



Record of a Statement by Sir Hugh Ellis-Rees,  
Chairman of the Council of O.E.E.C. to Heads  
of Delegations at an informal meeting on  
Tuesday, December 6, 1955.

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My intention in arranging this informal meeting was to have an intimate discussion about the future of O.E.E.C. and how that future may be affected by the work which was initiated by the Messina Conference.

I am aware that there has been a certain amount of unsettlement and anxiety about the future of our work and economic co-operation in Europe, and perhaps some impatience that we have not had this kind of discussion before. It has also been impressed upon me that the attitude of the United Kingdom is of special significance: because its economic links with Europe are important, and because the holder of the Chair of the Organisation is expected to give a lead. No doubt all will have recognised that this is something which cannot be hurried, and plenty of time has to be allowed for mature reflection. But I think we can with advantage turn our minds to this question today, and it falls to me as Chairman to initiate a discussion, and to put certain considerations before you.

The meetings which started at the Messina Conference six months ago have been going on all the summer in Brussels. The United Kingdom was asked to send a representative to meetings of the Preparatory Committee, and the O.E.E.C. in common with other international organisations, was asked to send an observer. I have had the advantage of drawing upon their experience, as well as many informal discussions with our colleagues here who represent the "Six" countries. If they disagree with what I am saying, they will no doubt tell us afterwards.

The first point I want to make is that it has been clear from the Messina communiqué, and from subsequent discussions and statements, that the objectives of the "Six" countries are primarily political. There were political objectives in the formation of the Coal and Steel Community, and in the attempt to create a European Defence Community and a European Political Community. The Messina initiative attempts to reach the objective of closer political unity or federation through economic integration, and the main manifestation of this is in the project to form a Common Market. There are, of course, a number of other specific projects for which integration was advocated at Messina, including the development of nuclear power, conventional energy, transport and so on.

The second point is that it was obvious from the Messina communiqué that the pursuit of the studies could lead to overlapping and duplication with work of O.E.E.C. and others, and the United Kingdom, both in its formal communication to the "Six" Governments and through its representatives in Brussels, has constantly pointed to the need to avoid such duplication. This has also been stressed by our Secretary General while attending the meetings of the Preparatory Committee. But I am less concerned with what has been happening during the last four months than I am about what is going to happen in future. I should say here and now that the

United Kingdom has never opposed or discouraged in any way the move by the Six towards greater political unity, and nothing I say now should be construed in a different sense. What I do say is that one cannot deal with this problem in isolation when economic means are selected to secure the political end.

My third point is that we cannot yet be certain what problems will confront us, because the reports of the Preparatory Committee to the Six Foreign Ministers are still in preparation, or if they have been completed, their content is unknown, and the Ministers who attended the Messina Conference will have to meet to decide what their recommendations are to be. Incidentally, it should be noted that neither the representatives of the United Kingdom nor of the O.E.E.C. took any part in the drawing up of the reports. But I think that we can be certain that there will be a problem, and that we are entitled to assume, for the purposes of our own reflections in O.E.E.C., that the formation of a Common Market among the "Six" countries and the creation of an institution to deal with atomic energy, will be contained in the recommendations in the report which the Ministers have to consider. There will no doubt be other recommendations in which we are interested, but we shall come to those later.

As regards any proposal which may emerge from the discussion in Brussels about the creation of a Common Market in Europe, member Governments can only define their attitude when the definite proposal emerges. There is no need for me to dwell on the special difficulties which this kind of proposal presents to the United Kingdom, in view of its relationship with, and obligations to, the members of the British Commonwealth. You are no doubt all familiar with them, as such difficulties have been stressed before when schemes for integration or preferential areas have been discussed in days gone by. Nothing that has emerged from Brussels so far has in any way removed these difficulties.

My purpose, however, this afternoon, is not so much to define an attitude to what we imagine certain proposals may turn out to be, as to reaffirm the interest of the United Kingdom in this organisation, in which it is our privilege to hold the Chair, and in promoting economic co-operation in Europe as a whole through O.E.E.C.

It is perhaps helpful if we remind ourselves of the situation in Europe with which we are all concerned. O.E.E.C. is not, as some recent commentators seem to imagine, an obscure and isolated community of experts. It is a conference of 17 Member countries, who, with the assistance of their expert advisers, meet in perpetual session and are bound by a most far-reaching Convention to which all Member Governments have adhered. We have the United States and Canadian Governments in close association with us. One can realise the force of what membership means when we discuss whether or not a new member can adhere to the Convention. We do not represent any sectional or departmental interest. I am an Ambassador who represents the views of Her Majesty's Government, and I am responsible to them for decisions taken in their name. If the Chancellor of the Exchequer or another British Minister comes here, he is speaking for the Government. We are not just an institution. We are the chosen instrument by which the Governments work in co-operation, and have been gradually strengthening the bonds between us over the seven years of our existence, reinforcing the economy of Europe, increasing the standards of living of our peoples, and thereby serving the

political ends of the free world. We have, with these ends in view, tried to expand trade in the vast area which we represent, and externally also, and make it free from restriction. We have been working towards a larger multilateral system of trade and payments in close association with the British Commonwealth and the United States. We have new candidates for membership knocking at the door. Who could say that the future is unpromising? If the governments are willing, we can attain our objectives.

I have seen it said recently that O.E.E.C. has gone as far as it can go; that it was all very well in its time, but now its useful life is coming to an end. I have also read in an article that nothing concrete or dynamic can be achieved under a system of inter-governmental co-operation: the person who wrote this did not, of course, understand what has been happening in Europe. The agreements which we forged for ourselves last July would put a lie to any statement that we have reached an end of our usefulness or ability to progress, or that nothing could be achieved through co-operation. Member Governments showed what could be achieved by these methods only a few months ago.

Now, within this group of countries there are six from which there have emerged ideas of a closer relationship between themselves, a political unity or federation which they hope may be achieved through economic integration, and we have to consider whether these exclusive interests can be reconciled with the wider interests of O.E.E.C. We are fully alive to the arguments for promoting political stability in Western Europe by economic integration and even to the long-term economic arguments in terms of the more efficient use of resources which can be adduced in favour of encouraging the idea of a European Common Market. I think it is open to argument whether, in view of the difficulties facing this group, which are well known to us all, they would achieve their targets any quicker than O.E.E.C. might do through other methods. But this is not the time or the place for such an argument. I am working on the assumption that this method of attaining the political unity which they are seeking is not in question. None the less, the European Common Market as is now envisaged would be an exclusive group; and it is probable that if an agreement were to be signed tomorrow, the period required for setting it up might be as long as ten or fifteen years. It goes without saying that the subjects with which the creation of a Common Market is concerned are to a large extent identical with problems with which O.E.E.C. is concerned: the liberalisation of trade, tariffs and the removal of other barriers to trade, free movements of manpower, harmonisation of economic policies and so on. The difference is that, whereas we have been working to adopt general principles of freer trade and payments on the widest possible basis, the creation of a European Common Market as now envisaged would be an exclusive grouping and as at present advised it might take the form of a discriminatory bloc. The period required for setting it up would be very long, and during that period there is a risk that there would be a growing measure of discrimination which would undo the work which has taken place in O.E.E.C. in reducing discrimination.

The danger in all this is that if we do not pay careful attention to the probable evolution of these plans, so far from leading to a greater integration of Europe, we may be faced with a division of Europe into two camps. The threat of

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such a division in the field of payments last summer helped to spur us on to finding a way of preventing it.

What seems essential to the United Kingdom is that the intimate co-operation on the broadest scale through O.E.E.C., which has been so effective in what it has achieved in the past seven years and which brings closer together all countries of Western Europe, should be continued and strengthened. I have heard it said that we should, in O.E.E.C., remember that what is happening at Brussels is purely of a political character, the inference being that it is something which cannot affect us. This inference cannot be accepted. What, I ask you, would the political consequences be if this Organisation were to be brought to an end? The trouble is that, since it has been successful and has not taken steps to assert itself in the councils of the nations, it is taken for granted. But if there were any threat that it would collapse and leave nothing in its place, as far as many members are concerned that would be an event of great political significance.

If the main concentration of economic work by six important members is carried out for their exclusive interests and the work of the whole group is secondary so far as they are concerned, this Organisation is bound to be weakened. An Organisation of this kind, if greatly weakened and frustrated, would disintegrate. I have heard it said that this would not matter greatly. I think it would matter a great deal and I take it that we are all agreed on this.

If this is recognised by all member countries, I am sure that a way can be found of reconciling the interests of some who wish, through integration, to have even closer ties.

How can we handle this? We cannot, I think, take the experience of the last few months as a precedent. It is quite inadequate that O.E.E.C. on issues of this kind should merely send an observer to the Working Committees of the group, or supply it with information. We have had no consultations between the varying interests where consultations are obviously essential.

As the Six countries are naturally entitled to discuss among themselves how they can achieve their political objectives, I could not suggest that they discontinue them or hold them under the auspices of O.E.E.C. I do not think that this would be reasonable or practical at present. But I do suggest that the situation demands that the relationship between the Messina initiative and O.E.E.C. should be discussed between all the interested parties in the O.E.E.C. forum; so that instead of our sending observers, who, although as competent as could be found for the purpose, are not principals in a discussion, the movement should be reversed and the representatives of the Six in O.E.E.C., who do act as principals, should represent the views of that group.

Then again, the kind of problem that the evolution of a Common market will create for the members of O.E.E.C. who are not in the Common market does not appear susceptible to a satisfactory solution by bilateral agreement or Councils of Association between the Common market and each of the O.E.E.C. members outside. That is why it seems to me that general understandings progressively worked out through O.E.E.C. would be more appropriate and profitable.

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It is clearly impossible for this Organisation to pause its work or to change direction for an undetermined period, while we wait to see whether or not this initiative will be successful. We cannot neglect the work which our Convention and the acts of our Council require us to perform. We cannot have a repetition on a much broader scale of what happened during the arguments with the Green Pool when no agricultural work of any importance was performed in this Organisation while the institutional problem was being argued. This is impossible. Rather does it seem to me that the Six countries themselves should, with all the concentration and genius which they possess, make their programme fit into the broad co-operation of O.E.E.C., so that we do not lose the broader objective in searching for the narrower.

I wish to inform you that in pursuance of these ideas the Chancellor of the Exchequer will be proposing that this subject should be placed on the agenda of the next Ministerial Council in February, when we would hope that the ministers of the Six countries would discuss with their colleagues how the reconciliation can be brought about.

This is why I have raised this problem in a general way this afternoon. I have tried to avoid falling into the trap, of which M. Valery warned us some months ago, of making the issue one of black or white within this Council which has for so long worked in harmony. But I feel it my duty to draw attention to the dangers of the continuance of a separate initiative going its own way without co-ordination with this Organisation. I feel, and in this I am expressing the views of Her Majesty's Government, that the position of O.E.E.C. as the major instrument of economic co-operation on an all-European basis, is something which we must preserve in full strength and in good heart, otherwise it will not succeed. But it must inevitably be weakened if it does not at an early date take full cognisance of the problems which I have put before you. For this reason I hope that you will support me in my suggestions that we should be bringing our minds to bear on these problems and prepare the way for ministerial discussion in two months' time.

There is one issue on which I have not yet touched, and that is in regard to nuclear energy; and this will, if I understand the plans aright, be coming before us before Christmas. Here again we must await the report of the Working Party before discussing the substance. Professor Nicolaïdis may wish to tell us what progress they are making and how they see the timetable. I am hoping to see the report completed before Christmas for a first reading and discussion in the Council. There would then have to be a closer scrutiny of the proposals in order that recommendations might be put before Ministers in February. I mentioned this because it will bring to a test the possibility of reconciling the special interests of some with the general interests of all. This particular case is, of course, not on all fours with the Common Market, because many member countries outside the Six are equally interested in securing European collaboration in the field of nuclear energy. There will be some proposals from the Brussels Preparatory Committee, and most of us do not know what those proposals will be, or what the recommendations of our own Working Party will be. We shall therefore have to postpone our substantial discussion till later. But if my understanding of what the Working Party has in mind is correct, it is a plan which would allow Member countries within O.E.E.C. to

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collaborate or not to collaborate for specific purposes, depending on their needs and resources. That is to say, on some questions collaboration between the 17 countries might be feasible and sensible; on others there might be various groups, but all under the broad umbrella of O.E.E.C. This would be the kind of scheme the United Kingdom would support in principle, and we should be prepared to collaborate in a programme of this kind in O.E.E.C. so far as our resources permit, and we should hope that everyone else would be able to do the same.

I think that I have now said enough, and I hope that it will be clear to you that the United Kingdom puts great store in the continued efficiency and usefulness of O.E.E.C., and is alive to the responsibilities which it accepted in being elected to the Chair.

Mr. Chairman,

I would like to refer to the meeting of Heads of Delegations we had on the 6th of December, during which you made an important statement with regard to the relationship between the OEEC and the work which was initiated by the Messina Conference.

As you indicated that the views you expressed were those of the U.K. Government my Government has felt the desirability and the need to give their reaction to your statement at this early stage.

In the first place it should be pointed out that the following observations are strictly limited to the aspects of the problem dealing with the common market, with the exclusion of matters relating to nuclear energy. It is unfortunate that these two problems are in our discussions often linked so closely together. Although they are, of course, related, in a very general sense, in our view they should better be considered separately, as the problems with which we are confronted in the field of nuclear energy are in many respects fundamentally different from those of the common market. Introducing a common market raises problems of economic and social policy arising from the abolitions of trade impediments - problems which will not confront us in connection with a common approach of nuclear matters. On the other hand the common approach to nuclear matters has many technical and also political aspects entirely of its own. Nuclear energy matters will be discussed in detail at the forthcoming ministerial meeting and it is felt premature to deal with this matter in this statement.

With regard to the problem of the common market my Government have some difficulty in understanding the extreme anxiety which was expressed in your statement and they find it also difficult to follow many of the arguments which have been put forward.

At the basis of your statement, Mr. Chairman, there are three assumptions which I am sorry to say, seem completely unwarranted.

The first is that the Messina Conference was prompted primarily by political considerations.

The second is that the action of Messina is destructive to the strength and the future of OEEC .

The third is that the six of Messina are striving to form an exclusive and discriminatory group.

The first assumption, Mr. Chairman, shows a misapprehension of the intentions which lead the six governments to adopt to coordinate and reinforce the efforts towards closer economic cooperation in Europe. It aimed at convening a conference or conferences of Govern-

ments which would establish such close cooperation. However, as it could not be expected that such a conference or conferences should lead to practical results without a thorough preparation the Messina conference decided the creation of a preparatory meeting of experts under the leadership of a political personality. It did not seem practicable to organise this preparatory work in too wide a group. It was therefore decided to limit the group of countries participating in this work to the six Messina countries, inviting the United Kingdom to share in the work and to invite a number of international bodies to join the work as observers. In this way it was thought that the widest possible use could be made of available experience, that duplication of work could be avoided and that the implication of any proposal which might be put forward for all the countries participating in those organisations would be considered. Nothing was decided at Messina about the institutional aspects of the problems nor about the countries who would be considered as natural participant to any form of cooperation to be studied or proposed, or for that matter to any conference of Governments to be convened to take action on proposals originating from the work of the preparatory Committee.

All economic cooperation has political overtones and the political importance of close economic cooperation in Europe will not be denied by anybody. But to say that the Messina resolution was, in fact, an attempt of six countries to achieve political unity or federation by way of economic cooperation is a gross misstatement which is all the more surprising because all I say now has been explained by the Netherlands Minister of Foreign Affairs in the Council of OEEC immediately after the Messina Conference.

Nothing in the work of the Messina Conference can therefore be considered to be destructive to OEEC. Your statement seems particularly unjust in view of the fact that the Governments of the six countries have always adhered fullheartedly to the work of the OEEC and have done all they possibly could to strengthen the OEEC and to assure its useful existence in the future. If - as a consequence of the work at Brussels - a common market in the six countries would gradually be established, there is no valid reason to assume that such common market would obviate, hamper or destruct the existence or usefulness of OEEC. As to the statement that the six of Messina are striving to form an exclusive group, nothing has been done or said by the six to justify such a statement.

In this connection I would like to remind you of the text of the Messina Resolution, which explicitly leaves open the question as to which Governments will be invited to participate in the Conference of Governments. A decision with regard to this will be taken at a later stage.

Moreover it has always been made clear from the beginning that the results of the Brussels Conference will be open to everybody. There is no question here of exclusiveness.

A word should also be said about the so called discriminatory character of a common market, a point which also was emphasized in your statement. One should be very careful with the use of the word discrimination which has an unpleasant flavour. If it is meant that the creation of a common market as envisaged by the six is an incentive to discrimination, then I may remind the Council that Article 5 of our Convention actually goes so far as to encourage member countries of this Organisation to commit the sin of discrimination when it advocates that they should bend together to form customs unions.

This is precisely and exactly the objective of Brussels and these efforts are therefore completely in conformity with the objectives of our Organisation as laid down in the Convention. It is the purpose of the six to do away with discrimination in a larger degree than has been possible up to now in Western Europe. I believe that the traditional policy of the Benelux countries form a guarantee that they will not allow discrimination in the form of protection to crop up between the Brussels group and non-members. It might be of interest to draw a parallel with the development of Benelux, where the three countries within OEEC have proved that they do not intend to hamper foreign trade. Moreover, just as in the case of Benelux, the non-participating countries will enjoy all advantages that a larger integrated market offers to their exports.

It is always hasardous to work with analogies, but it is tempting to remind the Council of the strong opposition of the International Monetary Fund against the establishment of the European Payments Union. The arguments put forward at the time by the IMF were of a similar nature as the arguments we find in the statement you made at our informal meeting on the 6th of December. If those arguments would have triumphed I think none of us will deny that this would have been not only highly detrimental to the development of intra-European trade and payments, but also to this development in the world as a whole.

These, Mr. Chairman, are the observations my Government would like to draw to your attention and to the attention of my colleagues for consideration and reflexion. I sincerely hope that these observations may help to bring to an end the unfortunate atmosphere of rivalry and competition which exists between our Organisation and Brussels. We believe that there is no reason for this. If Brussels succeeds, which my Government sincerely hope it will, this need not result in any weakening of our Organisation of which my Government will continue to be an active member with a positive and cooperative attitude. You yourself, Mr. Chairman, have said: "If Governments are willing, we can attain our objectives". My Government would like to leave no doubt as to their willingness to attain the objectives of OEEC.