

Address given by Jelle Zijlstra (Brussels, 31 January 1953)

Caption: On 31 January 1953, in Brussels, Jelle Zijlstra, Netherlands Foreign Minister, gives the closing address to the Conference of the European League for Economic Cooperation (ELEC).

Source: Internationaal Instituut voor Sociale Geschiedenis, Amsterdam. NVV-J.G. van Wouwe (1945-1973). Stukken betreffende Europese en internationale organisaties. Stukken betreffende de Organisatie van Europees Economische Samenwerking. 1950-1954, 60.

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Address given by the Minister for Economic Affairs, Prof J Zijlstra, at the closing session of the conference of the European League for Economic Cooperation on 31 January 1953 in Brussels

Mr Chairman, ladies and gentlemen, I very much regret that I have not been able to attend this important conference from the beginning. You may be sure that I — and, I believe, many of my colleagues — regard the issue on the agenda here as hugely important, particularly as you have also been considering possibilities for the future.

Forgive me if, on this final day, I do not attempt a detailed analysis of the excellent report that has been produced for this conference. I do, however, feel that it is important to take a closer look at certain aspects of the development of European cooperation.

Mr Chairman, I believe that it has been one of the major achievements of recent years that the peoples of Western Europe have spontaneously supported efforts to achieve closer cooperation. You might argue that the general public is not really aware of the issues to be resolved or of the sacrifices that will have to be made to achieve our goal. I do not deny this, but I think that we should not underestimate people's intuition. History can teach us a lesson here. The reliance that so many people now place on your work makes your responsibility all the heavier.

It is quite obvious — and this is a point that I would stress once again here — that it is up to the governments of the various Western European countries, through reciprocal consultation, to create the scope for political decisions that will take us further forward towards Western European integration. However, it is equally obvious, in my view, that the pace at which these decisions can be taken and, above all, put into practice will be largely determined by the extent to which the nations of Western Europe and the various social groups within those nations are prepared to accept the consequences of those decisions. In many cases, these consequences can, when viewed over the shorter or longer term, appear to be contradictory, and this is often what makes our efforts to achieve integration in Western Europe so difficult.

This is where the work of the European Movement comes in and, more particularly, given the current importance of closer economic cooperation in Western Europe, the work of the European League for Economic Cooperation. We can see the significance of this work more clearly if we think how progress was made from the resolution on European integration adopted at the League's economic conference in March 1949 in Westminster, via the Council of Europe in Strasbourg, and the speech by the then French Foreign Minister, Robert Schuman, in May 1950, to the European Coal and Steel Community. I would add that the League was also partly responsible for the foundation of the EPU.

The most important thing now, in my opinion, is to urge the European governments to ensure that what has been achieved is consolidated and extended. We must take great care that we never turn back from the path that we have taken, because people's confidence, which is so important, would be shaken, particularly if they have already made sacrifices for the objectives that we have set. This is why it is vital that we should be resolute in pursuing integration where the level of cooperation achieved in a particular area makes this possible. Only integration provides the inherent element of permanency that is so important here. Time and time again, we have seen that the level of economic cooperation is determined by possibilities that exist at a particular moment, possibilities that are susceptible to change because of the dynamism of economic life. Once integration has occurred, a new entity has been formed. The governments of the countries concerned can then no longer take measures unilaterally on the basis of national considerations that could undermine the cooperation achieved. I think that it is fortunate here that the economic aspect of our efforts to achieve cooperation is increasingly coming to the fore. If there is progress towards political integration at a time when the countries of Western Europe are not economically ready for it, the repercussions would, I fear, leave the people of Western Europe in utter confusion.

The absolute relevance of the subject of this conference has now, partly as a result of the economic and political developments of recent years, become very clear in Western Europe. For this reason, it is good to look at what consultation in Western Europe has recently achieved in the field of monetary reconstruction.

First of all, there is the European Payments Union, which, I believe, has an important role to play in our efforts to achieve Western European integration. This was confirmed in very practical terms when the Pre-Union Agreement concluded between the Netherlands, Belgium and Luxembourg on 1 July 1951 came into force. It was easier for the three governments to take this step because the European Payments Union had given the Netherlands the possibility of financing its payments deficit with Belgium.

The introduction of this multilateral clearing agreement has allowed inter-European trade to expand considerably, as we can see from the fact that it has increased by around 35% since 1949. The establishment of the EPU has also been important for solving the dollar shortage facing Western Europe, since it has made it possible to shift Western Europe's imports from the dollar zones to other Western European countries.

Of course, we must bear in mind that the EPU is just one phase of a particular progression. Experience with the EPU has clearly shown that the payments mechanism alone does not solve problems, it merely makes it easier to resolve issues that arise. The domestic financial policies of the participating countries need to be more closely coordinated, since fluctuations in the internal financial stability of some participating countries have clearly had a harmful effect. However, there is no doubt that Western Europe is on the right road with the establishment of the EPU, and must press on further along it. To what extent this will be possible depends on the solidarity shown by the Western European countries. If a country breaks solidarity by, say, unilaterally restoring the convertibility of its currency, it could mean a step backwards for the others, and serious consideration would have to be given to whether the EPU could be maintained. This would be a serious blow for our efforts to create a common market.

When the Treaty establishing the European Coal and Steel Community was being drawn up, a decision was taken not to create a limited multilateral payments system, given that the EPU already existed. It should be remembered here that the coal and steel market accounts only for a small part of the total trade in goods. The EPU must be extended and consolidated if the European market is to be further integrated.

Mr Chairman, in this company, I really do not have to underline the need for greater freedom of trade. At the moment, we are having to ask ourselves, in realistic and practical terms, whether we are on the right path in endeavouring to create a single market within the framework of the OEEC trade liberalisation code. I am firmly convinced that, as the Netherlands has already repeatedly stated, we must, in all honesty, answer 'no' to this question, if only because the OEEC procedure concerns just one of the aspects of free trade within Western Europe, the quantitative aspect, and, while other equally important aspects are not disregarded, no practical solution is presented for them. The differences in tariffs between the various countries in Western Europe are one of the most striking demonstrations of this.

If we accept this argument, this development threatens to make further progress in the pursuit of European integration considerably more difficult, if not impossible. It is certainly not my intention here to belittle or deny the significance of the efforts that have been made to promote liberalisation using the current procedure, not just for economic recovery in Western Europe but also for the development of economic cooperation here. This has undoubtedly been extremely important. However, I would say that the present procedure should be regarded as a first step, and that, now that it has been taken, it should be followed by further steps if we want to avoid stagnation or even regression. I believe that, given the pace of political and economic development, the next step must be a bigger one, and I also believe that, more than ever before, Western Europe urgently needs to put some real effort into the creation of a European Customs Union. I am aware that this is not a new idea in post-war dialogue between the countries of Western Europe. I am thinking here of the European Customs Union Study Group set up in 1947 which, although it did not produce any dramatic results, nevertheless certainly acquired some useful experience in a European context, and I am also thinking not least of the efforts made and the results achieved in cooperation between the Netherlands, Belgium and Luxembourg. I am touching here on a problem that I know is infinitely easier to raise than to resolve, but, at the same time, it is a problem that, I am equally sure, in the Western Europe of 1953, is the direct and inevitable consequence of the developments of recent years.

I freely admit that this is a subject that entails considerable risks for the established economic structure and

for established businesses in the participating countries. Clearly, the present governments cannot be expected to cast their existing business communities adrift by suddenly abolishing tariff protection. This is why there needs to be a certain transitional period first. Consideration could also be given to ensuring that the sacrifices that would certainly accompany the conclusion of a customs union are fairly distributed among the participating countries.

Mr Chairman, I have addressed just a few issues, but they are issues that should be given our constant attention if we want to achieve our goal. If we all bear this goal in mind, individually and as a nation, then the difficulties that we are sure to face along the way will be overcome.

After everything that I have said today, I need not tell you that I regard your organisation as enormously important. I had the great privilege of being a member and a Council member for a number of years, and I can assure you that I still have very fond memories, particularly of my time in the Council. I personally still set great store by the work of the ELEC, particularly now. Genuinely substantial economic cooperation is not feasible without the support and acceptance of Europe's business community, and it is that business community that is fortunate to have found the right type of organisation in the ELEC. There are all sorts of publications appearing to do with the European Movement, and not all of them are worth reading, but I can safely say that your reports are so important and of such high quality that it would be a mistake for anyone, and I include myself here, not to read them. Now, at the very time when the economy is clearly moving to the forefront of Europe's problems, I think that, out of the whole of the European Movement, its economic affairs section, the ELEC, is strategically vital.

I know that, with you, this task is in very capable hands, and, before I go, I should like to give you my best wishes for the very important work you are doing.

Press Service, Ministry of Economic Affairs.

31 January 1953