

Raymond Barre, Prospects for European integration after The Hague (14 January 1970)

Caption: On 14 January 1970, Raymond Barre, Vice-President of the European Commission, gives an address to the French Chamber of Industry and Commerce in Brussels in which he calls for the strengthening of the European integration process.

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Outlook for the building of Europe after The Hague

by M. Raymond Barre,
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Now that, after many alarms and excursions, 1969 has ended in an atmosphere of optimism, it seems to me that we should take a hard look at the situation if we do not want the hopes raised by the Summit Conference at The Hague to be followed sooner or later by disillusion. When they agreed on the principle and conditions of the opening of negotiations with the candidate countries, the Heads of State and Government dispelled uncertainty which was weighing heavily on the activity of the Community, There is now no longer any reason or pretext to defer the examination of measures for strengthening the Community, which are in any case required if it is to be enlarged. Since so much eloquence has been expended on the great tasks confronting the Community, I may perhaps be allowed to indulge in an exercise in semantics, confined however to the completion and consolidation of the Community. Such an exercise may be useful in throwing light on the problems, removing certain ambiguities and leading to a correct assessment of the difficulties to be overcome and the efforts to be accomplished.

"Completion" was the objective assigned for 31 December 1969. After a marathon in the best traditions, it was achieved within the stipulated period. The adoption of the definitive financial regulation, the grant to the Community of its own resources and the concomitant increase in the budgetary powers of the European Parliament are undoubtedly decisions of great importance. Does this mean that they ensure the completion of the Common Market? The reply to this question obviously depends on the reference date which one selects. Are we considering the provisions of the Treaty of Rome concerning the transitional period? If so, let us admit then that the completion is only partial, since it applies fully neither to freedom of establishment, to free movement of capital, to the common transport policy, nor to the social policy — to name only the most important fields of Community action.

Even if the concept of completion is restricted to the common agricultural market, the establishment of definitive financing of the common agricultural policy cannot satisfy all requirements, for the provisions on free movement of farm products, Community preference and market support have a meaning and a future only in relation to the agricultural policy which the Community chooses to pursue. In this respect, nothing has yet been completed. The Community has not explicitly settled the problem of the objectives to be achieved in agriculture and the resources to be mobilized for this purpose. It is one thing to recognize that a common industrial market must be completed by a common agricultural market, with the necessary market organizations and financial machinery. It is quite another to determine the place assigned to agriculture in the economic development of the Community, the type of agriculture which should be encouraged to meet the economic conditions and social aspirations of our time, and the actions which need to be undertaken to make farms prosperous and give farmers an adequate income. The free movement of agricultural products and support for surpluses do not solve these problems. The Memorandum which the Commission adopted a year ago at the instigation of my friend Mansholt demonstrates this fact quite clearly. The current discussions on the control of production, which must be sought elsewhere than in physical limitations contrary to the logic of the Common Market, show clearly that a real common agricultural policy still remains to be worked out. Without forgetting the time necessary for transforming agriculture and the caution imposed by the composition of the electorate, it is not impossible to arrive gradually at a better adaptation of production to demand, a more rational price pattern, and more modern farm management. However, the moment has come to recognize that the future of the Community is in the development of its industry, and that powerful and dynamic industry is a prerequisite for a satisfactory solution to the agricultural problem in the Community and the best chance of a prosperity for farmers.

Let us therefore attach to the term "completion" no more than its interest as a convenience; let us on the contrary be aware that the agricultural solidarity of our six countries will have to be safeguarded by a policy whose ends and means must be defined without delay, and that solidarity in other fields should be developed with the same vigour as has been put forth in agriculture.

In this respect it is fortunate that the consolidation, or strengthening, of the Community is now receiving attention. It might indeed have been asked in recent years whether the creation of Europe had not in fact been reduced to a process of elimination of customs duties, together with financial transfers in agriculture. However, the Community countries, in taking this direction, have set up machinery whose smooth running depends on the progress accomplished in other fields, into which one would perhaps rather not have entered. Is this a manifestation of the "cunning of reason" dear to Hegel? It is in any case significant that, in the very year when the customs union was achieved and the common agricultural market almost completely established, economic and monetary difficulties clearly demonstrated that what had been built was in risk of collapsing if in future Community economic and monetary policies remained divergent. The lesson of facts, a lesson too clear to be ignored, was drawn at The Hague. The decision to prepare a plan in stages to arrive at an economic and monetary union proves this and gives the consolidation of the Community its meaning.

It is now time to act. The experience I have had for several months of the gap between declarations of principle and practical achievements naturally predisposes me to moderate judgments. How often I have been told that the proposals for economic concertation and monetary co-operation I had made were too prudent and that I ought to have gone further! Why then are we so reluctant to be prudent? Unless the proposals are less innocent than has been said ...

Even if we congratulate ourselves that a greater political will is about to be exercised, we should not have any romantic illusions and should realize what the gradual creation of the economic and monetary union involves.

It demands first of all a real change of heart and mind. So far the Community, profiting by an international movement towards free trade, has sought to eliminate tariff quotas and duties.

In agriculture, economic interests and certain political considerations have played their part; in both cases the advantages were tangible in the short term. We now have to build up a coherent economic, financial, industrial and monetary system, i.e. to harmonize the national policies gradually in order finally to arrive at common policies. However, our six countries have structures which differ, interests which are not naturally convergent, and economic and social priorities which are not identical. It is not realistic to think that federal structures permitting financial equalization in the Community could be established rapidly. The only possibility at the moment is for the Member States to accept and adhere to common rules to make possible a convergence of economic policies and the launching of common actions to reduce the structural differences between member countries. In other words, the Member States must agree to adapt their policies to the Community objectives and rules. This cannot be done without efforts, or at times, without sacrifices. Thus the will of the States must be founded on an adhesion of public opinion with a little more binding force than replies to polls.

To judge the scale of the task, we must also take into account certain considerations of internal and international nature.

At internal level, the partisans of European unification put forward well-known and hardly disputable arguments concerning the economic advantages of integration. However, it should be noted that in the contemporary world nations can enjoy satisfactory economic development and social progress if they know how to take advantage of free trade and international specialization by means of active investment and innovation policies and technical co-operation agreements with other countries. Switzerland and Sweden are examples. The temptation thus exists to compare the respective advantages of integration and co-operation and to choose the second way in order to safeguard greater freedom of action. The country making such a choice is not necessarily condemned to mediocrity, provided it imposes on itself the hard rules which this choice involves, since a great deal of courage is needed to confront a difficult world alone.

This temptation is the greater because there is a wide gap between the fifties and the seventies. Originally, the Community a ideal was partly a result, in our ruined and depressed countries, at grips with the cold war, of nostalgia for an age when the nations of Europe exercised an undoubted influence in the world. It is not

surprising that Britain then showed no enthusiasm for joining the nascent Community, because she had been victorious in the conflict and had no doubt of her ability to play a part on the world stage. In the last ten years the Community countries have, under varying circumstances, recovered their prosperity, while the international climate has eased; they are therefore able once more to exercise a certain influence in the world. In these circumstances, it requires all the greater will to extend the creation of Europe beyond the present achievements, since alternatives exist and since the creation of the customs and monetary union will require much more compulsion than the objectives so far pursued.

Let us be under no illusion: at the present time there is in the Community an interpenetration of markets and a growing economic interdependence resulting from the intensification of trade. Strictly speaking, there is no integration in structures and policies; this is so even in agriculture, since the most important aspects of the agricultural policy continue to depend on the sovereignty of the States.

The economic and monetary union thus calls for profound changes. In assigning themselves this objective, the Heads of State and Government have taken a political decision of considerable portent, the scale and consequences of which should be clearly realized.

Neither will the fulfilment of such a plan be without consequences internationally. A strengthened Community will need to assert its personality more definitely and protect its interests more effectively; its weight in international relations will give rise to problems which neither the scale nor the policy of the various nations of Europe at present pose. The creation of a European economic, monetary and financial system will oblige us to reconsider an international system created after the Second World War around the United States, with obvious consequences. Today the currency of Europe is in fact the dollar; the Federal Reserve system is in fact the final lender to the European central banks; there is no European capital market, but there is a Eurodollar market; European industrial structures tend increasingly to be moulded by the investments of American firms; European technology is too fragmented to challenge transatlantic technology. I am not saying all this out of shallow anti-Americanism, for which I personally have no use, but because these are facts.

Strengthening the Community will probably modify the present power relations and lead to changes arising from the appearance of a balancing force in international economic relations. Will these changes be desired and accepted? The European will of our countries will certainly be put to the test in this respect.

Thus, then, whether the consequences are internal or international, the creation of the economic and monetary union, though both necessary and desirable, promises to be difficult, but not impossible. To quote Cardinal de Retz's saying, it will be up to the Community Member States to distinguish between the extraordinary and the impossible.

Rather than saying that, after The Hague, Europe is on the point of emerging, I have preferred to recall that our six countries and those who wish to join them are today confronted with fundamental choices and that it is now that Europe is truly becoming an affair of will.