

Position of John S. Pesmazoglu on the Association Agreement between the EEC and Greece (September 1962)

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The meaning of the Athens Agreement

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The Athens Agreement and the integration of Greece into the European Community that it postulates are closely bound up with the major objective of upholding and fostering the growth of democracy in Europe. It aims at genuine integration, with all the economic and political consequences attaching to that concept. Indeed, it could not be otherwise: our traditional economic ties and common cultural heritage made the Athens Agreement an inescapable necessity. The differences between our countries go no deeper than the economic differences that may exist between one region and another in a single nation. Historical accident prevented Greece from sharing in the great industrial and technical revolution of the nineteenth century. Having occupied the centre of the world stage for a long period of history, Greece was eventually pushed into the background. To get away from the outer fringe and win back to the centre that is the meaning of the Athens Agreement, and that is what we are after. Above all it is vital to grasp that the success of this experiment goes hand in hand with the spread of Europe's political and ideological influence. In this world of ours, where ideological action is the most effective, and possibly even the only conceivable way of resolving the antitheses between conflicting systems, proof that Europe is capable of rising above its own regional contradictions, of reconciling the interests of areas at different stages of growth, would be of capital strategic importance.

In the first place the Athens Agreement creates a customs union between Greece and the EEC countries which obviously implies the gradual removal and eventually the total abolition of all barriers to trade. It will also result in the erection of a common external tariff towards outside countries. But this does not exhaust the content of our association. Like the Treaty of Rome, the Athens Agreement aims to establish a true economic union based on common rules and policies valid throughout the Community and Greece. Although relying on Article 238 of the Treaty of Rome, under which the Community may conclude agreements with a third country, a union of States or an international organization, the bonds of our Association could hardly be higher: we may say that in content the Agreement is as far as one could go this side of full membership.

But the Athens Agreement is not merely confined to economic integration: it also shares the political aims of European integration — particularly that of establishing ever closer links between the peoples who believe in Europe's future greatness. It goes without saying that genuine economic integration is inconceivable without some degree of political unification. Although there has been no concrete sign of political integration as yet, Europe's economic targets and achievements imply some growing awareness of Europe as a political entity. In short, we think that the economic, and the political and ideological spheres merge together so far as the aim of real integration is concerned, in a dynamic relationship in which neither takes precedence.

But if the Athens Agreement translates the same economic and political philosophy as the Rome Treaty, why then have we chosen association rather than membership pure and simple on the basis of Article 237 of the Treaty? We deemed it advisable (I mean, for the final success of integration) to advance at a somewhat more deliberate pace than that adopted among the Six. We felt that for some products the period of customs disarmament and that for bringing the Greek tariff into line with the common external tariff should be extended from twelve to twenty-two years. In addition, the special circumstances of the Greek economy obliged us to adopt, in respect of economic union and the common policies, the so-called "harmonization" procedure. This reflects the need to adapt the arrangements considered acceptable for integration between the Six to suit the requirements of the Greek economy and its process of integration. The reason for these adjustments for toning down the procedure prescribed by the Rome Treaty, is precisely the difference in level of development between Greece and the Six. The problems raised by economic integration in Greece could certainly not be equated with those arising from the integration of the Six. Besides, even if the problems are of a similar nature, the solutions envisaged in many cases could not be applied in exactly the same form and under exactly the same conditions in Greece and in the Six. Thus we are obliged if our

country is to be integrated at all with the Community, to relax some of the rules of the Treaty of Rome and to base the formulation of rules valid within the context of association on the harmonization procedure. The decisions taken by the Six in accordance with the procedural rules of the Treaty of Rome may only be extended to Greece if the Greek Government, better placed than anyone else to appreciate the special position of the Greek economy and the country's vital needs, is satisfied that they are sufficiently tailored to suit its requirements. Let me also point out that bringing decisions taken by the Six into line with the special circumstances of Greece, which will be the major task of the Council of Association, would be made extremely difficult and often problematic if these decisions were not partly based on the needs of the Greek economy. This concern for harmonizing if possible the decisions of the Six is at the root of the principle laid down in the Athens Agreement to the effect that the Community, in framing its rules, must take account of the special situation of the Greek economy. As far as the common agricultural policy is concerned, this is explicitly stated in Article 33 of the Agreement, relating to the extension of the common agricultural policy to Greek agriculture. In other fields, such as the supply of services, the right of establishment, or capital movements, the Community must also take care not to lose sight of the particular aspects under which these questions may appear from the standpoint of Greece's economy. Lastly, let us remember that for some questions in which Greece has a vital interest (the common agricultural policy on tobacco or the common external tariff on tobacco and raisins, for instance), it is laid down that decisions must be taken jointly with Greece within the Council of Association.

The Athens Agreement may be summed up as having three basic characteristics: *a)* it institutes a customs union and an economic union, which involves setting up machinery for economic integration; *b)* the present Association is only a temporary step, since it is expressly stated that the final aim is for Greece to become a full member of the European Community; *c)* all the aims of the Rome Treaty are accepted, particularly that of establishing closer links between the peoples of Europe.

This last aim of the Rome Treaty and of the Athens Agreement lies at the roots of every effort made towards the political organization of Europe. The definite acceptance of this aim by our association, its aim towards integration, as evinced by its content and the fact that full membership is the ultimate target, together with the fact that we discarded the idea of immediate membership solely for tactical reasons due to the gap between the stage of growth reached in our country and that of the Six, furnish abundant proof, we believe, of our interest in the construction of a politically integrated Europe.

But we must now look beyond these legal and procedural matters and state the major issue: will the integration of Greece into the wider European economic area speed up growth and raise the people's living standard?

This is not the place to draw up a detailed balance-sheet of the forces, favourable and unfavourable, that will act upon the growth of our economy within the framework of association with the Community. Nor are we going to examine the particular problems involved in adapting Greece's economy to the new situation created by association. We shall merely state the basic conditions under which our country could gain most benefit from association with the European Economic Community.

There is much talk about the dangers to Greece of having to face competition from countries that are much more advanced, industrially and technologically. But we hear less of the end to which the Greek economy might come if it remained isolated at the precise moment when larger politico-economic units are being formed. Even more seldom is any thought given to the opportunities now held out to Greece, provided of course we muster our strength in time to seize them. Obviously, in order to court success, we shall have to take some chances, but the worst hazard will come from missed opportunities, or failure to profit from them in time. This is where the real risks involved in our association chiefly lie.

We must realize the necessity of outgrowing the mentality that thinks of the national economy as a watertight compartment. Only in this way shall we arrive at a correct definition of general economic policy and adequate methods of reconversion. We must be imbued with a spirit of creative emulation and competition, for the Common Market offers scope for competition embracing every aspect of human activity and creativeness. We shall be engaging in competition among peoples having the same traditions of

civilization and in most cases standing in the forefront of the technical and scientific achievements of our age. To keep up with the leaders in this competition, we shall have to summon up a resurgence of national strength. We shall also have to see that this strength is systematically addressed to activities that match current trends in the world economy. In the last analysis, our share of this competitive European market will depend on the resources we mobilize to get the most out of our economy.

At all events, we shall only be able to cope with the problems raised by the integration of Greece into Europe provided we can adapt our economy in time to suit the new pattern of productive forces that is bound to emerge within the Community as a result of its own process of integration. This explains why the chief aim of our economic policy is to expand exports, for apart altogether from balance-of-payments considerations, this corresponds to the urgent need to adapt our production to European demand. By exporting more we shall attain high growth rates in national output and living standards which will mean fuller employment in the really productive sectors. Expanding exports, particularly to the countries of the Community, is the central theme of our economic policy, because this is the way in which our economy is actually going to be integrated with that of the Six.

Another of our chief aims is at the same time to secure a rapid increase in the number of European firms setting up in Greece, either for themselves or in association with Greek companies, with a view to lending their experience and organizing ability to the promotion of our exports. In this connection it should be stressed that once the Athens Agreement comes into force all Greece's industrial and agricultural exports will, pending the harmonization of agricultural policies in the Community and Greece, be given the same treatment in the EEC area as Community products; that is to say we shall be given the benefit of all the tariff cuts already made or to be made between the Six. At the same time, the first tariff reduction for most Greek industrial manufactures will be 5 %, and customs disarmament will be spread over a period of twenty-two years. For products not manufactured in Greece and agricultural exports taken as a whole, the first tariff cut will be 10 % and the period of customs disarmament twelve years.

Exploiting these possibilities to the full should be the aim of Greek enterprises, and should also afford a powerful incentive for the participation, in various forms, of European capital.

In view of this it should be noted that the successful implementation of the Athens Agreement does not depend solely on the way in which it is interpreted, or on the switches involved. Apart from both these points, success might be held up by opposing forces engendered by the process of integration itself. The main question — and incidentally one that concerns the Community as a whole — is whether the integration of an outlying region such as Greece might not devitalize the Community's economy by attracting economic activity towards those parts of Europe that are already heavily industrialized. Such an eventuality was pointed out by Greece during negotiations with the Six, in support of the case for giving us special provisions and some assistance.

This is a matter of problems concerning development poles and the need to draw up a plan of action on a Community scale. Even with frontiers still existing there were undeniably powerful trends towards concentration and polarization of economic activity. The disappearance of economic frontiers might reinforce such trends and in view of the almost constant full employment of the labour force in the heavily developed part of Europe, this would run the risk of intensifying still more the flow of migrants from countries or areas where there was underemployment to countries or areas with full employment. There are already signs of such a trend in Europe, and they are also apparent in Greece. However, we know that for a great many reasons such a solution to the unemployment problem in outlying countries or areas would be of advantage neither to the advanced countries nor to the new economic unit of an integrated Europe. Nevertheless, it would be possible to neutralize these trends by taking adequate steps to attract industry to the less-favoured regions of Europe.

But it seems to us that action confined to the level of the less-favoured areas only is not sufficient in this field. Nor should the interest taken by the central European authority — the Commission of the Community, say — merely take the form of supporting domestic measures. A solution to this problem, which is crucial for the Community's future can only be found within the framework of a common European policy for

regional development.

Such a policy means first of all working out an investment programme that will eventually alter the economic map of Europe more or less independently of national frontiers. This does not imply compulsory overall planning, which would be at variance with the Community's economic and political structure and the present stage of European unification. In putting this programme into effect, the European Investment Bank would certainly have a decisive role to play — in accordance, incidentally with the duties assigned to it in the Treaty of Rome. But this would probably not be enough to ensure a flow of investment on a big enough scale. By way of a common policy we must work out a set of measures capable of directing private investment and economic activity in general towards the outlying regions of Europe.

First of all, there might be a research service for these outlying regions, publicizing investment possibilities in the developing regions by means of general information and specializing studies made from the point of view of an integrated European economy. A series of fiscal measures might also be envisaged, and specialized financial agencies with the aim of stimulating direct investment on a sufficiently large scale in the outlying regions. It would also be possible to co-ordinate Government orders with an eye on growth targets for those areas. Lastly, the creation of an efficient transport and communications system linking the outlying areas more closely with the centre and a comprehensive programme of vocational training for local manpower would also be likely to provide a set of facilities that would speed up the expansion of European investment for the benefit of these areas. A common plan of action of this kind should, in combination with national policies, result in the optimum geographical distribution of European economic activity by utilizing on the spot surplus manpower resulting from unemployment or underemployment in inadequately developed areas.

In the case of two big peripheral regions in particular (southern Italy and Greece), the total surplus manpower can be estimated at 2.5 million — 1.5 million in Italy and 1 million in Greece. This figure may be compared with that of the total labour force employed in the secondary and tertiary sectors in the Community Member States, estimated at 56 million — 30 million in the secondary sector, 26 million in the tertiary. It is also significant to note the annual growth rate of the volume of employment — an average of 900 000 units in recent years. If some of this annual growth occurred in outlying areas like southern Italy and Greece as a consequence of a suitable distribution of European investment, the crucial problem of employment in these areas would be solved in a few years.

This would reinforce the social and political equilibrium of the Community, which might be seriously upset by large-scale migration. It would also allow overall production to rise more quickly and at less cost and would add to the economic strength of Europe. Finally, such joint regional development planning at European level would promote the economic and social progress and harmonious development of all countries in Europe, in accordance with the underlying principle of the Rome Treaty and the Athens Agreement, by narrowing the gap between one region and another, and enabling the underprivileged ones to catch up on the more prosperous.

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