

Franck, Christian

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## Europe needs more than free trade

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# Europe Needs More Than Free Trade

Pronouncements about free trade are popular. Free trade means that tariff restrictions would disappear as would the European tariff barriers between EEC and EFTA. So there is still a merit in being an enthusiastic supporter of free trade.

However, a continent like Europe cannot afford not to look beyond to free trade. The various countries of Europe have to aim for greater achievements: the future belongs to integration. Although the basis of integration is free trade, it is also more than a system of free trading. It is an economic community. If the countries of Europe wish to exploit their economic potential in a sensible way they will have to move in the direction taken by the European Economic Community. This needs to be recognised quite clearly now when discussions are being renewed on a solution to the EEC/EFTA problem. The alternative to the present policy of forming trading blocs is no longer "large free trade area", but membership of EEC. This does not mean that membership of EEC should exclude a realistic policy of small steps. A period of transition lasting several years before complete integration is achieved is a legitimate desire for any new EEC member.

Straightforward tariff problems however, are a matter for GATT and can be negotiated there by both EEC and EFTA. The intended bridge-building must be realised beyond the field of tariff policy. A settlement merely based on free trade would not be politically and economically expedient for Western Europe. The world needs something more than just an area of intensive trade. It can no longer do without the stabilising effect, which the Common Market as the most important importer and exporter exerts upon world trade.

This type of stabilising contribution based upon economic potential can only be made in future by a Common Market where the European Economic Community idea is fully realised. Without a common economic policy—whether in the fields of trade, cyclical and monetary policy, budgetary and financial policy or, finally, of agriculture—free trade is not sufficient to fulfil Europe's obligations vis-à-vis world trade, or in particular, development policy. The co-ordinating effect which is ascribed to free trade laissez-faire is no longer sufficient. It needs to be extended and improved by co-ordination.

The EFTA countries have recognised this and their former strategy vis-à-vis the Common Market has begun to change, particularly in Scandinavia. This much they have learnt since 1958.

They have their own experience of free trade: trade between the members of the Free Trade Zone has grown considerably. But the British Temporary Import Surcharge in 1964, the current British monetary and economic crises and the unsolved agricultural problem have shown the Scandinavian members, more than anyone else, how insufficient is this form of free trade co-operation.

Thus last but not least the internal problems of the Free Trade Area have had a not inconsiderable influence upon reorientating policy vis-à-vis the Common Market. For this reason integration of the European economic areas should not be delayed any longer because of bridging discussions concerning the Free Trade Zone. And, above all, no more false hopes should be awakened. The idea of integration has been victorious over that of free trade; this is welcome and reasonable. A powerful European Economic Community is essential before Europe can have a proper influence upon the solution of world economic and political problems.

At the end of the year EFTA had achieved its aim of free trade. It has informed EEC of its interest in a "dialogue" on European economic relations. It is now up to the EEC Ministers to show the green light for a resumption—with the greatest possible number of EFTA countries—of the negotiations which were so bluntly broken off in January 1963—so that by 1970 the integration of EFTA into the Common Market can begin step by step. Only then will EEC become an instrument of economic, social, and political progress.

*Christian Franck*