

Alfred Müller-Armack, On the road to Europe

Caption: In his memoirs, Alfred Müller-Armack, former Adviser to the German Minister for Economic Affairs, Ludwig Erhard, and member of the German Delegation to the Intergovernmental Conference on the Common Market and Euratom, recalls the course of the negotiations between the Six at the Château de Val Duchesse.

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The meeting place for the preliminary negotiations was the ‘Val Duchesse’, a small château situated in a spacious park near the Avenue de Tervuren. From the outside, this was a prestigious venue, but the interior provided only a few, and not very large, conference rooms where, in the early years, there was a stark contrast between the pomp of the banqueting hall and several rococo drawing rooms and the rather primitive office-type seating. It was not until much later that the furnishings of the rooms were upgraded and became more lavish. The building is now used for Commission receptions.

For almost two years, a large number of different commissions from the six partner states shared this building with committees and subcommittees, all overseen by a coordinating council led by Spaak. In line with the coordination then imposed by Spaak, these commissions achieved what the rest of Europe had regarded as highly improbable. Two treaties, the EEC Treaty and the Euratom Treaty, consisting of more than 400 articles and numerous additional protocols were created during these years. If we compare this to the snail’s pace at which minute amendments, such as the merging of the executive bodies, are currently completed, it becomes clear that it was, to a great extent, the opportune moment that came to the aid of a great work. Certainly, the pressure from the East, which was a serious concern for the West at the time, played its part in concentrating the minds of the Europeans on the task at hand, which was to assemble in their combined strength. However, the entire achievement would certainly not have been imaginable without an effective negotiating strategy and the incredibly hard work put in by the most skilled negotiators of all the states in a just a few years of cooperation. At that time, the ultimate shape of what they wanted to achieve was still not at all clear. Hans von der Groeben chaired a core committee of which I was a member along with Wormser and Donnedieu de Vabres for the French, Linthorst-Homan from the Netherlands, Van Tichelen from Belgium, Bobba for the Italians, and Ophüls also from Germany. We tried to return to the development of an overall concept and to restore the link with the earlier negotiations in Rome. We were very aware that the new organisation would have to be a customs union in the spirit of the GATT if it were to gain international recognition. We came to an understanding that it would be necessary not only to have a free internal market with a common commercial policy but also to bring about overall coordination in economic policy. It was not in dispute that the entire organisation must have an institutional character, although there were varying views on the form that this institution should take. While some wanted the institutional framework to be modelled more on the supranational model of the Coal and Steel Community, I sought, as the representative of the Economic Affairs Ministry in the German delegation, to push through a more liberal stance which was not so enthusiastic about the supranational idea. Despite the excessive amount of work required from the leaders of the delegations in particular, the negotiating atmosphere was good. However, nothing could prevent conflicts arising. ‘Les vaches sacrées’, the sacred cows, appeared obstinately and impetuously all through the negotiations. On the French side, it was the demand for social harmonisation which had been familiar for years. However, it was also on the question whether, externally, the Community should be protectionist or liberal that there was little agreement. The French and the Italians were protectionists, but the Benelux countries and the Federal Republic were liberals. Whenever negotiations came to a standstill in the Central Commission, the matter went to be heard in the Central Council, where Spaak threw in the weight of his personality. He proved to be an excellent coordinator, who repeatedly renewed his reputation as an even-handed judge by attacking first one delegation and then another and giving them a public dressing down. Occasional emotional outbursts when he would fling his pencil onto the table and leave the negotiating room for a time with a ‘It cannot go on like this, gentlemen!’ were well orchestrated and effectively staged intermezzi which did not fail to have the desired effect. I think that I may say, in praise of this man, that, for all his temperamental behaviour, he was never in danger of being partisan by treating only one or other side badly. His instinctive feel for diplomacy saved him from that. For a Socialist, Spaak was remarkably non-doctrinaire. He was willing to recognise the fine-tuned demands of the French delegation only as facts from a strong negotiating partner. He was also equally irritated by the insistence of the German delegation on an overall liberal approach and gave some stern lectures against attempts to bring anything too liberal into the Treaty. I can still visualise today how his eyes flashed at me, seeking me out from among the packed crowd of delegations around the rectangular table, in order to give me a private tutorial on that liberal approach, which he regarded as unrealistic. I have never

held this against him, although, of course, I did not abandon my position, in which I was in complete agreement with my Minister, Ludwig Erhard.

After the first round of preliminary negotiations, Spaak came to a very sensible decision. A select committee would draw up a summary report for him and under his formal chairmanship. In a fairly lengthy private meeting, Pierre Uri and Hans von der Groeben, a Frenchman and a German, drew up a summary of the results achieved to date. That went down in the history of the negotiations as the Spaak Report. On 29/30 May 1956, the Foreign Ministers of the six countries met in Venice. At this conference, which was the most important one in the run-up to Messina, the Spaak Report was adopted as the basis for the negotiations to set up the EEC and Euratom.

‘In an attempt to ensure that Europe develops on as broad a basis as possible, the governments of the Six consider it desirable for the other states in the OEEC to take part in the negotiations in Brussels or, even if they do not, for them to have the opportunity to accede to or to be associated with the treaties which have been concluded. As envisaged in Messina, the treaties to be drawn up will, at all events, include provisions setting out the procedures for the accession or association of third countries. In conclusion, the Foreign Ministers wish to express the hope that it will be possible to include immediately countries that are prepared to work with them in this project.’

The demands put forward by the German delegation, in particular, contributed much to this text.

It had always been the aim, especially of our delegation, to ensure that the full integration of the six countries of the Coal and Steel Community did not result in a further division in Europe, a continent already so fatefully divided into East and West. Our concern was to maintain links with the countries outside the Community by means of a liberal economic policy and to open up access to the Common Market to them; this was aptly defined by von der Groeben as a ‘market with internal-market-type conditions’. At the very beginning of the preliminary conference in Brussels, Great Britain was already taking part by sending an observer, although he had in fact little power to exert any influence, since his country showed very little inclination to play a part in the work of European integration.

Of course, it was impossible to disregard the fact that the negotiations overall were dominated by two concepts. Some people were aiming at a close relationship between the Six which would continue the previous policy of protectionism, in the interests of their agriculture or their industry that was not yet geared to large areas. The Community would offer them the opportunity to carry on with their national policies within a somewhat larger framework. The objection that integration of this kind would necessarily discriminate against the European countries outside the Market was dismissed on the ground that what was legal under the GATT agreement could not be regarded as disadvantaging outsiders. On the other side, there were those for whom the development into a Common Market was meaningful only if it constituted the first stage in a much larger process of European unification. This difference existed not just between the out-and-out protectionists in our ranks, such as France and Italy, but also went right through the portfolios involved, especially in the German delegation. The representatives of the Foreign Ministry, in particular Hallstein and Ophüls, saw the Community primarily as a political project and found my insistence on openness and a liberal approach to the outside as economic dogmatism. There were not infrequently very fierce altercations here, although this never had a detrimental effect on our good personal relationships. The leader of the delegation, Ophüls, and I were able to make progress under this pressure and, as a result of a mutual willingness to compromise, to develop a German position that was based on the need to acknowledge differing views in international negotiations.

What was more difficult was the presentation of these differences of opinion in the Federal Republic itself. Erhard hardly ever missed an opportunity to use speeches and press statements to emphasise his scepticism towards a European solution exclusively within the framework of the Six. This brought him into conflict with Konrad Adenauer, whose policies consistently demanded that extensive consideration be paid to

Franco-German friendship. In this conflict between the two most high-profile politicians of the post-war era in Germany lay the actual root of the deep differences of opinion that repeatedly clouded the relationship between these two men right up to the death of Konrad Adenauer. The differences in the positions have to be seen as a tragic conflict, with so many human elements playing a part. Accusations were levelled against Erhard, especially when he was Chancellor, that he was too soft. If I limit my judgment to the period in which he was Minister for Economic Affairs, it must not, I believe, be overlooked that he remained consistently true to the fundamental positions of economic policy, which determined his thinking in an almost visionary manner. There was a certain tendency to yield in negotiations, it is true, but this was then later followed by a return to his natural position and did, occasionally, confuse friend and foe alike. At that time I was in the invaluable position, as head of the policy department of his Ministry, of being so sure of his confidence that I made every possible effort on his behalf, and, if compromises had to be made in the interests of the overall objectives, I never took a step too far. In the years before and after European integration had been established, he always supported my decisions in Brussels, although I must concede, in hindsight, that he did not really acquire a total inclination towards European integration. There was always the precedent of the Coal and Steel Community, whose all too obvious weaknesses caused him to be very critical. When he took his seat at the Ministers' table at EEC conferences, every personal conversation revealed his distance from a structure about which the suspicion of protectionist isolation did not seem to him to be unjustified.

Since the summer of 1955 there had been discussions about the writing of the Treaty, whose individual sections were being drawn up by subcommittees. The easiest thing was establishing the substance of the customs union agreement. A transitional period of 12 to 15 years was envisaged for the abolition of customs duties. Later on, that time span was reduced to 10 years. The establishment of a common external customs duty caused fierce clashes at the negotiations between the protectionist and the liberal forces. Since the terms of the GATT agreement had to be met, and this prescribed that external customs charges should not be higher than before, the summary procedure was chosen. This meant adding together the customs duties imposed by France, Italy and the Federal Republic and the common tariff applied by the Benelux countries and dividing the result by 4 in order to calculate the new duty. This necessarily meant that the low-duty countries now had an increased tariff and the protectionist countries a considerably lower tariff. A whole raft of requests was made for numerous special cases. Those that could be dealt with in the negotiations were incorporated in the common duty. There then remained a few highly troublesome items on the legendary G List of the treaty. At that time, I was chairing the Council of Ministers, which was in discussions about these subtle individual problems, and, to general satisfaction and by means of a large number of negotiated compromises, I was able to ensure that a solution was found to these questions, that had been regarded as almost impossible to solve, in new negotiations in Rome, after the conclusion and ratification of the Treaty in 1958.

A much more difficult task in drafting the Treaty of Rome proved to be the large block of provisions concerning economic union, i.e. on the coordination of the very varied specialist fields in economic policy, such as competition policy, agricultural policy, transport policy, treatment of subsidies, etc. Nevertheless, we were able, here too, to agree on a sufficiently appropriate text.

I particularly remember the negotiations on the competition policy that is set out in Articles 85 and 86. There were considerable differences between the individual countries here. In some, competition policy was still only in its initial stages. The special committee that discussed these questions had been caught unawares three times before by the opponents of a cartel policy and had presented texts that were a blatant contradiction of the German viewpoint. We had made three special journeys to Brussels in order to push through a version suited to our demands. The French delegation, in particular, put up a great deal of bitter resistance until I asked them to present their own text. To our surprise, they submitted a draft that hardly differed from our concept or from the text used later in the Treaty. Without any hesitation, I accepted the French proposal. This meant that we had surprisingly reached an agreement that had previously seemed impossible.

With regard to agriculture, we thought about excluding this topic altogether, as EFTA did later, because Italy and France represented particularly large interests of their own here. However, in response to the

intervention of the then Agriculture Minister and later Federal President, Lübke, inclusion of agriculture was also demanded by the German delegation, although, of course, no one saw what the actual shape of this kind of common agricultural policy would be. In the Treaty, we limited ourselves to three possibilities: 1. a common market system, 2. a coordinated agricultural policy, or 3. a competition policy, which had, of course to be regarded as fiction. This framework was not to be determined until after the conclusion of the Treaty in later negotiations at an agricultural conference provided for in the text — and this did take place in Stresa in 1959.

The text of the treaty was drafted during the second half of 1956, with the final establishment of certain customs code numbers and social harmonisation being omitted. This final point remained such a sensitive issue at the negotiations in Brussels that, in autumn 1957, a conference of Ministers was convened in Paris in order to find a solution. France, in particular, demanded prior, extensive harmonisation of welfare costs, to the extent that it seemed unacceptable to us to include wage levels, overtime payments and the payment in respect of national and other holidays in the Treaty. An initial conference of the Council of Ministers in Paris chaired by Mr Pineau, attended by Ludwig Erhard and Franz-Josef Strauß, who had recently been appointed Defence Minister, failed because of this issue. When asked by Erhard to set out the German standpoint, I once again cited the repeated objections to such a solution, upon which Pineau slammed his file shut and adjourned the meeting. The Ministers withdrew into private consultations, and we had the opportunity to await the result for a few hours over a glass or two of whisky.

It was during this interlude that I got to know the French Ambassador to Germany, Couve de Murville, who was to become a long-serving Foreign Minister in the cabinets of de Gaulle and, later, Prime Minister. He was a man of kindly although distant demeanour, a French Protestant who, as a too compliant de Gaulle supporter, later deliberately pushed the EEC negotiations from one crisis to another; a man with an extraordinary capacity for hard work, great intelligence and expert knowledge, who was dependent only on Olivier Wormser, the Permanent Adviser to almost all previous French Governments. Wormser was an aristocratic figure, with an amazing capacity for holding out at the conference table, where he never appeared to be at all tired, not even in the early hours of the morning. I often envied his ability but always regretted that he used it to develop positions that caused problems for the negotiations.

After some hours of negotiation, the Ministers came back, and Pineau told us that the talks had failed. We would have to attempt to find further solutions. This shock, which threatened to bring everything to a halt, also turned out to have a salutary effect. In painstaking discussions with Wormser in St Germain, I was able to draft a minimal solution to the social harmonisation question for the Treaty. France was granted a protection clause in the event that differing welfare costs should lead to distortions in the market. Wage equality for men and women, at all events an international obligation, was included in the Treaty, as was harmonisation of holiday pay. In a Franco-German governmental conference, just at the crux of the Suez crisis in 1956, both sides approved these terms. Nothing more was heard of them after that. France was obviously not interested in them, even though the Treaty very nearly failed because of them.

The final major question to be settled was that of the institutions. Here, too, there were two schools of thought: the institutionalists, among whom were Hallstein, von der Groeben and Ophüls from the German delegation, and the functionalists, headed by Erhard. They had a vision of creating a super Coal and Steel Community by creating supranational organisations as a first step towards a future federal state. The Commission was to take its place beside the High Authority and have similar, supranational powers. The fiercest altercations within the German delegation were probably those about the fact that, having learned from experience with the Coal and Steel Community, I had reversed the relationship between the Commission and the Council of Ministers on Erhard's direct instruction. The Council of Ministers became the actual decision-making authority of the Community, while the Commission was to be responsible for drafting and proposing legislation. Clever lawyers and diplomats then linked the Commission and the Council of Ministers together in such a way that the Council of Ministers can amend Commission proposals only when acting unanimously, but it can accept such proposals by a qualified majority, apart from decisions concerning, for example, the admission of new Member States, which always have to be taken unanimously. Nevertheless, this emphasis on the Council of Ministers removed the supranational character of the Commission. It has the power to take decisions only in lesser cases in competition policy. I believe that this

was the correct way, since the attempt to build Europe via majority decisions against the vital interests of individual countries has to be an illusion in a Europe that is still organised in fixed sovereign states and will surely remain so for the foreseeable future.

The final work on the treaties was the legal drafting of what had essentially already been determined in the Commissions. This meant that new figures came into the negotiations, people who at first tried to draft many articles completely differently according to their own ideas, because they thought that it would be more effective in law. We had to make it clear to them that they were only there to assist in the negotiations, which was then generally successful. It must be acknowledged that the entire treaty text is in a comprehensible, dignified and clearly drafted language, which must ultimately assist its comprehension as a whole. However, this is not necessarily always the case. When I was later the leader of the German delegation in discussions in preparation for the association of Greece, and the Treaty of Association was handed over to the legal draftsmen, the text on the table was ultimately one in rather unattractive, legalistic German giving very little insight into the situations, rules and intentions which lay at the heart of this Treaty.

Immediately before the conclusion of the negotiations, we were presented with a big surprise by the French and also the Belgian delegation. They demanded that the Treaty should include the association of 18 previously dependent states in Africa that had now become independent — from the Congo to Somaliland and Madagascar. Maurice Faure, one of the brilliant leaders of the French delegations at that time, presented his case with Latin eloquence and produced the President of Côte d'Ivoire, Félix Houphouët-Boigny, at the negotiating table as a spokesman for the African countries. He was one of those African statesmen who stand out most impressively among their colleagues. He was a man who — like only very few — was a master of persuasion and communicated to us a feeling of honest humanitarian concern and personal reliability. We were all deeply impressed by this eminent African. His intervention was one of the most important factors in convincing us to link the association to five years of financial aid, although the German delegation had to object that this meant granting access to the Common Market to 18 non-European states. There were sure to be objections that their tropical products were thus being given free access to the European Economic Community, while other countries would be hit by the complete customs protection of the union. Only a short time later, reports and statements from Latin America showed that these fears were not without foundation. This led me to take appropriate action. During the final decision-making process concerning external duty levels for tropical products, which took place at a night session in Paris chaired by Mr Spaak, I raised an objection to the thoughtless differentiation of the terms of world trade that had taken place here. This did not result in an agreement on bananas, in spite of the angry reaction I received from Spaak in that generally bleary-eyed session. It was necessary to call a special negotiating meeting, about which I shall report in a later chapter. However much the African association was to be approved from the point of view of development aid, it had to be perceived as a problem in the concept of preference-free international trade.

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