

WESTERN EUROPEAN INTEGRATION

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Speaking about western European Integration after the Second World War one has to keep in mind the situation in Europe after 1945. Western Europe in the great part was physically destroyed, Material damage to the common of such countries as France, Italy, Germany and Belgium was enormous.

Secondly there was a great sense of helplessness, not only from the economic standpoint but also from political-military standpoint. There was, of course, a fear in very many quarters of the Soviet Union which by 1947-49 began to extend the communist regime to the eastern Europe.

There was also realization that to reconstruct economically Europe it has to be done by a common effort. Why by a common effort? I could mention it in the following points:

It has to be done by a common effort because of the realization of the following factors became very popular.

1. Modern economy altogether needs large markets and this cannot be denied by any economist.

2. Implementation, application of modern technology needs great amount of capital. Certainly a small country or poor country very simply physically can not get hold of the modern technology and apply it. Particularly at that time, very great hopes were being placed on the atom used for progress, for development, for industrial development. Atomic energy as always known and as it was very well realized needs again tremendous amount of capital. Certainly particular countries, small countries, as it was the case in Europe at this time could not even dream to engage in research and implementation of atomic energy for peaceful purposes.

Next, nationalism in the political as well as economic sense was very much discredited in Europe by the end of the War. Nationalism

were held responsible for the outbreak of the Second World War. Nationalism became unpopular in the years 1946 - 47, and 48. Great Pressure from below was being exercised: «we do not want to stick any more to particular national interests, we must organize Europe, Western Europe as an entity, not only economic entity, but also political entity.»

Then the policy or pressures by two great super powers had also played a certain role. On one hand the Soviet Union. By 1947 the Soviet Union began a process of economic integration of Eastern Europe, so-called Council of Mutual Economic Assistance, usually called Comecon was created. This initiative of the Soviet Union was not met with great opposition in many countries; on the contrary, by many people the effort of the Soviet Union was viewed economically as a sensible, positive method. People realized that there is necessarily no negative aspects in this effort to bring together great area within one economic plan. And again the public opinion in the western part of Europe raised the point: «We should do the same. Because politics, apart economically speaking again, integration will bring higher standard of living, greater stability in our own free area».

American policy also contributed to a great extent. As we remember by 1947, American Government embarked upon one of the greatest initiative in modern history, mainly reconstruction, economic reconstruction of western Europe and usage of American resources, material resources to bring higher standard of living, greater economic stability in other areas of the world. In september, 1947 the Marshall Plan officially entered the scene of History. As we know as a result of American material help and this help continues, by the way, today, tremendous amount of money was spread all over the world, 125 billion dollars until today were spent on medical help to other nations. A few months after the Marshall Plan was announced, point four program was announced, mainly raising the standard of living, bringing stability, economic stability in Asia as well as in Africa. So when the public opinion in western Europe raised the voice: «We should proceed towards economic integration», American Policy responded very positively, very favourably. We are going to support those efforts not only politically, but also economically, because the stand was taken in Washington, in the Ame-

rican Government such a policy of Economic Integration can not bring but only good results.

So as a result of objectively existing conditions of the public opinion and the pressure exercised from the Soviet Policy in Eastern Europe, American Policy coming from the United States very important steps were taken by the Governments of Western Europe. The first initiative came in 1950 and it concerns the so-called Coal-and-Steel community. It is extremely interesting initiative, what happend was the following.

In Western Europe, the most important resources of coal ores and the production of steel happens to be as a matter of fact for generations in a relatively small area, between Germany, France, and Belgium. It was this area which for several generations would produce coal, steel and distributed all over Europe. As we know modern war cannot be waged without steel. You must have steel. Secondly, one cannot industrialized the country without access to steel. Consequently, the first initiative was how to handle this problem; for military security and for economic industrial progress. And it was decided as a result of inter-govermental agreement that those countries which contributed to the production and distribution of steel will renounce their authority over their own resources. As a result in 1950 the coal and steel community was brought into life. It is an organization which consists of the member states; Germany, Belgium, France, Holland, Luxemburg. The representatives were sent by the government. They formed the so-called high-authority. Once this form was organized however, the local parliaments passed the law that this high authority becomes a sovereign organization in its own right. Consequently, sovereignty of particular countries in this particular field were eliminated. As of today one could say we have in western Europe a new power, sovereign power mainly research, production, distribution and policy concerning coal and steel resources under the authority of the high authority. This organization became very successful, its emergence, to a very great extend was due to great statesmanships of the French and of the Germans. Dr. Adenaur was a great supporter of this idea as well as Monet and Schuman in France and other great statesmen. This organization, coal and steel community eventually after several years

became incorporated into another organization which was to appear a few years later.

The second organization which was created represents probably one of the most courageous, imaginative efforts in all modern history of Europe. I am referring to the Common Market. It was set out in 1959, as we see eight years later than coal and steel community, as a result of a great success of this coal and steel organization. This organization was set up by France, Germany, Italy, Belgium, Holland, and Luxemburg. By six countries. It represents an inter-governmental agreement; And we see here immediately the difference. While coal and steel community, once set up, became an independent body, a sovereign body. Common Market did not have this form. It was restricted with intergovernmental agreements, with specific groups.

The most important goals were as follows:

- Creation of one economic unit out of these countries.
- Second, elimination of all tariffs, of any nature, between their member states.
- Next, establishment of one common tariff between that economic area and outside the world.
- Establishment by law which has to be adopted by the particular national parliament of a free flow of capital, goods, and labor within those six countries.
- Then, adoption by the particular parliaments of one common set of laws which will deal with industrial, agricultural, trade and labor policy and practice.

This ambitious plan which I repeat the most courageous in the history of the western Europe was to be implemented during the period of twelve to fifteen years, which means from 1959 until 1970 - 1973. And by stages, unification was to be brought about. Frankly speaking, I remember studying the press at that time, particularly French and the German press, scepticism was being shown, which means although most prominent statesmen and economists did agree that this plan has a great future, very few believed that it will be possible to implement it in such short period of time.

Second, those stages were set in such a way that in the first more or less eight years all decisions were to be taken by unanimity. Every country has to agree on whatever decision they take. After a certain period of time, as a matter of fact we are approaching this period of time, because this falls exactly in 1966-67, majority had to be required, which means no more veto power by particular state. Once all those legislative stages implemented, this organization was to be such a permanent, taken away from the decision of particular governments and particular parliaments.

Approximately seven years after the organization was set up, which means by more or less 1965, the success of the common market became unprecedented in the human history never in such a short period of time. No economy in the world in any area, in any country, at any time of history made such a success, such a progress as the common market made. The standard of living in those six countries is higher than at any moment in their history. To give you one example, in the last five or six years, rather five years overall production in those six countries increased by hundred fifty percent. What happened was that eliminating internal tariffs, completely free competition, unprotected by the government, so to say promoted the welfare in those countries. Germany, let us say, can set any kind of enterprises in France or Italy. Any Italian worker, as of now, eight years after the setting of the common market, any worker from Italy and France can go and work without any passport or other regulations, in any other area. All the operations were on a purely individual basis, free initiative, free trade, free enterprise, what usually is called «capitalistic» type of economy. And this modern capitalism unrestrained by regulations, by tariffs by protective measures etc... brought fantastic results of progress all over Western Europe. It came to such a point that in French and German press there is no doubt any more; all goals will be achieved before fifteen years, this means that the success is much greater than the most optimistic leaders speculated in 1958. However we still are at the stage where unanimity in all decisions is required. We need more or less one year when no country will be able to impose its veto to the decision by the majority. We approach this point which now brought a kind of a crisis that is going to be mentioned below.

The difficulty which common market is facing today concerns Great Britain; In 1958 when the Common Market was created the

Great Britain was invited to enter it, as Islands not as a Commonwealth. But we know, Great Britain, it is true, is a European power, but Great Britain is also something else. Great Britain represents also the Commonwealth and the reminence of an Empire, very meager reminence, Great Britain still posseses territories, areas which are not members of the commonwealth held still particular states. Now, as a head of the Commonwealth, London refused the entrance on a basis which objectively speaking from the English standpoint were valid. Mainly, Great Britain has very specific, very definite commitments, and obligations concerning the members of the Commonwealth, mostly of economic nature. Most of them concerned, by the way, tariffs. As we know they have special system of tariffs which are advantageous to the members of the Commonwealth. Great Britain argued; «Although we would like to enter the Common Market, once we keep to get together, we cannot enter as Great Britain without the permission, the agreement and releasing our own commitments towards our own members of the Commonwealth. The problem could not be solved and as a result Great Britain refused to enter the Common Market. However since the prospects for the Common Market were very good, Great Britain undertook a simillar initiative, namely, Great Britain organized with five European countries which, one could say traditionally were tied up rather to the British, not so much to French. policies. They were Sweden, Norway, Denmark, Austria, and Switzerland. And together with these five countries, eventually Finland became an associated member, Great Britain set what it is called European Free Trade Association. It was an organization which following the general pattern of the Common Market set much more modest goals. The most important goals were the reduction, not elimination, of the tariffs between those six countries. In each case the unanimity, which means every government has the right of veto, establishment of the common tariff with the outside world, with each country, however having its own veto allowed to impose an exception. And this was the most important goal of the free area of association. Great Britain argued: «We cannot enter into any economic international agreement in which we would be deprived of the veto right. And always the same problem, by nature of our Commonwealth we cannot enter into such an agreement, because we may be faced with the position that any member of the Commonwealth will present his own objection. We cannot commit ourselves a priori to any organi-

tion». Consequently, as much as very many British Statesmen saw a good future in the Common Market, they argued: «The only thing we can do, since idea is good, we will frame our own organization patronized by ourselves, but it must be a much looser organization than the common market».

European Free Trade Association did not prove successful. Contradicting interests between those countries, fear of many countries of the British predomination in the industry resulted that the free trade area association did not bring great results. As a result two years ago the British Government approached the Common Market: «Now, we do want to enter the Common Market, however although revising certain of the British objections, still maintaining that we cannot release our obligations towards our commonwealth.» Of course, Great Britain cannot exist without the Commonwealth. British, without Commonwealth is unthinkable. And now the crisis emerged. I do not want to enter into details. Five members of the Common Market from the very beginning were favourable to the British initiative, arguing: «We must make acception, we must recognize the particular character of the Great Britain, we must find a formula, in which British economy will be incorporated into European economy. We think however Great Britain with a margin of decision concerning her obligations towards the Common Market. France presented her Veto. And remeber, we are at the stage where a member country has the right to object any decision taken in the Common Market.

General De Gaulle's view can be accepted on two basis:

1. If we accept England which has such close connections with tremendous and great area all over the world, the Common Market may loose its European character and this may work against our interests.

2. Europe, true Europe means strictly Western Europe. Because of the character of the British Commonwealth, we cannot avoid this fact by nature. Those objections cannot be overcome and the solutions would be extremely difficult.

He holds that the Great Britain is not yet ripe to enter the Common Market. And the Common Market, «we are not yet ripe to accept the Great Britain.» Not refusing the final admission. The

French Government, as to the present, holds the position that: «We still have to wait». Since in the Common Market unanimity is still valid, the other five members took the attitude: «we have no other solution.» The problem is either dissolution of the Common Market or the refusal of the Great Britain now. The French position is very strong and inflexible or waiting for the negotiations to take place to incorporate the British Government in the Common Market.

The other members of the Free Trade Association, to my knowledge, in this respect I may be in error, all of them are of the view that they want to enter the Common Market. But by their own obligations towards European Free Trade Association, they do not want to do it individually, they still want to be sure that all of them will be incorporated into the Common Market. What will happen in the future? We do not know. Apparently there is a possibility that the Common Market will be extended and this will mean that instead of six countries at least twelve countries will be incorporated into the Economic integration of Western Europe.

Eventually, Common Market was taken by another surprise. The first great surprise was the success. Nobody expected such a surprise. What hapened next is concerned with the Eastern European Economic Integration. As I mentioned already in 1947 the Soviet Union and seven Countries of eastern Europe under the communist control, the so-called Socialized bloc embarked upon economic integration. Until more or less 1956 - 57 a particular form of integration was practiced, mainly, the pattern which was followed in every country was the same as introduced in the Soviet Union by Stalin in 1928 with the first declaration, which means we remember the attitude was called socialism in one country, mainly building Russia as a strong industrial power, with emphasis on heavy industry, even at the expense of other economic sectors. Most important, of course, agriculture, standart of living, production of producers' goods, etc...

The same policy was introduced in the Commecon since 1947. Each country embarked upon a program of industrialization at any cost, even at the cost of great sacrifices concerning the living standarts of the generation. In the meantime, however, as we know what happens. Stalin died in 1953. Rival power took place. Eventually by 1956 - 57 Khrushof emerged, not only as the secretary general of

the Communist Party, but also the prime minister of the Russia. And by 1957, all goals of the Common Market were largely discussed, argued by the great economists in the West. In 1958 Common Market were set. Successful almost from the first mark, from the first year. What happened by more or less in 1957 - 58, Khrushchov reorganized the Comecon. The Present policy of the Comecon to a great extent is the imitation of the practices and policies of the Common Market. Mainly, the So-Called socialized division of labor is the policy of the Common Market today, as contrary to building socialism in each country which means quick, fast industrialization. Today, on the Comecon the principle that adopted is that let every country produce for which it is fit, by its tradition, by its know-how, by its national resources. And then integration of the economies of particular countries on the basis of economic rationality, not so much political motivations. The practices which are adopted now in the comecon, I repeat without going into details, to a great extend imitate the Common Market. Greater initiative for managers, private initiatives, competition between industry, greater and greater release of the centralised government control, etc... More and more particular members of the Comecon bloc show their willingness to establish on purely basis of the Characteristics of the Common Market economic international relations. Export-import policy, policies concerning the production, distribution, etc... What was unexpected by western Europe was that the success also effected the Eastern European Integration. And this probably was one of the greatest surprise of the founders of Common Market.

The next integration movement seen in the Western Europe is the military integration on which we are not going to speak.

The other integration is the political integration, the least successful integration. What happens in Western Europe is this. While nationalism, traditionally nationalism was weak, discredited in the first years of the second War, apparently with growing self-reliance, higher standart of living, sense of security, the greater vival of nationalism is taking place. What happens is this: the so-called Council of Europe and the Parliament of Europe were created. This organization consists of two levels. First, we have parliament of Europe, sitting in Strazbourg, it consists of the representatives of the local parliaments, elected by the local parliaments. It means particular countries, as a matter of fact, most of Europe belongs to the

Council of Europe, Now those representatives are being sent according to the population, according political potential, etc... sit together and they have right by majority to make recommendations, by majority of the board. However, this parliament of Europe reflects not only the opinion of the national parliaments, instead reflects the opinion of the particular political parties in each country. Why? Because, those representatives are elected by the local parliaments, in which political parties, of course, whatever parties exists in the particular stands have very much to say consequently.

The first difficulty that the Parliament of Europe faces, as of today, is a rather incoherent one. In that many areas while they vote, make recommendations, they are led not only by national opinion, they are led by particular party programs, political, economic, ideological to which those representatives belong.

The second level of this organization is the Council of Europe. It consists purely of the foreign ministers of the members or authorized representatives of the Government.

The recommendations as agreed upon by majority by the Parliament of Europe had to go to the Council of Europe for implementation. But only the Council of Europe can make the final decision. However, in the Council of Europe unanimity has to prevail, not majority, which means that all national sovereignty on this level strictly maintained. As of now the result is in no single important case any decision has been made. Recommendations were many, in many cases extremely courageous, when it comes to the Council of Europe always some country rejects it. You cannot make any decision, binding all countries unanimously. As a result, as far as I am concerned, the prospects are good. This organization does exists There are no voice of solution, but I speak now as a teacher, I know no solution, I know no decision was made in the history of the organization for twelve to fifteen years.
