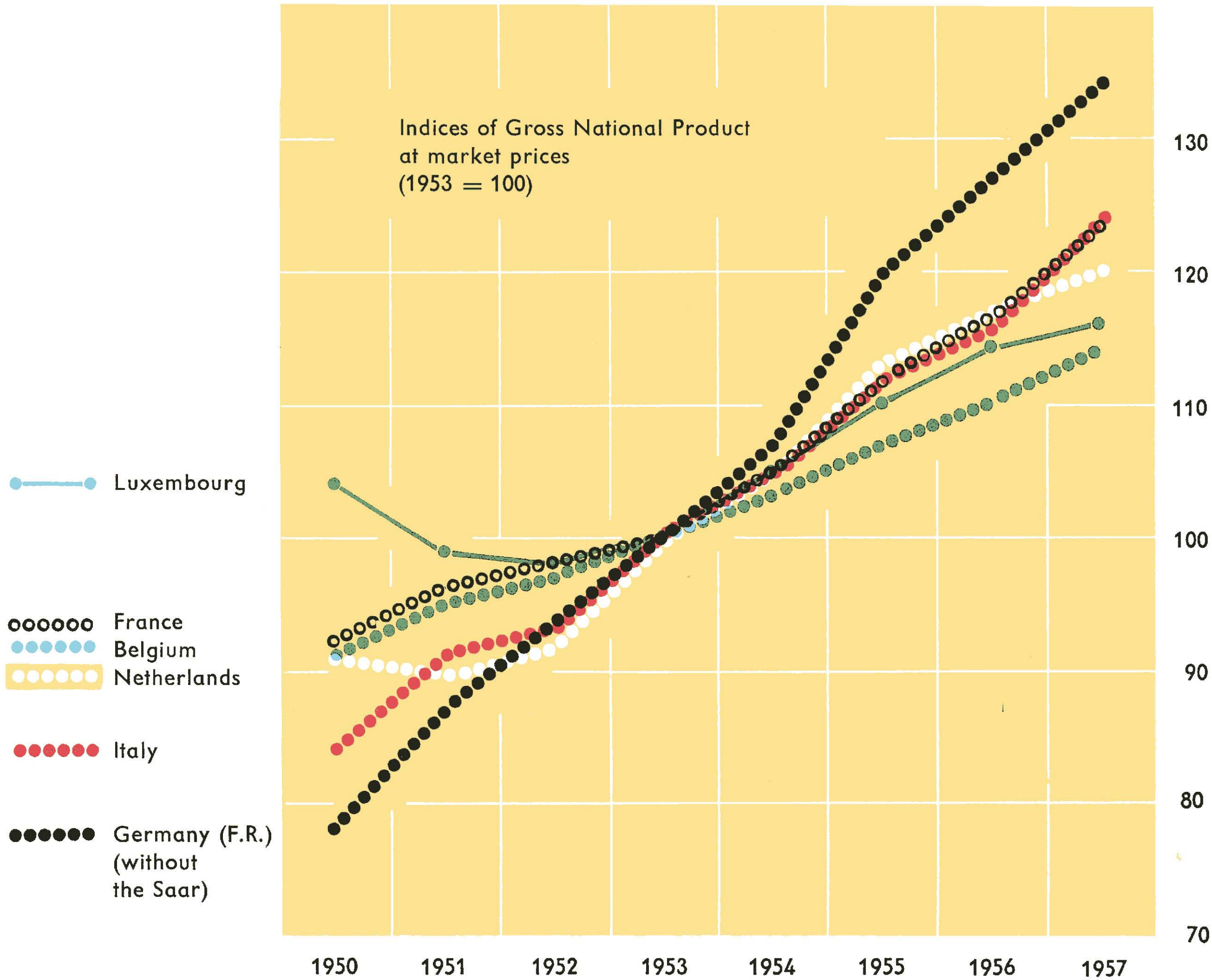
AN EXPANDING ECONOMY

The European Community covers 449 thousand square miles. In this area there are roughly as many people as there are in the United States. The overseas countries and territories associated with the Community cover some 4,733,200 square miles, and their total population is a further 53 million. The active population of the Community itself is 73 million, greater than that of the United States.

The Community is the world's largest importer of raw materials, and it is the second largest exporter of manufactured goods. Uniting six nations in one economic whole, it is creating a second America in the west.




Netherlands
Belgium
Luxembourg
European Community
165 102 000 inhabitants
Germany (F.R.)
inhabitants
France
Italy



Since the war, this great economic area has undergone an expansion almost unprecedented in economic history.

The Community's task

The task of the Community is to aid and spur this expanding economy by means of co-ordinated policies. It is not enough, for example, merely to avoid short-term unemployment: a full employment policy must be coupled with a high rate of development in industrial production.

Collecting data

But in order to act, it is necessary to have precise and accurate information. One of the European Commission's first jobs is to obtain regular, detailed, and comparable data on such subjects as the movement of capital, the balance of payments of member states, the state of the market, the national product, and even such detailed matters as stocks, orders, and delivery dates. Even when reliable data are available, these are not always sufficiently uniform to be compared as between one country and another. Even the financial years of the different member states cover different periods, some the calendar year, others beginning on April 1st or July 1st. Already, starting in January 1959, the Commission has begun to issue monthly notes on the state of the Community's economy, supplemented every three months by a more detailed analysis, and every year by a retrospective survey and forecast of developments over the coming year.

Two first steps

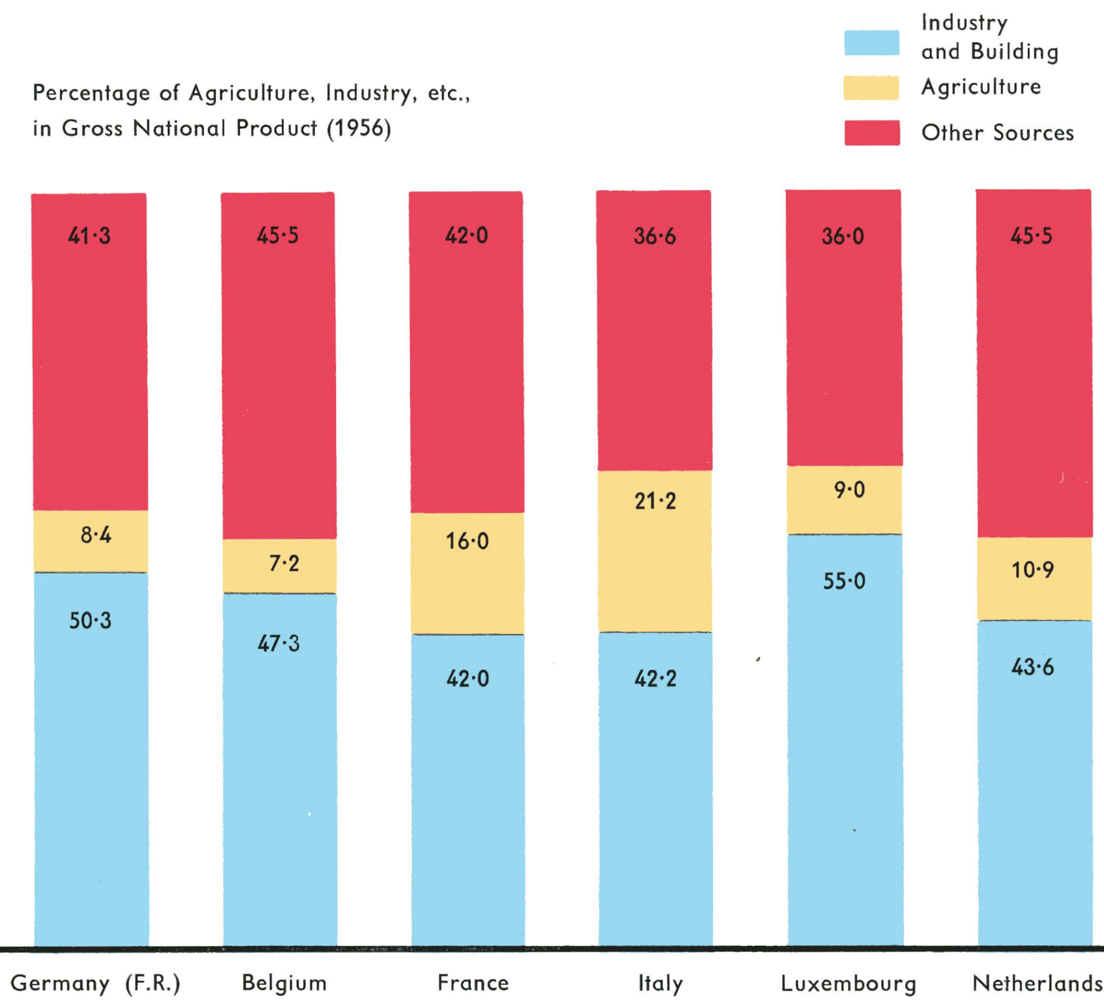
Since the Rome Treaty came into force, moreover, the Community's member states have themselves taken two particular measures which will greatly contribute to the development of the Common Market. The first is the economic and financial reorganization undertaken by the French government at the end of 1958, which ensured that France was able to meet her Treaty obligations, and which promises to help the increased exports which her economy needs. The second is the decision by the Community's members and five other European countries to move towards full convertibility of their currencies. When the Common Market is in full operation, complete monetary convertibility will exist between its members. The measures recently taken are the first step towards that end. Nevertheless, certain restrictions on capital movement still remain, and the European Commission is working for their progressive abolition as the Common Market comes into effect.

$ 1,000,000,000

A helping hand

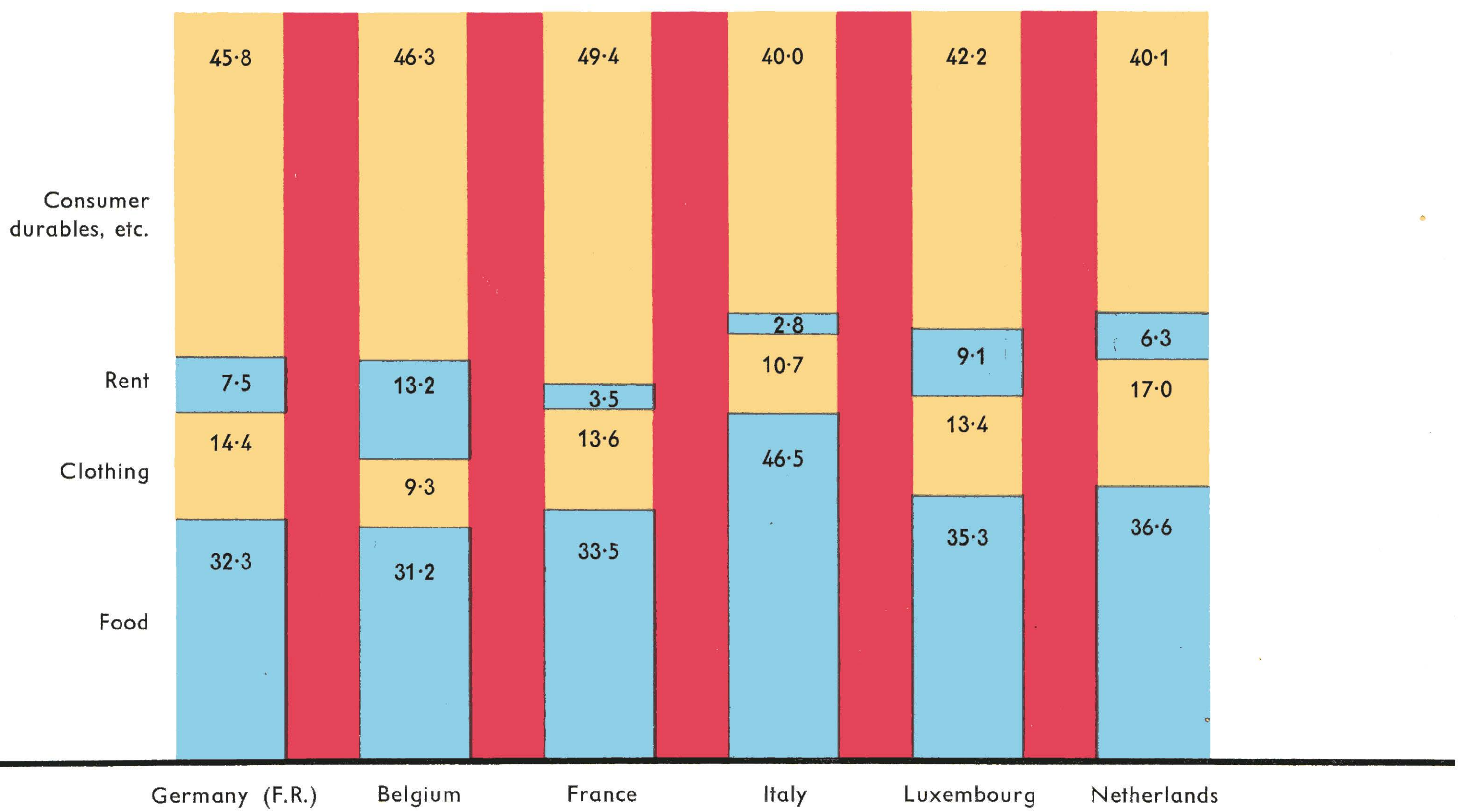
Even although the Community is the world's second major industrial area, this is not to say that its various regions are geographically similar or have attained the same degree of development. Without leaving Community territory, it is possible to go from the dunes and dikes of Belgium and Holland to the salt marshes of the Camargue or the rocky coast of southern Italy, from the wheatfields of France to the industrial landscape of the Ruhr. One of the European Commission's most important aims is to ensure that in the growing prosperity of the Community particular regions do not get left behind; and in addition to collecting information for this purpose the Community's Institutions have already taken positive action. The European Investment Bank, with a capital of one thousand million dollars, will contribute both to the development of particular regions and to the financing of projects of Community interest. On March 19, 1959, it decided to grant $ 24 million to four investment projects, two in Sicily, one in southern Italy, and one on the borders of Germany and Luxembourg.

The industrial structure of the six Community countries is remarkably similar, but the structure of their agriculture differs widely



How people spend their money

The structure of private consumption in the Community
(percentages, 1956)



REMOVING TRADE BARRIERS

To harness the Community's vast economic potential, the European Commission must ensure that its members do not develop in conflicting directions, and that the age-long barriers dividing Europe's economy are removed. But this must be done gradually, to give national economies the time to adjust to Community-wide competition.

The task

Over a transition period of twelve to fifteen years, all internal customs barriers and quota restrictions within the Community will be eliminated, in three four-year stages.

COMMON MARKET TIMETABLE

Date	Internal tariff cuts		Quota enlargements		
			NORMAL QUOTAS		SMALL QUOTAS
	Total	Minimum for each product	Total	Minimum for each product	
1958	—	—	—	—	—
1959 Jan. 1	(By 10 %)	By 10 %	By 20 %	By 10 %	To 3 % of production
			(All bilateral quotas become global)		
1960 Jan. 1	—	—	By 20 %	By 10 %	To 4 % of production
Jul. 1	By 10 %	By 5 %	—	—	—
1961 Jan. 1	—	—	By 20 %	By 10 %	To 5 % of production
Dec. 31	By 10 %	By 5 %	—	—	—

By end of Stage 1: Total internal tariff cuts on each product must be at least 25%; export duties and export quotas must be abolished within the Community; common external tariff to be applied in those cases where existing previous duty no more than 15% higher or lower than common tariff: in other cases the difference to be reduced by 30%. This Stage may be prolonged if the Council does not unanimously decide to end it.

2

Date	Internal tariff cuts		Quota enlargements		
			NORMAL QUOTAS		SMALL QUOTAS
	Total	Minimum for each product	Total	Minimum for each product	
1962 Jan. 1	—	—	By 20 %	By 10 %	By 15 %
1963 Jan. 1	—	—	By 20 %	By 10 %	By 15 %
Juli 1	By 10 %	By 5 %	—	—	—
1964 Jan. 1	—	—	By 20 %	By 10 %	By 15 %
Dec. 31	By 10 %	By 5 %	—	—	—
1965 Jan. 1	—	—	By 20 %	By 10 %	By 15 %
Dec. 31	By 10 %	By 5 %	—	—	—

By end of Stage 2: Total internal tariff cuts on each product must be at least 50% : difference between remaining national tariffs and common external tariff to be cut by a further 30%. This Stage may only be prolonged by unanimous vote of the Council.

Date	Internal tariff cuts		Quota enlargements		
			NORMAL QUOTAS		SMALL QUOTAS
	Total	Minimum for each product	Total	Minimum for each product	
1966 Jan. 1	Acting on the Commission's proposal, the Council fixes the rate of remaining internal tariff cuts during Stage 3.		By 20 %	By 10 %	By 15 %
1967 Jan. 1			By 20 %	By 10 %	By 15 %
Dec. 31			(All quotas must be at least 20 % of production)		
1968 Jan. 1			By 20 %	By 10 %	By 15 %
1969 Jan. 1			By 20 %	By 10 %	By 15 %
Dec. 31	TO ZERO	TO ZERO	ABOLITION OF QUOTA RESTRICTIONS		

By end of Stage 3: All internal tariff and quota restrictions on free movement of goods, men, services, and capital to be removed. Common external tariff to be applied. This Stage may only be prolonged by unanimous vote of the Council: total transition period may not be prolonged by more than three years, and may even be shortened.

Against protectionism

The Common Market, once introduced, will be permanent. It will cover the free movement not only of goods, but also of capital, services, and persons. By the end of the transition period the Community will have a single import tariff. Except for goods on which the governments have agreed to fix the common tariff by negotiations among themselves, this will be based on the arithmetical average of the national tariffs in force on January 1, 1957. This means broadly a tariff increase for the Benelux countries, and a tariff reduction for France and Italy: the existing German tariff is close to the average of the Community. The end of the transition period will therefore mean an overall lowering of protective barriers.

The common tariff, moreover, is a point of departure for tariff negotiations with other countries, and a bargaining counter for tariff reduction on a world scale. Countries which can face the competition of their fellow-members of the Common Market are less likely to fear competition from the outside world, and the Common Market Treaty specifically directs the Community to pursue a liberal policy towards its trading partners.

The barriers come down

On January 1, 1959, the first tariff cuts and quota enlargements were made on the way towards the full Common Market. Customs duties on all goods were cut by 10%. All bilateral quotas (open to one or more member states) were transformed into global quotas (open to all fellow-member states). At the same time, total import quotas were enlarged by 20% above the 1958 level, with a minimum quota increase of 10% for each product. Finally, all quotas amounting to less than 3% of national production were raised to a minimum of 3%.

In practice this is less simple than it seems. Some quotas are based on the quantity of goods produced, others on their value, and the calculation of global quotas is often complex and sometimes controversial. Moreover, the Common Market Treaty permits the levying of new internal taxes to counter the loss the customs revenues involved in the tariff outs, and some of the Community's member states have taken advantage of this provision. Although such new internal taxes are non-discriminatory, affecting home-produced as well as imported goods, and therefore are not necessarily protective in their effect, the European Commission will keep a close watch on them to see that they do not deprive the consumer of the benefits he has a right to expect from the reduction of customs duties. But despite these problems, this first step towards the Common Market was taken effectively by all the Community countries, and it will simplify the further steps that are to come.

Towards the common tariff

The major part of the first draft of the Community's common external tariff is already prepared, and negotiations are in progress between the member states for those products whose tariff has still to be settled.

1 JANUARY 1959

FREER COMPETITION

The gradual lowering of national trade barriers as the Common Market gets under way will mean Community-wide competition, spurring modernization, greater productivity, and a higher standard of living.

But these benefits would be lost if national trade barriers were merely to be replaced by public or private restrictions, distorting competition, shielding inefficient firms, and once more carving up the single Common Market that the Community's institutions had laboured to create.

The rules of competition

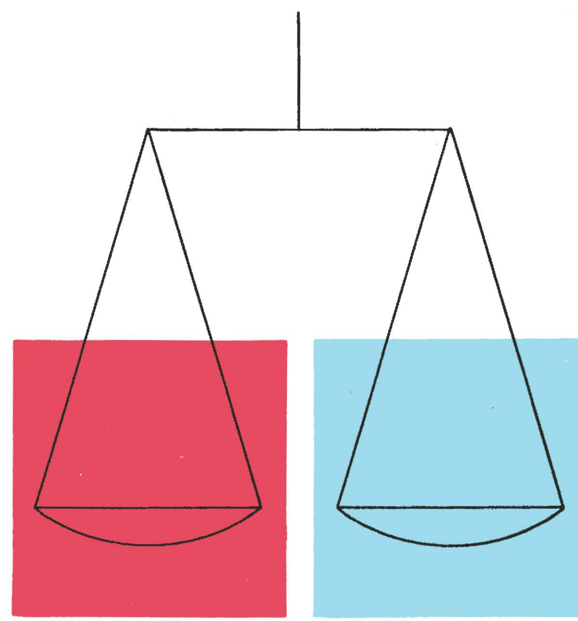
The Common Market Treaty therefore bans private cartel agreements or concerted practices which prevent, restrict, or distort competition, and in particular price-fixing, market-sharing, restriction of production or of technical development, and the imposition of discriminatory supply conditions, if they are likely to affect trade between the Community's member states. On the other hand, agreements contributing to better production or distribution, or to technical progress in general, may be authorized.

The Treaty similary bans the abuse of a dominant position in the market, in so far as it affects trade between member states.

At the same time, the Common Market Treaty requires that national legislation — including national tax systems — should be harmonized in order to prevent distortion of free competition. It also bans all state subsidies to particular firms or industries if they affect trade between member states.

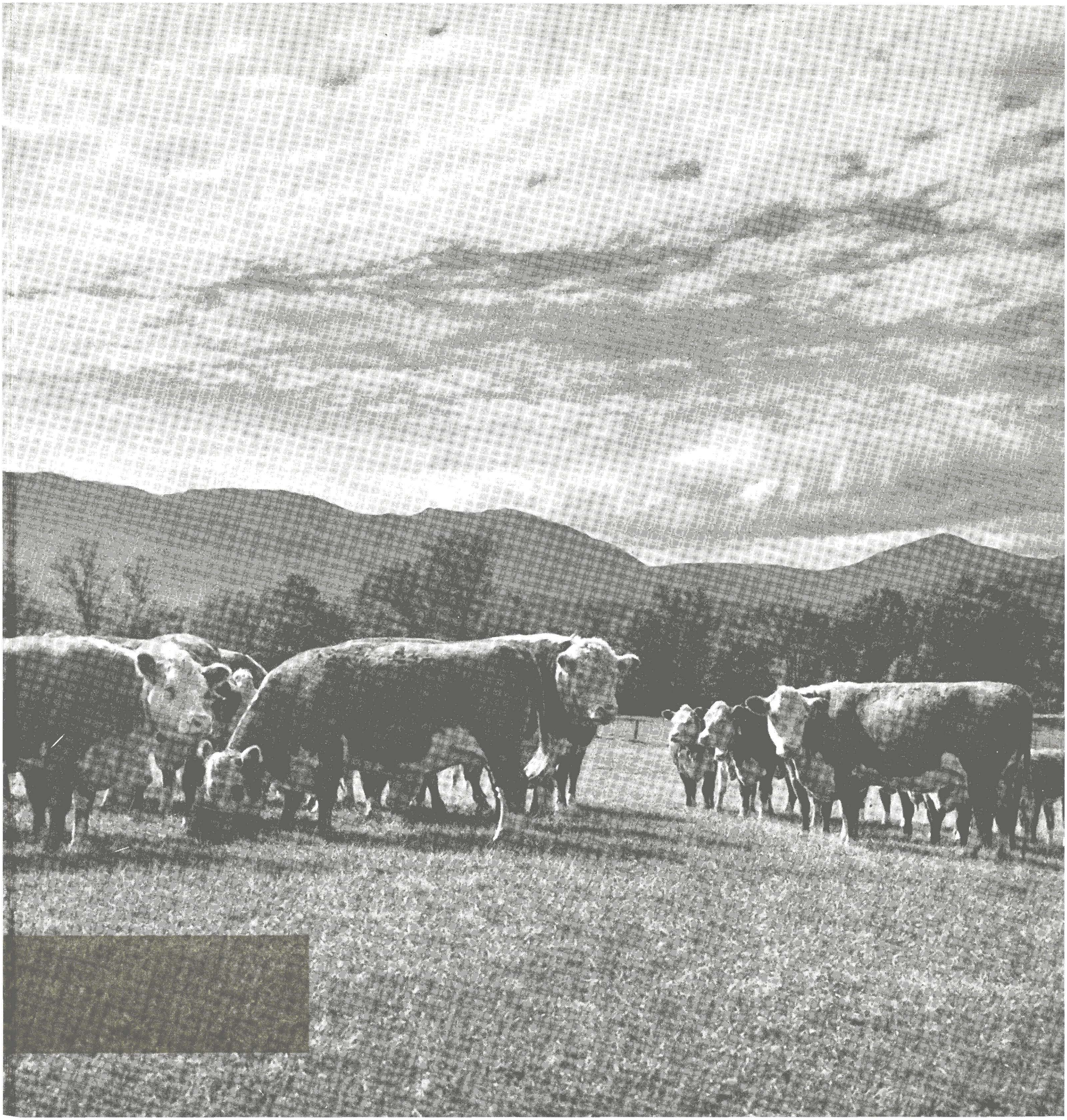
The immediate task

Detailed Community-wide anti-cartel regulations will be established at the latest by December 31, 1960. In the meantime, national authorities must apply existing national cartel and monopoly legislation together with the general rules laid down by the Common Market Treaty. Of the six Community countries, only France, Germany, and the Netherlands already have anti-cartel legislation of their own: but to ensure fair treatment it is obviously important that the same rules and procedures should be applied throughout the six nations, even before detailed Community regulations are issued. The European Commission has therefore requested the remaining member states — Belgium, Italy, and Luxembourg — to take the necessary measures.



But an essential task in dealing with cartels and subsidies, as with other potential loopholes in the Common Market, is to detect and prove their existence. One major effect of setting up the Community, in fact, has been the creation of new links between European firms and industries, some of which may fall into the cartel category. At the same time, state subsidies and national legislation demand prolonged and detailed examination.

With the aid of the national authorities, the European Commission is compiling an inventory of existing state subsidies and other possible barriers to free and fair competition, including state aid to shipbuilding. It has begun to examine the problem of harmonizing national legislation, particularly in the field of business taxes and indirect taxation; and it is studying a number of particular cases of alleged dumping.



A POLICY FOR AGRICULTURE

The Common Market is not only an industrial phenomenon. The gradual removal of national trade barriers will apply not only to such things as machinery, vehicles, and manufactured products, but also to food, drink, and tobacco, and all the many products of the soil.

In the Communty countries, agriculture has almost always been the subject of state intervention and protection, largely to shield it from the competition of lower-cost agriculture overseas. Theoretically, it might seem advantageous to rely more and more on the products of such lower-cost agriculture, and to reduce to a minimum the level of higher-cost agriculture at home. But no nation wishes to become entirely dependent on overseas supplies of foodstuffs, or to transform its home landscape into purely industrial vistas of pits and factories. Moreover, any attempt to do so would mean great hardship for the nation's farmers as well as for the many town-dwellers who enjoy the amenities of the countryside.

In practice, therefore, most European nations grant some form of aid and protection to this vital sector of their economy. Until now, the six Community countries have all pursued their separate agricultural policies within their separate national markets. The task of the European Commission is to replace these separate markets by a common market in agriculture, and to replace separate national policies by a single concerted agricultural policy for the Community as a whole.

The basic problems – low incomes and fluctuating prices

The problems of Europe's agriculture are many and varied: but broadly speaking they can be summed up under two main headings. The first is the low level of agricultural incomes by comparison with other sectors of the economy: the second is the instability of agricultural prices.

Agricultural incomes, first, are low for two main reasons. On the supply side, because productivity is hampered by the fragmentation of farms and holdings, and the lack of technical knowledge and capital for development, machinery, and fertilizers. On the demand side, one very important reason is the difficulty of increasing market outlets. As standards of living in the Community rise, expenditure on food will also rise: but experience shows that it is likely to represent a smaller proportion of household budgets, more money being spent on clothing, household equipment, motoring, more expensive holidays, and so on.

The instability of agricultural prices, which is the other basic problem, is due largely to the fact that output may vary unpredictably, owing to the weather, from one season to another. At the same time demand for foodstuffs varies relatively little, so that in order to sell even a small surplus it may be necessary to lower prices quite considerably. Finally, the very nature of the agricultural market, in which many small producers make independent decisions, may mean that a season of high prices owing to bad weather will next season induce a number of producers disproportionately to raise their output, thus bringing about a drastic slump in prices in the following year.

The situation today

The agricultural situation of the Community's member states is already, in fact, changing. As in almost all countries, there is a gradual drift from the land, due partly to the introduction of labour-saving machinery and partly to the attraction of higher wages in industry. For the Community as a whole, the proportion of farm workers in the active population before the war was 35%. Today it is only about 25%. At the same time, the number of farms in the Community is in many regions decreasing: this is particularly true of very small holdings and in some cases very large farms, whereas medium-sized family holdings have in many places become more numerous. This, together with the efforts of the national governments, is helping to increase agricultural output per head of farm-workers, and consequently to raise agricultural incomes.

Percentage of the Community's active population employed in agriculture

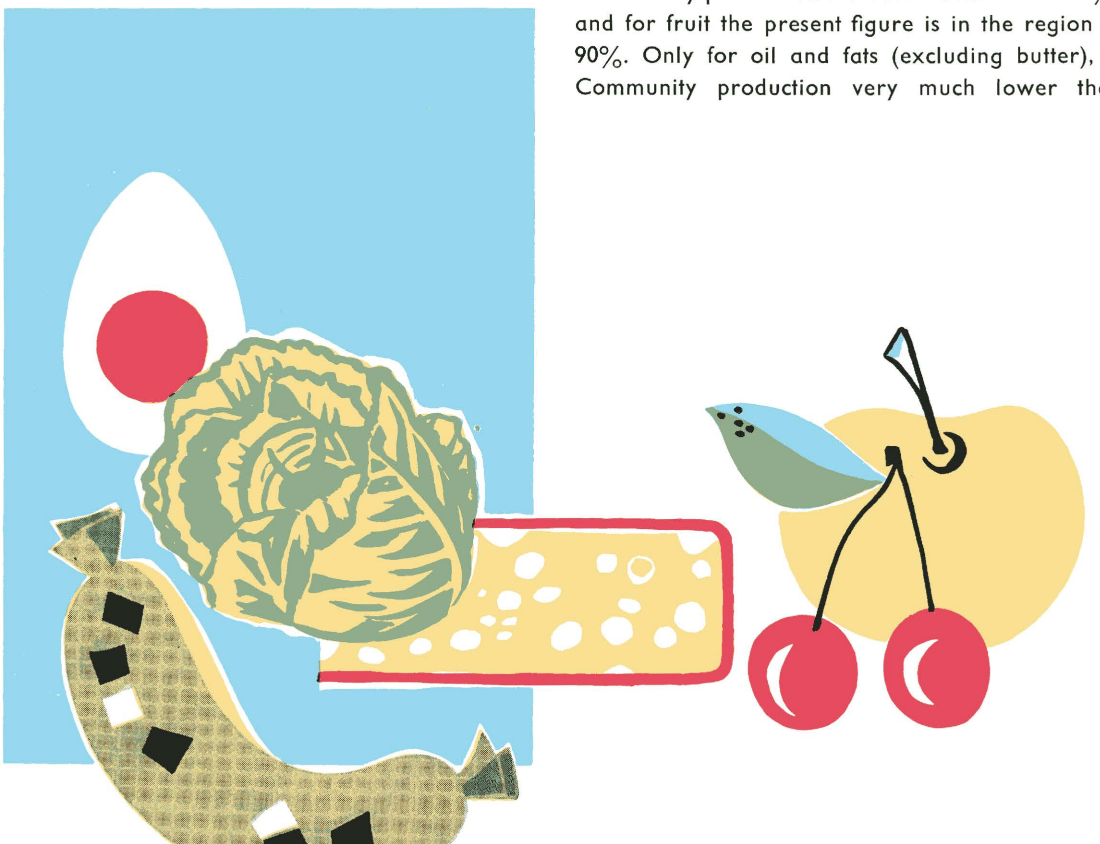
	1950	1956
Belgium	11·3	10·3
Germany (F.R.)	25·3	17·9
France	28·9	26·6
Italy	44·8	39·8
Luxembourg	26·1	22·8
Netherlands	14·2	12·4
COMMUNITY	30·2	25·3

National Measures

All western European countries, of course, have policies designed to assist farmers. There are programmes of "structural reform", aiming to amalgamate small holdings and regroup scattered plots; programmes of credit and investment assistance; programmes of education and technical advice. Finally, all governments intervene to varying degrees in the pricing of agricultural products, and various devices designed to maintain prices on the domestic market have been widely adopted, including, in the Community countries, fixed, minimum, and target prices.

Nevertheless, there are still great differences between the yield per acre as between the Community's member states, and there remain great possibilities for agricultural development that have not yet been exploited.

But this is only one aspect of the situation. For one of the reasons for low agricultural incomes is the limited nature of market outlets. In the Community as a whole, agricultural production is increasing more rapidly than the consumption of foodstuffs. The Community's output of eggs, potatoes, sugar, vegetables, meat, cheese, and butter is at present more or less equal to its total consumption of these products. Between 1950—52 and 1957—58, the percentage of wheat consumption covered by Community production increased from 81 to 87.3%; and for fruit the present figure is in the region of 90%. Only for oil and fats (excluding butter), is Community production very much lower than



Community consumption: some 50% of consumption of these products is covered by imports. This in turn puts pressure on agricultural prices, especially those of wheat, sugar, butter, and milk. In the butter market in particular, this has shown some of the disadvantages of national subsidies, helping to create an unwanted surplus.

Community Measures

The task of the European Commission is to replace purely national measures by a common policy, and to set up a Common Market for agricultural as well as industrial products. But the very nature of Europe's agricultural problems demands that changes be introduced gradually and carefully, and that careful balance be found between what might theoretically be held the most economic use of resources and what is practically possible in a field where tradition has especially deep roots. So far, three major steps have already been taken:

- First, the preliminary tariff cuts and quota enlargements made on January 1, 1959, on the way to the full Common Market, were applied not only to industrial goods but also to many agricultural products. But for those products subject to a national marketing organization or to a monopoly, the Treaty provides that trade shall be increased by the conclusion of long-term contracts, until a common organization of markets has been achieved. Meanwhile, the Community's member states agree to import at least as much the annual average of their imports of the last three years.

● Secondly, at the end of February, 1959, the first long-term agricultural contract was concluded, between France and Germany. This agreement, which runs for four years, provides for progressively increased deliveries of French grains into Germany. For the first year the tonnage will be 700,000 metric tons, including 325,000 metric tons of wheat: by 1962, these quantities will have been increased to 825,000 metric tons and 400,000 metric tons respectively. The agreement also provides for a gradual alignment of French and German wheat prices, but it will automatically cease when the common organization of grain markets has been achieved.

● Thirdly, above and beyond these transitional measures, the Community has taken the first steps towards the establishment of its common agricultural policy. To this end it held an agricultural Conference in Stresa, Italy, from July 3—11, 1958, to study the basic problems and to lay down lines of advance. The Conference's final resolution in particular stressed the following needs:

● to improve the structure of agriculture and increase productivity and agricultural incomes;

● to balance production and market outlets;

● to apply a rational long-term price policy, and to abolish subsidies which run counter to the spirit of the Common Market Treaty;

● to pay especial attention to the Community's traditional trading links with the rest of the world and in particular the needs of the Community's associated countries and territories;

● to safeguard, in particular, the family structure of European farms and improve their competitive capacity.

The European Commission makes no attempt to disguise the immensity and difficulty of these multiple tasks.

Together with the Community's member governments, it has been undertaking the detailed studies which their accomplishment will necessitate, including a balance-sheet of needs and resources, a survey of trends in demand, a study of the reasons for low agricultural incomes, a survey of investment capital needs, and a comprehensive view of the six nations' existing policies and practices requiring to be co-ordinated or replaced by a joint effort.

Finally, before the end of 1959, the Commission submitted its proposals for the working-out and application of the common agricultural policy.

The Community's agricultural production

	Belgium Luxembourg	Germany (F.R.)	France	Italy	Netherlands	COMMUNITY
I. Gross agricultural production 1953/56						
Proportion of member countries' output in the gross agricultural production of the Community (percentages)	5·7	25·3	37·1	24·0	7·9	100

II. Breakdown of agricultural production

(as percentage of gross agricultural production)

year 1953, season 1953/54

Grains	15
Potatoes	4
Sugar beet	3
Wine	6
Fruit	6
Vegetables	6
ALL CROPS	45
Sheep and cattle	13
Pigs	14
Poultry	3
Eggs	6
Milk and dairy products	18
TOTAL OF ANIMAL PRODUCTS	55
TOTAL OF ALL PRODUCTS	100

A NEW DEAL FOR LABOUR

One of the major aims of the Common Market is to raise the Community's standard of living by helping to spur the modernization of industry. In the past — during the Industrial Revolution, for instance — such modernization had often to be paid for by social disruption and especially by technological unemployment, as new machinery displaced manpower. Labour thus found itself bearing the imme-

diate brunt of economic progress. But in the Common Market Treaty there are special provisions to guard against this danger, and to ensure that economic progress means social progress as well.

Labour Representation

Labour is guaranteed a voice in the policy-making of the Common Market, both through the Social Affairs Committee of the European Parliament, and in the 101-man Economic and Social Committee which the European Commission and the Council of Ministers must consult before making most important decisions. Trade Union representatives sit in this Committee, together with representatives of producers, farmers, transport operators, merchants, artisans, the liberal professions, etc. The Community's Executives are not formally bound by a majority of the Committee, but take account, on their merits, of any viewpoints expressed.

In addition, the two main groupings of non-Communist Trade Unions in the Community countries — the Free Trade Unions and the Christian Trade Unions — have formed special Community-wide Federations to concert their action in the Common Market, and maintain special liaison bureaux to ensure that their views are heard. As time goes by, it seems likely that these Federations will grow in importance, and will exert a Community-wide influence in such matters as wages, working conditions, hours of work, etc.

Finally, Trade Union representatives, together with representatives of governments and employers, will participate in the special Committee set up to aid the European Commission in administering the European Social Fund.

Against Unemployment - The European Social Fund

The European Social Fund is a cornerstone of the Common Market's provisions for labour. The European Commission has already worked out draft regulations for its operation, which will be submitted for approval to the Council of Ministers after consultation of the Economic and Social Committee and the European Parliament.

Although almost all countries have national unemployment insurance systems, those who framed the Common Market Treaty foresaw the need for some more comprehensive safeguards against technological unemployment as new competition in the Common Market leads to modernization and regrouping of industry. The European Social Fund provides such safeguards in several ways:

- It can give financial aid to tide over displaced workers, at full pay, until they are fully re-employed;
- It can finance their reinstallation in new areas;
- It can finance their re-training in new skills.

Its aid is conditional on approval by the European Commission, which administers the Fund, and on the prior contribution to each operation of an equal sum from the member government concerned.

These safeguards, similar to those of the Readaptation Fund in the European Coal and Steel Community, are novel in several respects:

- They have been designed in advance of crises, rather than as emergency measures after their occurence;
- They are not merely national safeguards, but are joint measures financed half by the government concerned and half by the Community as a whole, with no direct contribution, voluntary or compulsory, from the workers themselves;
- They may guarantee full pay, not merely an unemployment allowance, during the period of unemployment;
- They imply far more than a mere assistance programme, and include positive measures for re-training and productive re-employment, which will be aided both by the Common Market's full employment policy and by its special provisions for free movement of labour.

Free Movement of Labour

By the end of the Common Market's transition period, that is, by the end of 1969, or at the latest by the end of 1972, any worker will be able to take up an offer of a job and to settle anywhere in the six Community countries, irrespective of nationality. There will thus be no further discrimination between citizens of all the Community's member states. The European Commission has now almost completed its draft regulations for this purpose. One of their most important provisions will include practical means of making known to all concerned what offers of jobs are available, by means of a kind of Community Labour Exchange system coordinating and supplementing the work of national Labour Exchanges.

Social Security for Migrant Workers

But by taking a job outside his own country, a worker may risk losing the social security contributions (for family allowances, sickness payments, etc.) he has made in his own country, or receiving smaller benefits. To meet this situation, most of the Community countries already have bilateral agreements with their partners; but such agreements do not cover all possible cases, and often fall short of completely safeguarding the worker against loss. In order to make free movement of labour a practical possibility, therefore, it was necessary to take action for the Community as a whole.

The first step in this direction was taken in the European Coal and Steel Community. On December 9, 1957, three weeks before the Rome Treaty came into effect, the Ministers of Labour of the six member states signed the European Convention on Social Security for Migrant Workers, covering all branches of social security and all types of labour, to insure that migrant workers should suffer no loss of rights or benefits.

This convention has now been transformed into a Common Market Regulation, which came into force, without requiring ratification by the national parliaments, on December 19, 1958. It will be administered by the European Commission together with representatives of member governments and of the coal-steel High Authority.

Better conditions for Labour

One of the results of free movement of labour within the Common Market will undoubtedly be a gradual levelling-up of wages and working conditions throughout the six countries. To this end, the European Commission must promote close collaboration in the fields of:

- employment
- labour legislation and working conditions
- vocational training
- social security
- occupational diseases and accidents
- industrial hygiene
- laws on trade unions and collective bargaining.

By the end of the first four-year stage of the Common Market's transition period, moreover, there will be equal pay for men and women doing equal work. In most of these fields, with the exception of social security (see above), the work of the European Commission is still in the planning stage. But it has already embarked on the comprehensive studies of the terrain that are necessary to any effective action on a six-nation scale. The subjects now under study include:

- employment levels
- wages
- paid holidays
- hours of work
- overtime
- equal pay
- conditions of work
- vocational training
- industrial diseases

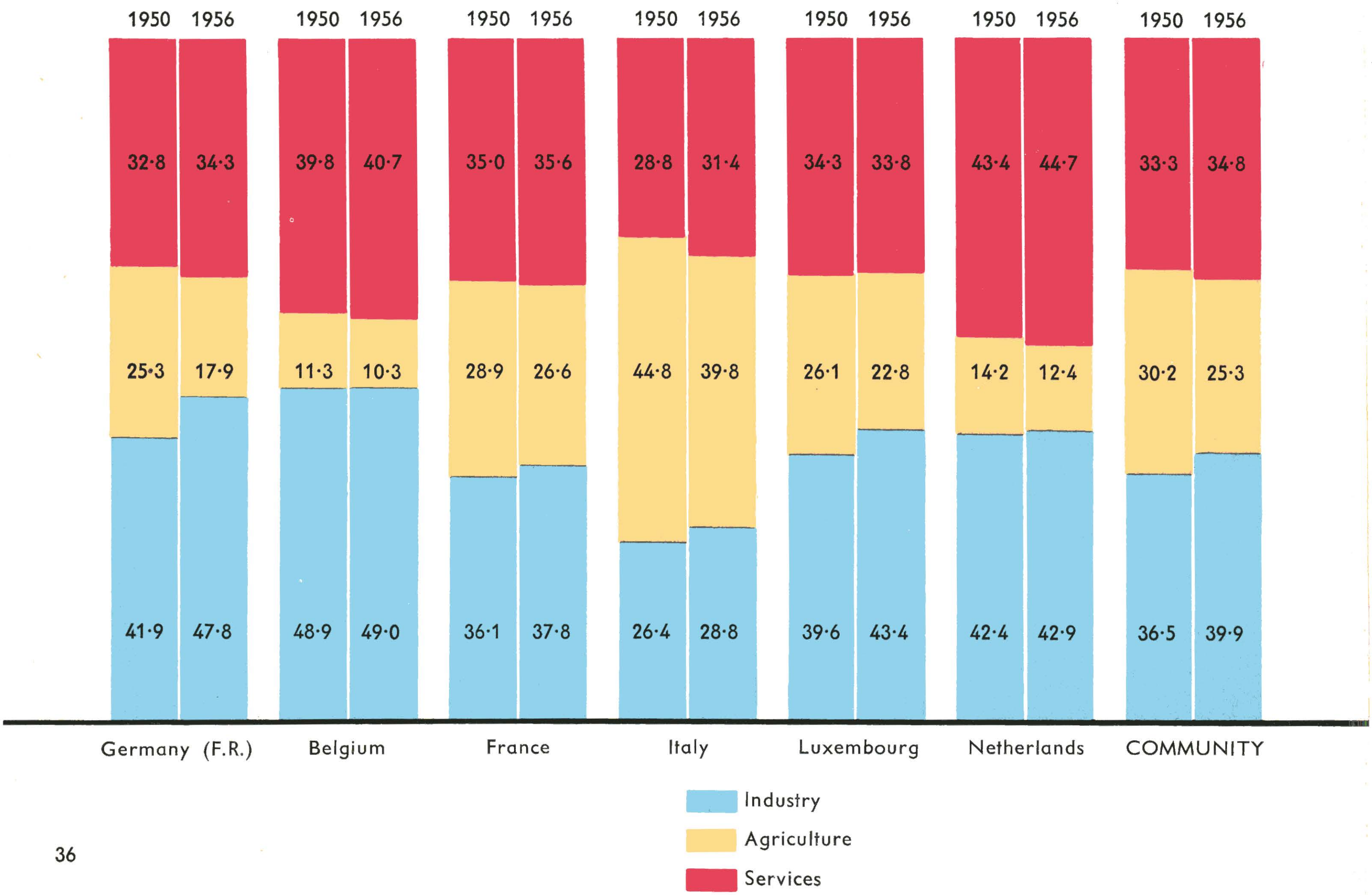
- collective bargaining
- housing
- conditions for agricultural and non-manual workers.

It also works in close collaboration with the coal-steel High Authority on such problems as:

- labour contracts in the steel industry
- strikes and lockouts
- labour representation, etc.

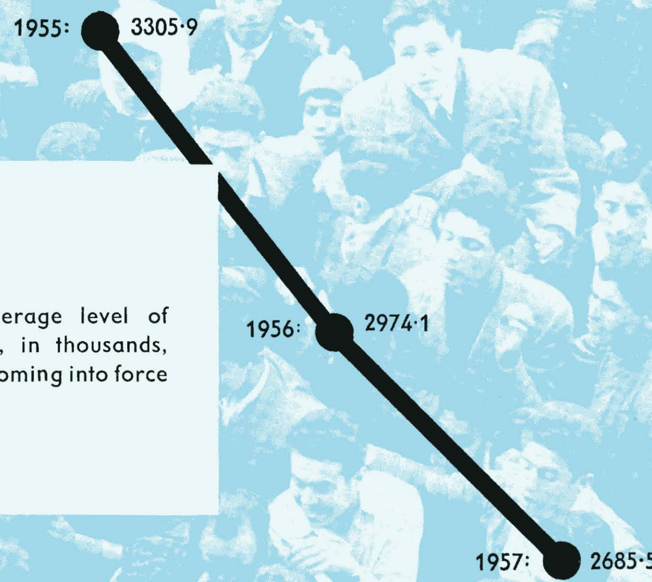
In addition, it is preparing an international conference on the effects of automation. All these studies will form a valuable source of impartial and comprehensive data on labour conditions for all those concerned, including trade unions, employers, and national governments.

How the Community's workers are employed (percentages)



Falling unemployment

This table shows the annual average level of unemployment in the Community, in thousands, over the three years preceding the coming into force of the Common Market Treaty.



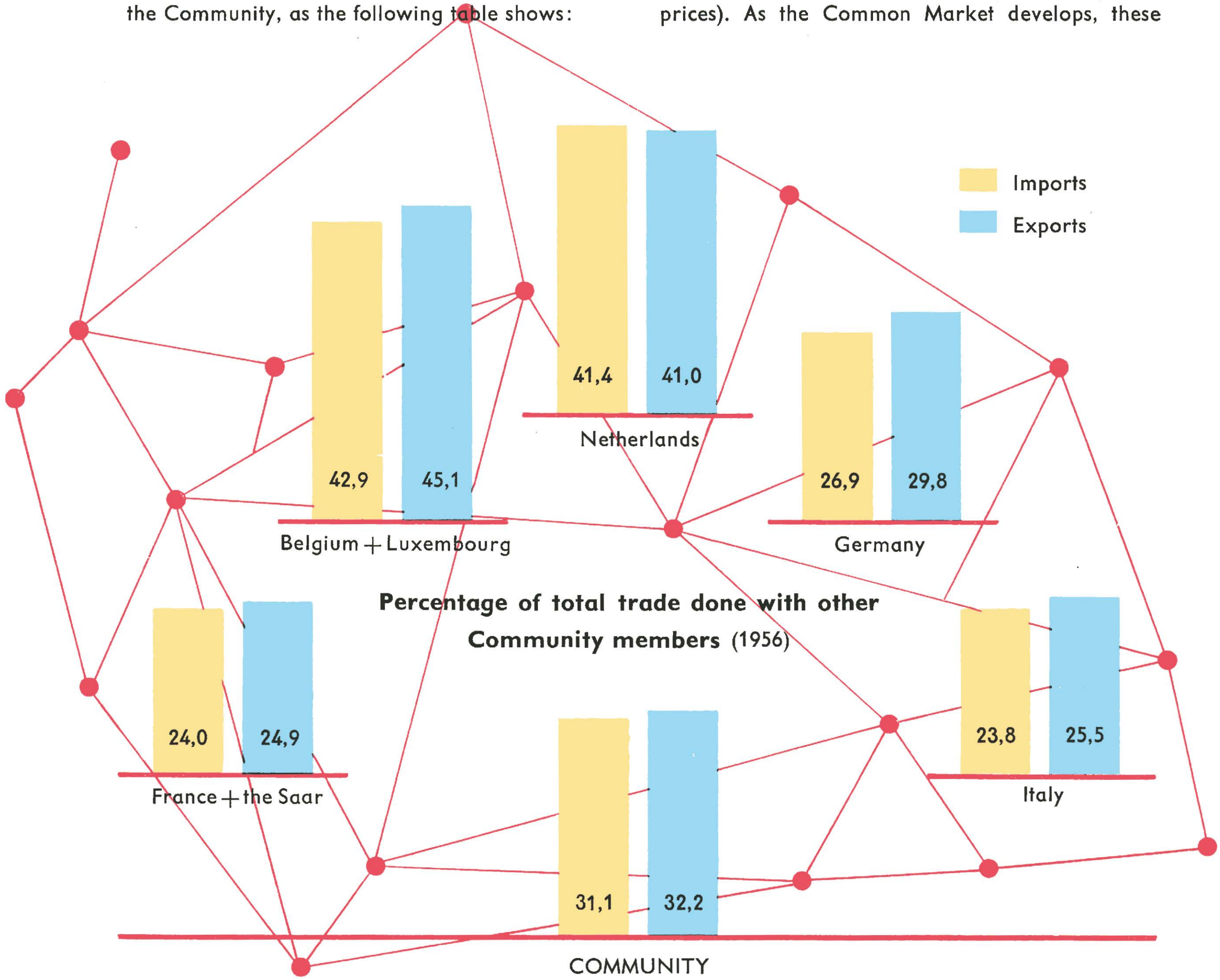
	1955	1956	1957
Belgium	116·5	91	77·9
Germany (F.R.)*)	935	765·8	669·2
France	300	150	140
Italiy**	1,913	1,937	1,757
Luxembourg	nil	nil	nil
Netherlands	41·4	30·3	41·4

* including the Saar
** O.E.E.C. figures

TOWARDS A EUROPEAN TRANSPORT POLICY

Even without the Common Market, nearly a third of the total trade of the six countries is done within the Community, as the following table shows:

In quantitative terms, this intra-Community trade amounts to some $ 5000 million per year (at fob prices). As the Common Market develops, these



Percentage of total trade done with other Community members (1956) figures will undoubtedly increase; and they demonstrate clearly the importance for the Community of a comprehensive and up-to-date system of transport to carry the goods from one country or region to another.

The task of the European Commission in the transport field is twofold:

To Abolish Discrimination

In a Common Market where customs duties and quota restrictions have been abolished, and where there is no more discrimination by nationality between the member countries either as regards goods or as regards the suppliers of services, it is clearly important that national transport systems should not reintroduce such barriers and discrimination by the back door. In the first place, there must be no national discrimination between transporters. In the second place, freight rates and conditions of transport must not discriminate according to the country of origin or destination of the goods transported. And in the third place, the Community must ensure that the cost of crossing a frontier between the member countries does not act as a barrier to trade.

The Common Market Treaty's rules for transport, like those of the Coal and Steel Community, ban national discrimination and those subsidies which are not simply the means of financing public utilities; and they lay down that frontier charges should be limited to the real economic cost of crossing a frontier, and not used as a means of maintaining economic barriers. Discrimination must be abolished by the end of the second four-year stage in the Common Market's transition period. The European Commission has already made a preliminary study of this problem, and the first regulations for this purpose were prepared by the end of 1959.

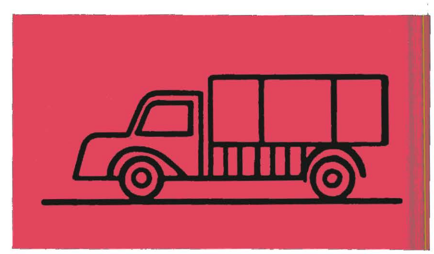
To Prepare a Common Policy

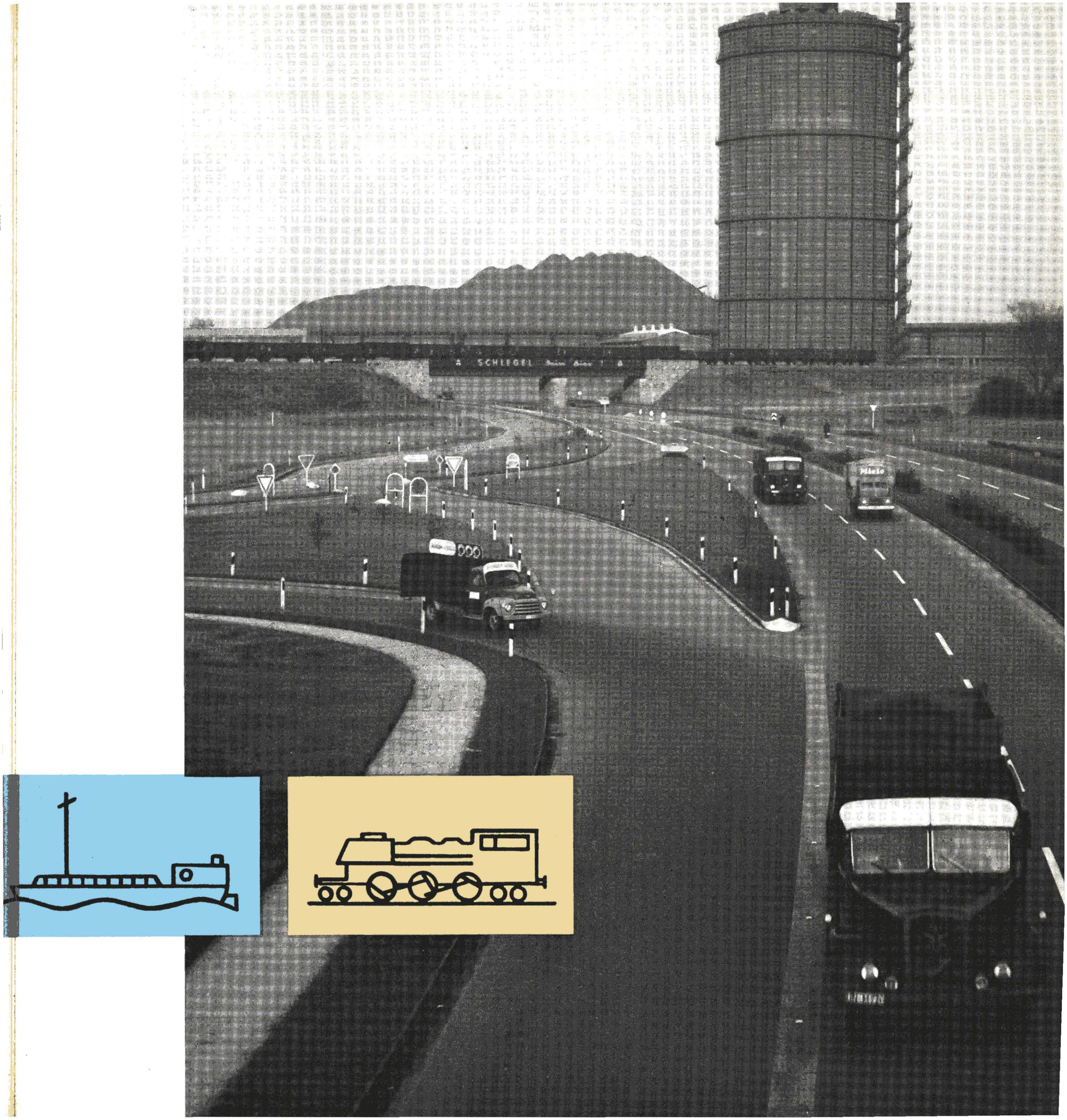
But the removal of impediments to the Common Market is only one part of the Commission's task. It must also prepare the Community's common transport policy. This has two different aspects. The first is the international aspect: that is, the reconciliation of the transport policies of the different Community countries. In the field of rail transport, international co-ordination is already fairly advanced, both on matters of policy and on more technical subjects such as the gauge of the railways, signalling systems, etc. Here, co-ordination has always been an obvious necessity. Much the same is true of inland water transport along such international highways as the Rhine. Both these means of transport, in fact, are relatively old-established; but road transport has only relatively recently taken on a larger share of traffic, and here rates and conditions differ much more widely from country to country, posing, over the thousands of miles of Europe's roadways, many more complicated problems. It is here, indeed, that the greatest difficulties of international harmonization lie.

But the second aspect of transport co-ordination poses even greater problems: that is, the coordination, on a Community scale, of the various means of transport, by rail, water, and road, and

also, perhaps, by sea, air, and pipeline. The different countries of the Community themselves have different policies in this respect, and for all of them it is a fairly new problem. It is here, therefore, that the greatest collaboration will be needed. For all these purposes, the European Commission is busy collecting data, including details not only of existing national regulations but also of plans for transport modernization and for future development. It is aided in its work by a special Transport Committee composed of experts from the six member countries, and it will collaborate with the European Conference of Ministers of Transport, which has already done valuable work on a broad European basis.

A co-ordinated transport policy within the six Community countries will benefit not only the members of the Community themselves but also all those who buy from her, sell to her, or transport their goods across her territory.



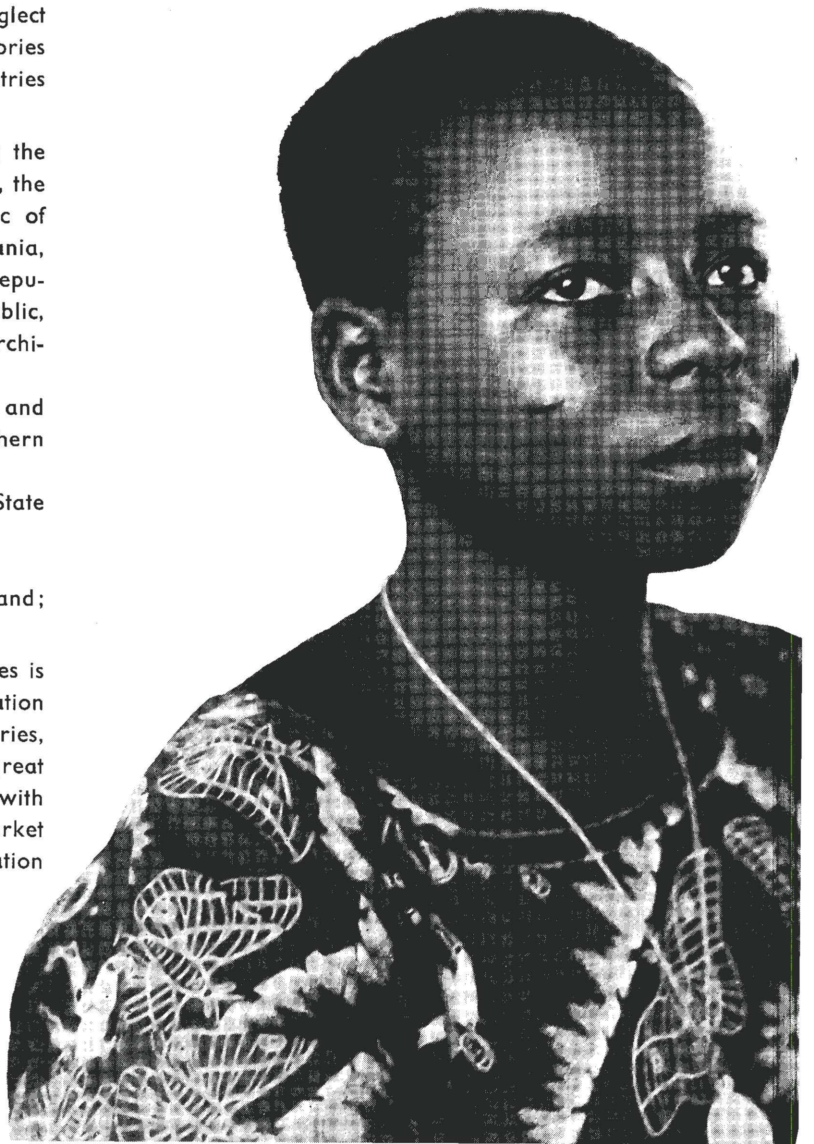

SCHLEGEL

THE COMMUNITY AND ITS OVERSEAS PARTNERS

The Common Market is not simply confined to Europe. Just as the United Kingdom cannot divorce its policy from those of the British Commonwealth of Nations, so the Community's member states, in embarking on economic union, could not neglect the needs of the overseas countries and territories with which they have special links. These countries and territories are the following:

- The French African Community, including the Republic of Senegal, the Sudanese Republic, the Republic of the Ivory Coast, the Republic of Dahomey, the Islamic Republic of Mauretania, the Congo Republic, the Central African Republic, the Republic of Chad, the Gaboon Republic, and the Malagasy Republic; the Comoro Archipelago, and the French Somali Coast;
- St. Pierre and Miquelon, New Caledonia and Dependencies; French Polynesia; the Southern and Antarctic Territories;
- The Autonomous Republic of Togoland; the State of Cameroon;
- The Belgian Congo and Ruanda-Urundi;
- The Italian Trusteeship Territory in Somaliland;
- Netherlands New Guinea.

The total area of these countries and territories is some 4,733,200 square miles. Their total population is 53 million. The overseas countries and territories, therefore, represent a huge potential and a great responsibility for the European Community with which they are linked; and the Common Market Treaty makes special provisions for their association



with the Common Market. This association has two essential aspects: first as regards trade, and secondly as regards development.

Trade

By the end of the transition period the products of the overseas countries and territories will enter the Community on equal terms with those of member states. For their part, the associated countries and territories will extend to all the Community countries whatever special concessions they apply to the Community country with which they are linked.

Association will thus open new markets to many of the products of the overseas countries and territories, in particular those which have by now reached saturation point in the market of their parent country. At the same time, the overseas countries and territories will obtain certain Community goods at lower consumer prices, owing to the extension to all the six countries of their preference arrangements. This arrangement will suit them better than a full reduction of tariffs, both in order to protect local industry, and because much of their revenue is at present derived from customs duties.

Development

But a radical improvement of living standards demands industrialization, plus the amenities that go with it. This will be partly aided by easier access to Community-produced goods; but the major stimulus will come from a special Development Fund, which is intended to supplement, not to replace, existing investment plans. To this Fund a total of $ 581·25 million will be contributed during the first five years, Germany and France each contributing $ 200 million, Belgium and Holland $ 70 million each, Italy $ 40 million, and Luxembourg $ 1·25 million. The Fund is to be allocated as follows to the countries and territories that have special relations with the following states: France $ 511·25 million, the Netherlands $ 35 million, Belgium $ 30 million, Italy $ 5 million. Although in itself it will obviously not cover the whole field, experience shows that the existence of such funds tends to stimulate and attract further capital. Indirectly, it opens enormous vistas for rapid economic advance, without the taint of colonialism.

The first step - trade

On January 1, 1959, the products of the overseas countries and territories benefited from the same tariff cuts and quota enlargements as those applied among the six nations, while the overseas countries and territories themselves made their first tariff reductions, while they extended to all the Community countries, and enlarged, the quotas which they themselves open to imports from those Community countries with which they are particularly linked. In practice, this latter provision affected only the countries and territories associated with France. At the same time, the overseas countries and territories retained the right to impose revenue duties: these are not in fact discriminatory since they apply to imports from all the Community's member states.

In addition to these trade measures, the European Commission is also at work on the gradual abolition of national discrimination in the rules that govern persons and firms wishing to set up business in the overseas countries and territories.

The Development Fund - first projects

The Community's most immediate practical contribution to the development of the overseas countries and territories is through the overseas Development Fund. For the year 1958, $ 38,750,000 of its resources were earmarked for social investments, and $ 19,375,000 for economic investments. Aid for "social" projects, such as hospitals, schools, etc., may be approved directly by the European Commission: that for strictly "economic" projects requires approval by the Community's Council of Ministers on the European Commission's proposal.

By January 31, 1959, 91 investments projects, requiring a total of some $ 25,386,000, had been submited for examination by the European Commission, and were being studied by its experts, both in Europe and on the spot. At the end of February, 1959, the Commission approved the financing of four social investment projects in the Belgian Congo, for medical and building work, as well as a regional development plan in Ruanda Urundi, at a total cost of $ 2,534,000. At the same time, it recommended for approval by the Council of Ministers three economic investment projects in Ruanda Urundi, for road-building and tea-planting, at a total cost of $ 926,000. By the end of October, 1959, a total of 49 projects had been approved, at a cost of some $ 28,410,250.

The wider implications

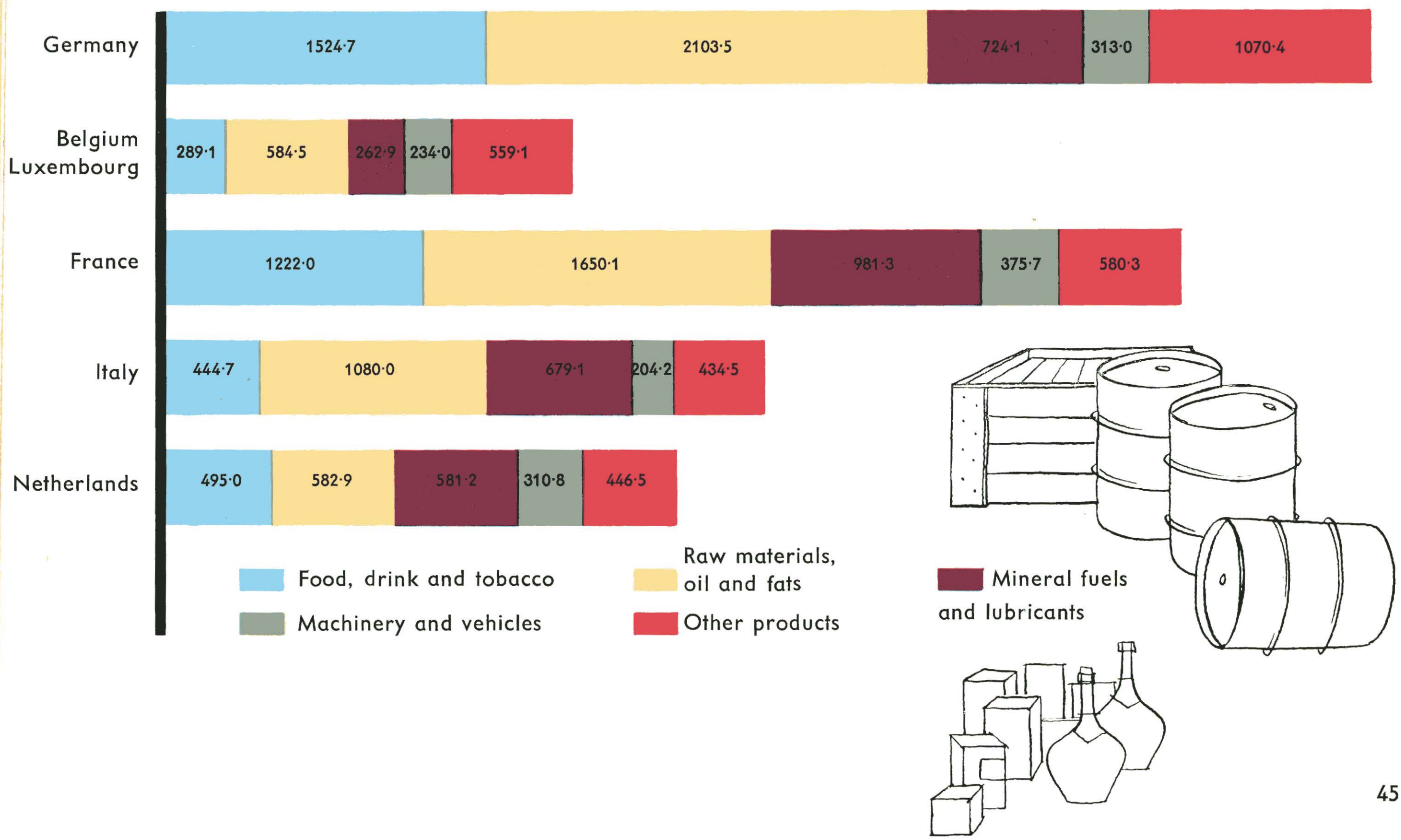
The use of the overseas Development Fund may be expected to bring with it vital technical assistance; but in the longer term one of the greatest necessities in the overseas countries and territories is for accurate and comprehensive knowledge of their precise needs. The European Commission's surveys can only be really effective if they are supplemented by first-hand knowledge and contact; and for this reason, it has already embarked upon two-way visits and study tours.

In the same way, the European Commission is working in close collaboration not only with existing research institutes, but also with the various relevant agencies, both national and governmental; for in the last resort, the problems of the Community and of the overseas countries and territories cannot be tackled in isolation, but must be dealt with in the context of economic development in the world as a whole.

THE COMMUNITY AND THE WORLD

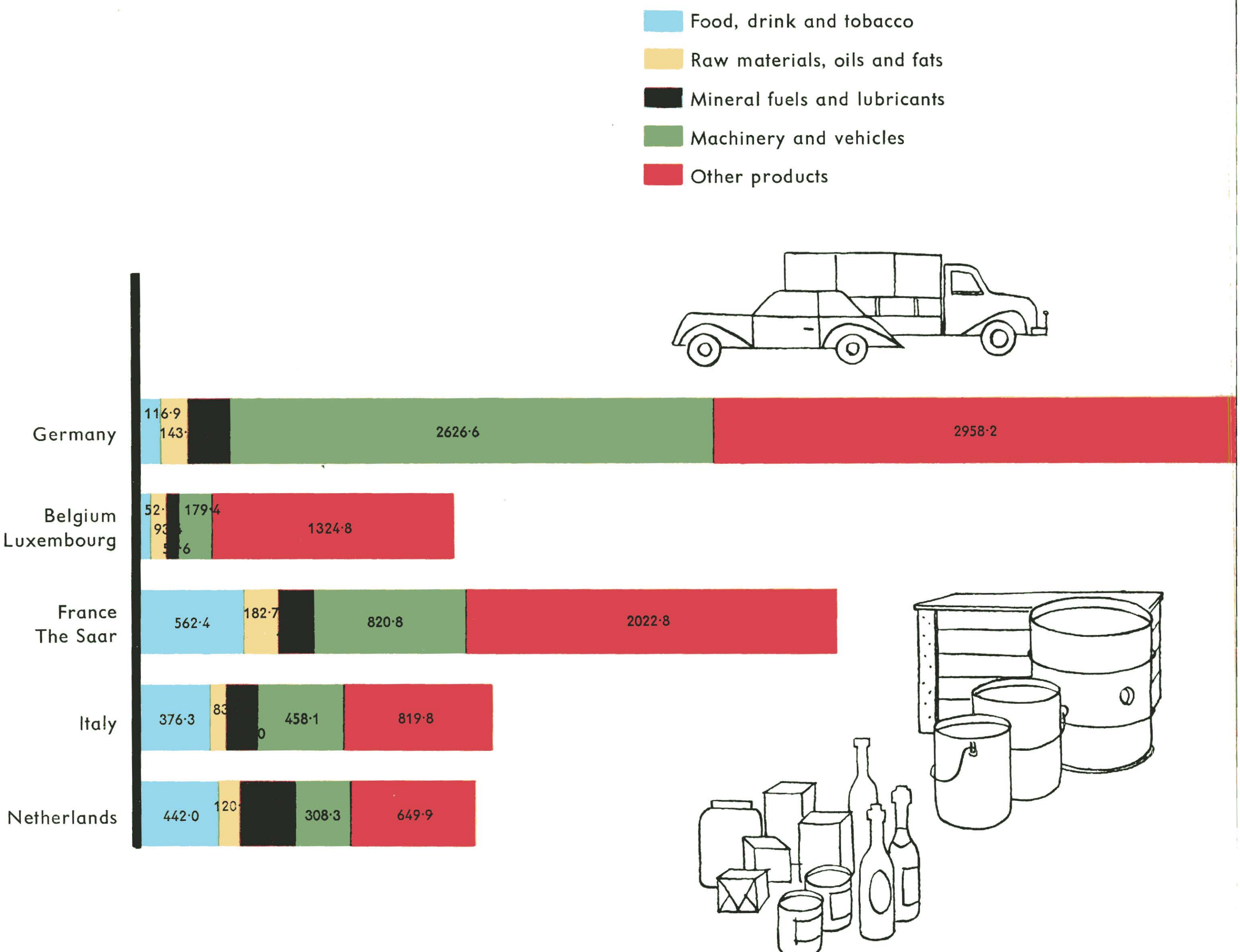
The European Community is a world power with world responsibilities. It depends on its trading partners for raw materials and markets, and they in turn depend upon it in varying degrees. The following tables show the broad pattern of the Community's world trade:

Community imports by groups of products
(1957) in millions of dollars

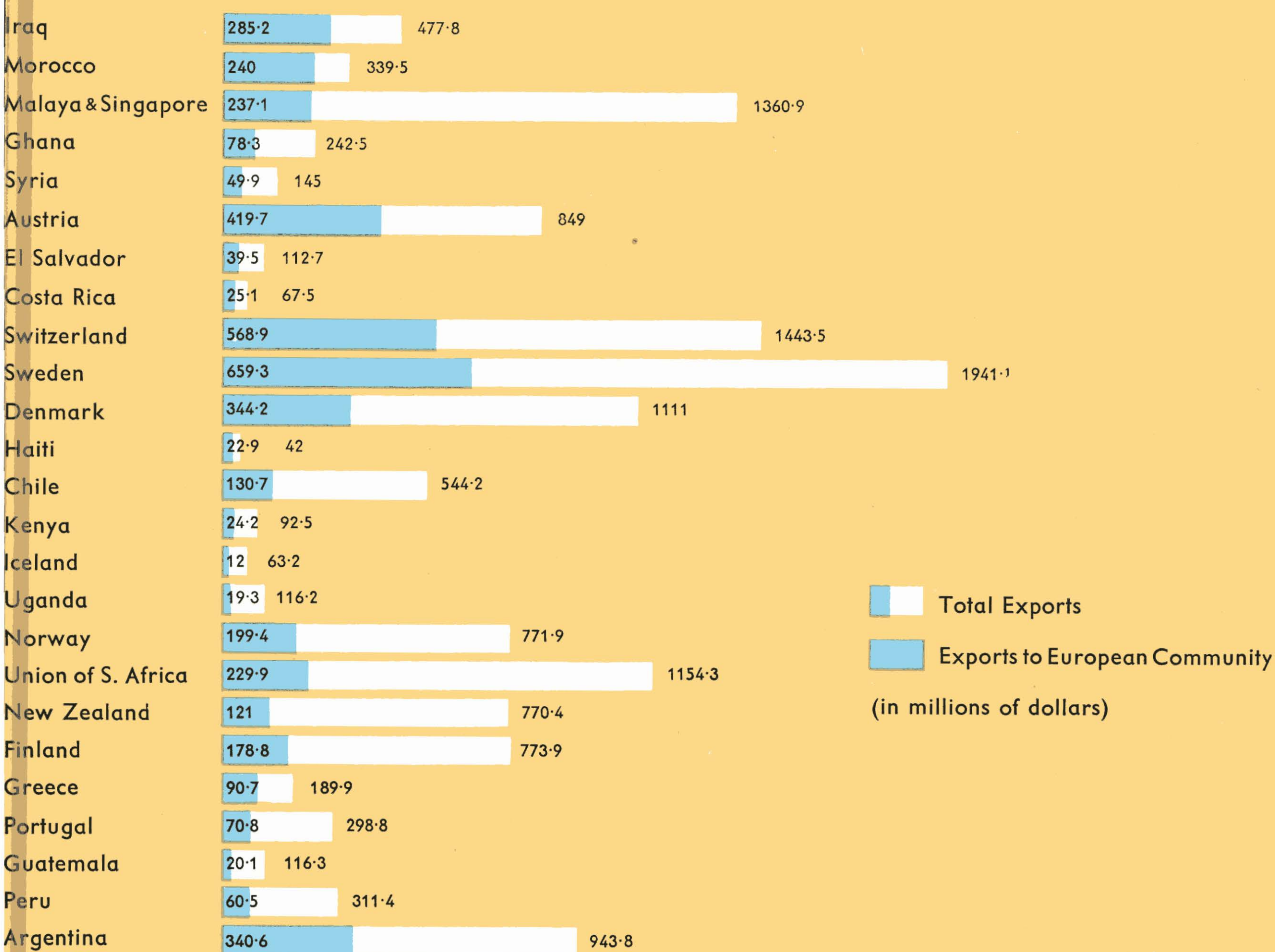


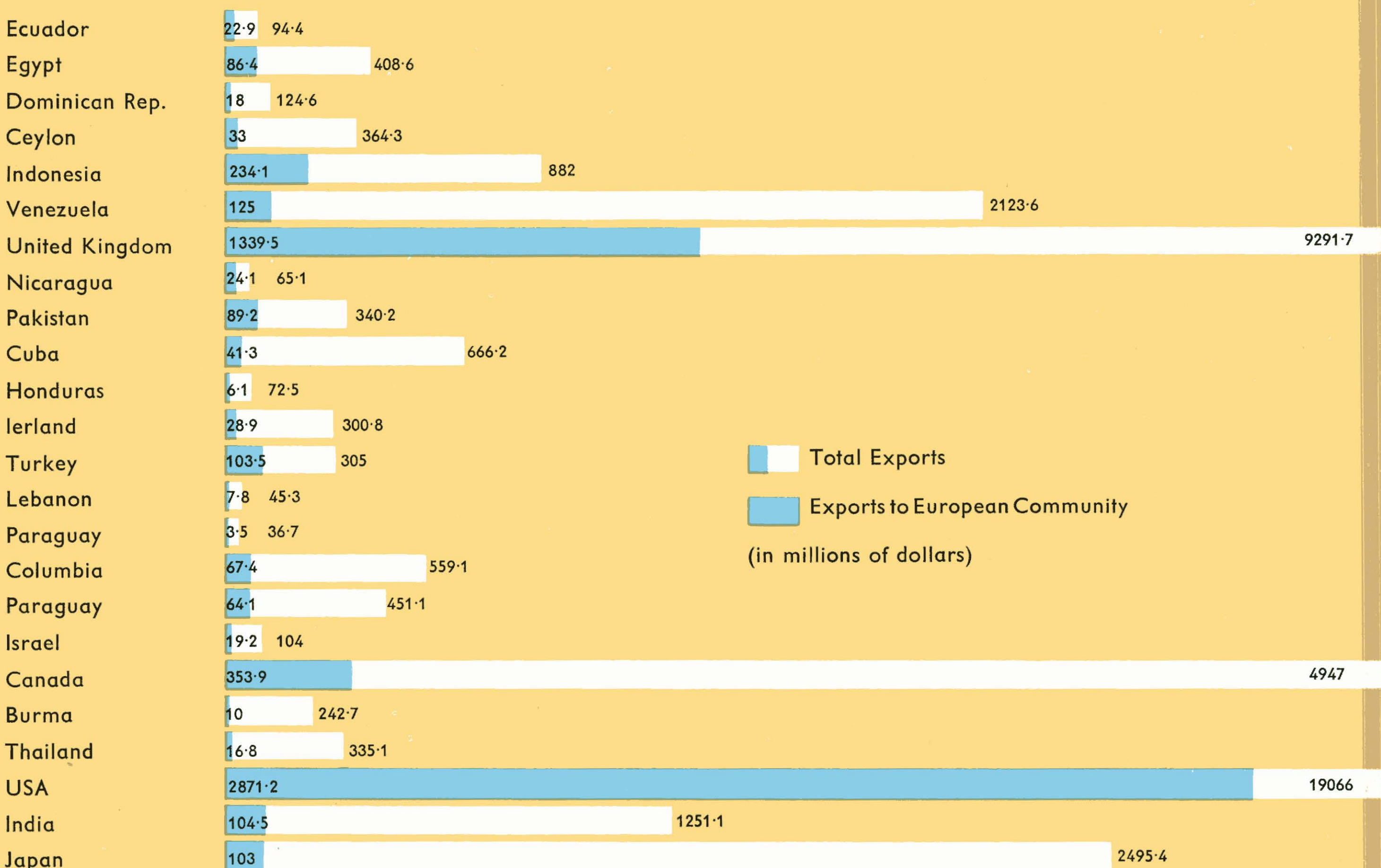
Community exports by groups of products

(1957) in millions of dollars



THE EUROPEAN COMMUNITY – A WORLD MARKET




Ecuador 22·9 94·4
Egypt 86·4 408·6
Dominican Rep. 18 124·6
Ceylon 33 364·3
Indonesia 234·1 882
Venezuela 125 2123·6
United Kingdom 1339·5 9291·7
Nicaragua 24·1 65·1
Pakistan 89·2 340·2
Cuba 41·3 666·2
Honduras 6·1 72·5
Ierland 28·9 300·8
Turkey 103·5 305
Lebanon 7·8 45·3
Paraguay 3·5 36·7
Columbia 67·4 559·1
Paraguay 64·1 451·1
Israel 19·2 104
Canada 353·9 4947
Burma 10 242·7
Thailand 16·8 335·1
USA 2871·2 19066
India 104·5 1251·1
Japan 103 2495·4
Total Exports
Exports to European Community
(in millions of dollars)

World trade

Clearly, the setting-up of the Common Market is not just a matter that concerns its member countries only or the six countries and the associated countries and territories overseas. It is a matter that will have repercussions throughout the whole world, acting as a spur not only to greater unity in Europe but also to the expansion and liberalization of world trade.

The fact that the Community is limited to six members is partly a product of historical circumstances, and certainly not the intention of those who established it. Any European country may apply for membership; and with those countries which are not ready to accept the conditions of membership, the Community seeks to promote the closest possible forms of association, varying as necessary according to each country's needs.

A liberal Treaty

The Common Market Treaty fully conforms to international law in trade matters as established by such organizations as the GATT (General Agreement on Tariffs and Trade), which considers customs unions as a factor of economic expansion. Moreover, it is not a protectionist Treaty.

In the first place, its application will mean the removal of trade barriers over some 1,700 miles of frontiers within the six-nation area, and the exposure to competition of many hitherto protected industries, leading them to modernize and increase productivity, and making them better able to dispense with protection against competition from the rest of the world.

Secondly, the Community's common external tariff, to be applied in full at the end of the transition period, is based on the arithmetical average of existing tariffs applied by the member states. Under the rules of GATT, it is not allowed to increase the Community's protection: in fact, it will substantially reduce it. It will represent a tariff increase only for the 20 million inhabitants of the Benelux countries, and a decrease for the 90 million French and Italian consumers.

Furthermore, even the common tariff is not the final word. The Treaty specifically lays down that it is a point of departure for tariff negotiations with the Community's trading partners, and it is clear that a large economic area with a common tariff stands a better chance of bargaining for mutual tariff reductions than would its separate member states individually.

Finally, on the question of quantitative restrictions, the Treaty unequivocally declares that the Community's member states will apply as liberal a policy as their balance of payments permits. As the operation of the Common Market increases their prosperity, this is likely to become progressively easier.

Special problems - in the world

In the longer term, the Common Market will work to the advantage not only of its own member states, but also of its neighbours and trading partners. But in the short term and for particular products, there may be problems for non-member countries. Some of them may face stiffer competition inside the Common Market, either from Community producers themselves, or from producers in the overseas countries and territories. The Community itself is also likely to become a stronger competitor in world expert markets as the Common Market develops. It cannot and will not ignore any real difficulties that arise, and is ready to consider them with its partners.

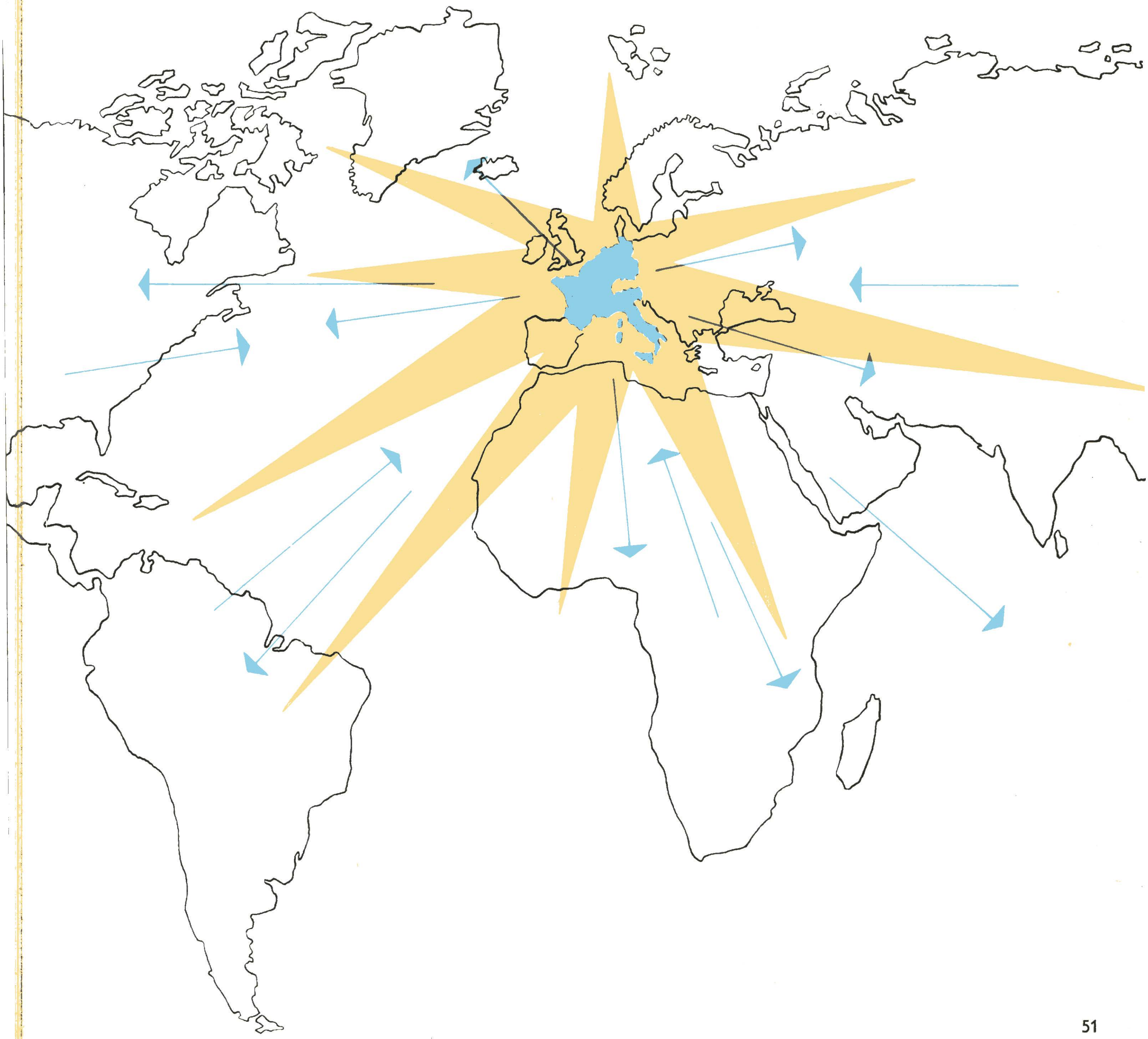
The Common Market Treaty was submitted to the Contracting Parties GATT (the General Agreement on Tariffs and Trade) in April 17, 1957. Since then the European Commission has held continuing discussions with GATT members, particularly on the subject of tea, coffee, cocoa, sugar, tobacco, and bananas. In helping to co-ordinate the Community's trade policy, the European Community has declared that it will take special account of the problems of raw materials producers. Finally, it has particularly declared its support for the proposals for tariff disarmament made by Mr. C. Douglas Dillon, United States Under-Secretary of State for Economic Affairs. It has also gone on record as urging that the United States, the British Commonwealth, and the European Community should co-operate more closely in facing their joint world responsibilities.

Special problems - in Europe

All the Community countries are also members of the Organization for European Economic Cooperation (OEEC) which groups 17 European nations in a broader and much looser framework than that of the European Community. On February 14, 1957, six weeks before the Common Market Treaty was finally signed, the Council of OEEC decided to open negotiations to associate other OEEC members with the Common Market of the six, by means of a Free Trade Area. A Free Trade Area, as defined in the rules of GATT, is similar to a customs union, but without a common external tariff, and lacking many of the other features found to be necessary in the Common Market in the fields of monetary, commercial, agricultural, and transport policy, and in rules of free competition, etc. To combine such a system with the Common Market therefore presented many difficulties; and on November 17, 1958, the Free Trade Area talks were finally suspended. However, on December 3, 1958, the Community decided on measures to cushion the effects on its trading partners of the first tariff cuts and quota enlargements made on the way to the full Common Market on January 1, 1959. On November 24, 1959, the Community decided on similar measures with regard to the further reductions of internal trade barriers due on January 1, 1960, and July 1, 1960. These measures have the effect of extending the major part of such reductions to the other members of GATT.

Meanwhile, exploratory talks have begun with Greece and Turkey following their requests for association with the Common Market.

In addition, the Common Market countries have declared their readiness to negotiate forms of economic association with independent countries of the franc area (e.g. Tunisia and Morocco), with the Kingdom of Lybia, with Somalia (after it passes from Italian Trusteeship) and, at the request of the Netherlands, with Surinam and the Dutch Antilles.



Official links with the rest of the world

The European Community as a whole—the Common Market, the Coal and Steel Community, and Euratom — already maintains many and varied official links with the rest of the world. Growing numbers of diplomatic representatives are being accredited to the Coal and Steel Community, to Euratom, and to the Common Market.

The Community also maintains regular contacts with the Council of Europe, the International Labour Office, and the United Nations Organization, together with its regional and specialized bodies.

LOOKING TO THE FUTURE

Today, European unity is still being built. In less than twenty years' time it will be close to full realization, and the face of Europe will have been transformed. Those who are children today will be grown up, in a world of new hopes and new prospects. Automobiles and aircraft will make those of today look old-fashioned. Peaceful atomic power stations will guarantee the world's energy supplies: new processes and new materials will have changed some of the everyday things of life.

The European Community is an effort to face that future now.

- Where today small national markets shelter behind protective barrriers, the barriers will be down, the markets merged into one vast Common Market, of by then — it is estimated — 175 million consumers.
- Where today money movements — and tourists' currency allowances — are subject to various restrictions, capital will flow freely throughout the whole Community.
- Where today businessman and workers often cannot settle outside their own country, or are subject to special restrictions if they do so, all such handicaps will have been abolished.

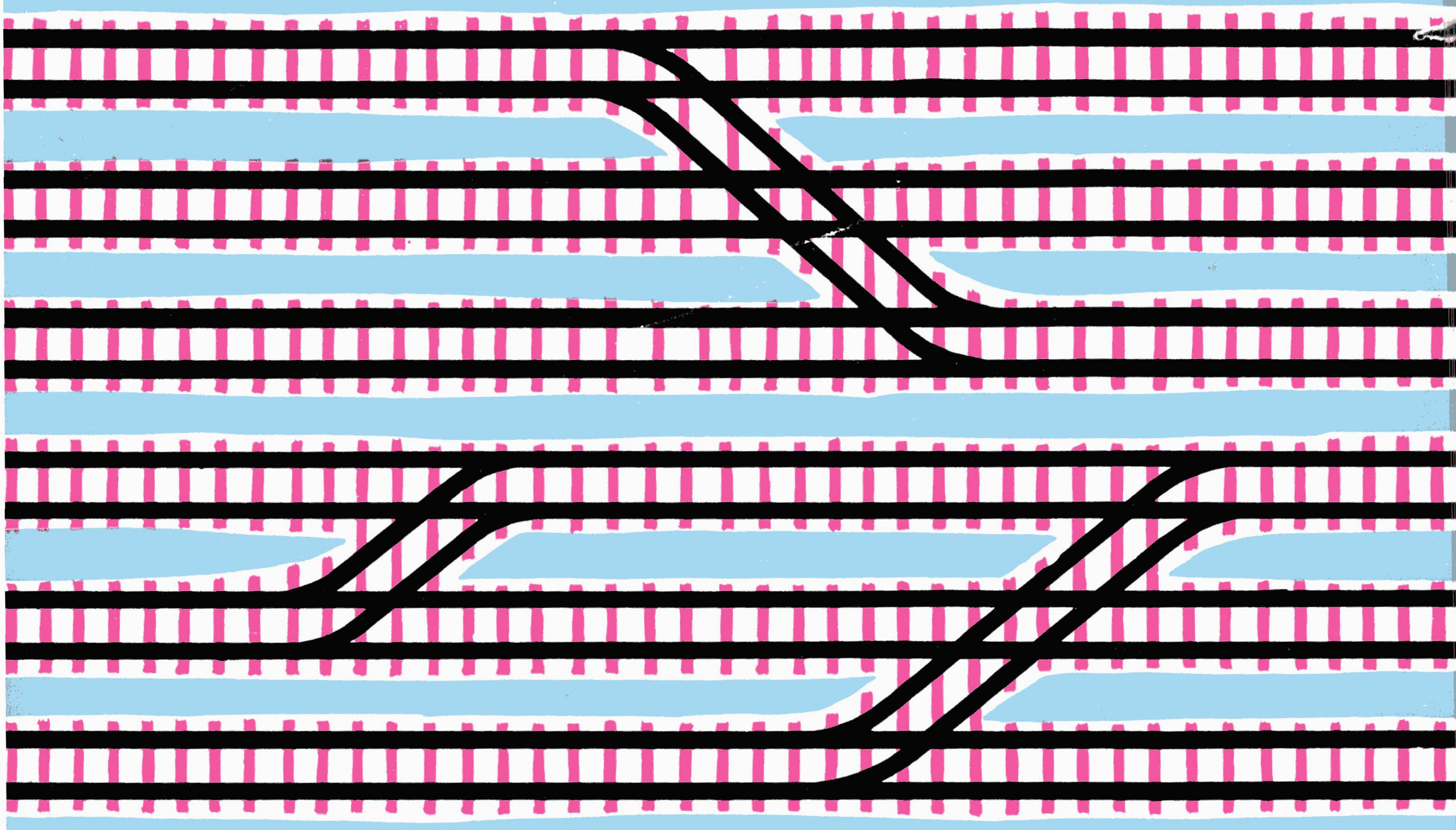
Economically speaking, the European Community will be a single federation of states.

Within the borders of the Six nations and perhaps over an even wider area, the Community will have brought a new freedom and a new prosperity to what used to be called the Old World. By showing that nations long divided by wars can work together in peace, it will have brought hope and confidence to the generations of the future.

For further information

The European Community maintains its own official Information Offices at the following addresses:

BELGIUM	Common Market Headquarters, 23, Avenue de la Joyeuse Entrée, BRUSSELS. Tel.: 35.00.40.
	Euratom Headquarters, 51-53, Rue Belliard, BRUSSELS. Tel.: 13.40.90.
FRANCE	Bureau d'Information des Communautés Européennes, 61-63 rue des Belles Feuilles, PARIS (16e). Tel.: KLE 53.26.
GERMANY (F.R.)	Informationsbüro der Europäischen Gemeinschaften, BONN, Zitelmanstrasse, 11. Tel.: 26041.
ITALY	Ufficio Stampa e Informazione delle Comunità Europee, 36, Piazza della Torretta, ROME. Tel.: 68.81.82/67.06.96.
LUXEMBOURG	Coal and Steel Community Headquarters, 18, Rue Aldringer, LUXEMBOURG. Tel.: 292.41.
NETHERLANDS	Voorlichtingsdienst van de Europese Gemeenschappen. Mauritskade, 39, THE HAGUE. Tel.: 18.48.15.
UNITED KINGDOM	The Press and Information Office, Delegation in the U. K. of the High Authority, European Coal and Steel Community, 23, Chesham Street, LONDON S. W. 1. Tel.: SLOane 0456/0457/0458.
UNITED STATES	Information Service of the European Coal and Steel Community, 220, Southern Building, WASHINGTON 5. D. C. Tel.: NAtional 8. 7067.



EUROPEAN COMMUNITY INFORMATION SERVICE