

Address given by Johannes Linthorst Homan (Brussels, 22 June 1956)

Caption: On 22 June 1956, at the third international conference of the European League for Economic Cooperation (ELEC), Johannes Linthorst Homan, Director for European Integration in the Netherlands Foreign Ministry, emphasises the importance of the League for European economic integration.

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 by Prof J Zijlstra, Minister for Economic Affairs, for the third international conference of the European League for Economic Cooperation, held in Brussels on 22 June 1956, and delivered by Dr J Linthorst Homan, Director for Foreign Economic Relations

Ladies and gentlemen,

It is a particular pleasure for me to be able to address a few words to you on day three of this conference of the European League for Economic Cooperation. I find myself in a group of people here who are favourably disposed towards the cause of European integration and are prepared to put all their expertise and experience into achieving that goal. The way in which they are doing this commands admiration and respect. It is certainly no exaggeration to say that the European League for Economic Cooperation has done a lot of important and ground-breaking work in recent years in the service of Western European integration. It has not, as sometimes happens, confined itself to theoretical deliberations on the issue but has put forward practical proposals in full awareness of the realities and without losing sight of the ideal. In some instances, these proposals have influenced developments, steering them towards greater European unity. Take, for example, the fact that the European Payments Union in Western Europe, which has done so much to broaden intra-European trade, is one result of the preparatory work done by ELEC in this area. Its studies on other aspects of this issue are extremely valuable for the continuation of work in this field.

The topic on our conference agenda again involves one of the central issues of integration. The core of the question of economic integration concerns very largely its implications for national employment and national prosperity. This, in a way, is the essence of the difficulties. It would be a major step forward if we could secure recognition of the fact that the creation of a common market, in our present economic situation, would lead to economic expansion that would significantly simplify the process of adjustment during the transitional period.

By entering this subject on the agenda, ELEC has once again done itself great credit.

Ladies and gentlemen, these private-sector activities are extremely important. They play a vital part in our efforts not only to keep economic integration in Western Europe alive but also to strengthen it. This is certainly necessary in the current circumstances. Even though the present economic climate probably offers the best opportunity for taking further steps towards European integration, it is fair to say that we have hardly moved forward at all in recent years. Since the European Coal and Steel Community was established in 1950, no further progress of a truly positive kind, producing answers to the fundamental problems of European integration, has been made.

I am in no way losing sight of the fact that a measure of progress has certainly been made on some counts. The proportion of trade that has been liberalised has been increased further, and, in the services sector, too, the number of barriers has been reduced. We must not underestimate the importance of this, and we must be aware, too, that the integration project often requires a lot of detailed work, work which may appear unimportant but which has far greater significance within the wider context of the whole. Notwithstanding all this, however, the fact remains that, with regard to tariffs, the countries of Western Europe have not really made any progress. There has been much debate, and I can honestly say that this issue has been considered and studied from every angle. But a truly fundamental decision on it has still not been taken.

There is undoubtedly an acceptable explanation for this. After all, it is clear that, while the initial aim was to abolish quota restrictions prompted by exceptional circumstances, the concern now is with restrictions prompted by the economic structure of the countries in question. That being the case, the resistance to be overcome will be far greater. This will take time and intensive debate. On the other hand, though, I find it unfortunate that so much valuable time has been wasted. Now would have been the time, during this period of favourable economic conditions and growth in Western Europe, to make a final push towards abolishing barriers to trade. The real and looming danger is that Western Europe may have to pay the price for this delay in the form of a weakening in the economic climate, even if it is only a slight weakening. If that happens, it will be difficult enough simply to maintain the *status quo*.

None of this is reason to be cheerful, Mr Chairman, but I wanted to make the point, since the countries of Western Europe now face a decisive choice. The Spaak Committee recently published a report, a good report in my view, which takes a realistic approach to the issue and offers realistic solutions. Its findings are also endorsed by the reports presented at this conference and by our discussions here. If the Western European countries are serious about integration, it is my firm belief that there is a very real chance of our being able to find a practical solution to this question. I hope that the countries involved will now, very soon, take decisions which guarantee that further progress can be made, on the basis *inter alia* of these reports. The consequences that we are required to accept are, indeed, important ones: every aspect of them needs to be carefully considered, and, again, I imagine there will be a degree of hesitation here. But, on the other hand, I believe that, if the countries of Western Europe continue to dither, one has to wonder if we shall ever achieve the final objective. Not only would that show a hopeless lack of vision and courage; far more seriously, the risk that we would then run is bound to be incomparably greater than the risk that we run in accepting the consequences of European integration.

With this in mind, my country, not just the Government but the whole Dutch nation, has accepted the idea of integration, has developed initiatives and made a number of sacrifices. On the subject of sacrifices, I am thinking amongst other things of the annual contribution which the Netherlands makes to the Coal and Steel Community's equalisation fund. My country has also been brave enough to open its borders to foreign products, without being able to fall back on a barrier of high import duties. The Netherlands, and thus the whole of Benelux in general, is disadvantaged as a result by existing tariff differences. Whilst the Netherlands gives foreign products relatively free access to its home market, Dutch exports often have to contend with high tariff barriers.

The Netherlands naturally does not support the idea of European integration solely on the basis of objective considerations, nor does it make these sacrifices out of pure altruism. It is in its own direct interest to do so. I would be the last to deny that integration also serves the Dutch economic interest.

But we need to make a clear distinction between the two motives. The point of Western European integration, in economic terms, is the total net advantage which the Western European countries as a whole stand to gain from integration. I believe that this advantage will be important. The question is whether each country will have a share in that expected advantage. I am convinced that the total gains to be made from integration will be enough to ensure a net benefit for each individual country, though it does not necessarily have to be proportionately the same for each one. I shall not go into this in more detail here. For my part, I am sure that European integration will mean a fresh boost to prosperity for each Western European country, with no one needing to lose out.

One can put it another way too. The gain from expansion will be far greater than the loss from readjustment. This is true not only for the countries as a group but for each country individually. It will be true even in the very immediate future and to a far greater extent than is often thought.

All this is especially attractive to the Netherlands, because some two thirds of Dutch exports go to Western Europe. Together with the fact that national revenues are very much export-dependent, free access to an expanding market in Western Europe means a significant benefit for the Netherlands in further increasing prosperity at home and, not least, in maintaining the level of employment. As you are aware, this last factor is a particular problem for the Netherlands, given the rapid growth in our working population.

If we are to absorb this growth in the working population, it is vital for economic expansion to continue, and this is only possible if there is sufficient growth in exports of goods and services. For the Netherlands, integration with its prosperity-enhancing consequences is thus very important. That is not to say that the Netherlands wants to offload the employment issue onto an integrated Western Europe. We have managed, in the past, to solve the employment problem in our own country by our own efforts. We have every confidence that we can continue to do so in the future. Nor is it the case that economic integration is essential to the maintenance of full employment in the Netherlands, even less so now that the cooperation of our Benelux partners has reduced the Dutch economy's dependence on other countries. Free access to each

others' markets, for most products, has reduced the vulnerability of all three countries. Serious resistance to integration would be most unfortunate, because it would mean that an important opportunity for a general increase in prosperity had been lost. But I firmly believe that that would not, in itself, bring disadvantages which were more serious for the Benelux countries than for the other countries of Western Europe. The Netherlands will strive for an integrated Europe for as long as possible, emphatically not out of any relatively greater weakness but out of a firm belief that this is the correct way.

Mr Chairman, I have touched only on the economic aspects of European integration. Over and above these, there is the enormous problem of the balance of power in the world. The West continues to be threatened by anti-democratic forces. This threat appears to have receded in the face of economic expansion in the West, and especially in Western Europe, along with the concomitant strengthening of our defence capability. But we must be aware that it remains very real. So we must continue to maximise the economic potential of the West, and of Western Europe in particular, by creating an integrated economic entity. I therefore firmly believe that economic integration of Western Europe represents a guarantee of continuing world peace and the preservation of those spiritual values that we hold dear. Let us hope that this conference will have made clear to us the positive benefits to be gained from European integration. Let us also remain aware that this integration is a political imperative.

Thank you.