

## Danish Communist Party pamphlet (July 1971)

**Caption:** In July 1971, the Danish Communist Party publishes a pamphlet that is entirely hostile towards Denmark's accession to the European Economic Community (EEC).

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## **The EEC** **(Common Market)** **What is it?**

### **Establishment of the EEC**

When the Council of Europe was set up in Strasbourg in 1949 as an advisory body consisting of representatives of the Western European countries, a possible instrument for Western European unification was created. But the Council never became the powerful body which had supposedly been envisaged. On the other hand, a model with potential for development was found with the formation of the Coal and Steel Community, which was set up in 1951. For the Western European monopolies, significant interests came together here.

In 1955 the six countries which had formed the Community sent their foreign ministers to a conference in Messina, at which they decided to conduct a detailed examination of the prerequisites for a common market which would constitute an economic community in relation to the rest of the world, taking the form of a customs union.

With defeat on the question of a 'European army' fresh in the memory, the delegates were at pains to focus attention on the economic aspects and to play down the political aspects of the matter.

Two years later, on 25 March 1957, a treaty on a European economic union was signed in Rome — hence generally referred to as the Treaty of Rome — which forms the 'basis' for the EEC. At the same time a treaty was signed on cooperation in the field of atomic energy, which came to be known as Euratom.

The Coal and Steel Community was kept for the time being in its old form, and the six countries were therefore bound together in three supranational organisations.

### The OECD

The two new Treaties came into force on 1 January 1958 and, in December of the same year, negotiations in the OEEC on the establishment of a European free trade area failed as a result of the formation of the EEC. The OEEC was abolished soon afterwards and replaced by the OECD, the Organisation for Economic Cooperation and Development. There were many reasons for this manoeuvre. It is of interest in this connection to note that the Western European countries outside the EEC saw in the OECD a possible forum for discussions on an economic entity in Western Europe different from that represented by the EEC. However, the OECD never came to play a role in this context.

### EFTA

Instead, seven of the Western European countries outside the EEC — Britain, Sweden, Norway, Denmark, Switzerland, Austria and Portugal — formed the European Free Trade Association (EFTA). The aim of EFTA was, on the one hand, to give export firms similar advantages within EFTA, by abolishing customs duties between the countries, to those which firms in the EEC had gained within their new common market and, on the other hand, to establish a basis for continued negotiations with the EEC.

The trading map of Western Europe which arose in this way has persisted until today, with the exception that Finland has in the meantime become associated with EFTA and Greece with the EEC. ('Association' in this context means a less extensive form of participation than is required by full membership.)

## Attitude of the USA

It should, however, be noted that one of the main interested parties in post-war endeavours to bring about Western European integration, namely the USA, was not entirely happy with the EEC-EFTA result.

The reason for this was that the economies of the continental Western European countries in the 1950s had rapidly recovered after the war and were developing at a rate which significantly exceeded that of the USA. Industrial production in the six countries which later joined together in the EEC rose from 1950 to 1957 by an average of 75 %, while the corresponding figure in the USA was only 34 %. Western European monopoly capital was back on its feet, and the USA had not been able to force through its solution over the heads of the Western European interests, as they were at odds with one another.

The US model for Western European cohesion was a form of political and economic integration which the EEC came to represent, but including Britain as a member. British membership was seen by the Americans as a safeguard for the continuation of strong American influence in Western Europe.

## Concentration of capital in Western Europe

In assessing the EEC's role in the development of monopoly capitalism, two aspects need to be highlighted.

On the one hand, there was a concentration of capital across the frontiers of individual states prior to the establishment of the EEC. The capitalist mode of production and the confines of the bourgeois nation state had long represented a conflict of interests, a conflict which the Western European grand bourgeoisie sought to resolve by the formation of a larger market.

On the other hand, the establishment of the EEC also became the engine for further capital concentration. Competition between the big industrialists on a larger market leads inevitably to a concentration of capital.

A factor which contributed substantially to international capital concentration on a grand scale in Western Europe was that, after the Second World War, American capital was deployed here on a broad front. This was something new. The export of capital from industrialised countries had hitherto manifested itself mainly in investment by the big financial interests of the great capitalist powers in non-industrialised countries. American high finance, however, now found both political and economic reasons to invest in other important capitalist countries.

The consequence of the American mass export of capital to Western Europe (and even to Japan, where a similar process took place) was that run-down industry was reconstructed using the most up-to-date technology. In industries producing mass consumer goods in particular, the average age of machinery and equipment was lower than in the USA.

Most strikingly, West German industry became sensationally effective over a very short period of time, with cut-throat competition on capitalist world markets as a result. Keener international competition can be expected to lead to an increase in international capital concentration. Both West German and American big business behaved entirely according to this pattern.

Right from the start of this process European capital interests needed to remove anything that prevented them from achieving a scale which would make them competitive with the giant American concerns. These were attempting, often under cover of so-called multinational enterprises, to get an ever firmer foothold in Europe. The barriers which still restrained the freedom of operation for business at the heart of Western Europe must be torn down. This happened through the EEC.

## Direction of development

Purely economic integration continued on a grand scale in Western Europe, driven by both American and Western European big business. Capital based in the EEC, however, established a very favourable position by moving, through the EEC, into a political integration process.

The path trodden here means that the basis for a new state has already been laid. When capital interpenetration has advanced so far in the EEC that an important section of the means of production is no longer the property of the bourgeoisie in West Germany, France, Italy, etc., but is controlled by business interests whose composition is such that it can no longer be identified with individual countries, powerful pressure arises for a new state which can effectively defend, promote and guarantee this property. That stage has not yet been reached. But the material basis is being laid, assisted by the institutional framework which the Treaty of Rome offers specifically for this purpose.

### **The Treaty of Rome and the institutions of the EEC**

The Treaty of Rome, with its 248 Articles and five Annexes, is a very wide-ranging Treaty. In addition there are the Treaties regulating the coal and steel markets and atomic energy cooperation, together with a multiplicity of regulations following on from the three Treaties. It is therefore customary to refer to the 'Treaties', meaning the entire complex of treaty arrangements regulating this cooperation.

Large parts of the Treaties, however, concern the procedure for the removal of barriers to trade and other barriers between the Member States in the transitional period during which the EEC is being built up. The transitional stages have now been concluded, broadly speaking according to the timetable laid down and, from New Year 1970, the EEC has entered a new period characterised by intensive activity to formulate and achieve a common policy in a number of fields. Interest is therefore concentrated on those parts of the Treaty which deal more with matters of principle, in particular everything relating to how the EEC is to be governed.

It should be noted here that the Treaty texts, despite their extent, simply do not cover all the problems. In a number of areas they only state the objectives to be achieved in general terms and leave the common institutions subsequently to spell out the objectives and determine the ways in which they are to be achieved. As a result, it is often not possible to predict what consequences the provisions of the Treaty may have.

For example: it has been decided that the EEC is to apply a common trade policy in relation to countries outside it. This is precisely a question which was not under discussion at the establishment stage but now is to be addressed. On the other hand, how this trade policy is to look and the principles by which it is to be guided are not laid down. It is a matter for the Council of Ministers to decide by a so-called qualified majority. A Member State, particularly a small country, thus cannot predict what obligations will be imposed on it with regard to its conduct towards countries outside the EEC.

But what is the 'Council of Ministers', and what is a 'qualified majority'? Let us start by studying the terms of the Treaty relating to the structure and powers of the EEC's common institutions.

#### **The Council**

The Council, or Council of Ministers, as it is also called, coordinates the policy of the EEC countries at intergovernmental level. Each government is represented on the Council by a minister. The Council's decisions, depending on their importance, are taken unanimously or by qualified majority or by a simple majority.

During the initial transitional stage unanimity was required on many matters, but as integration progresses the unanimity rule will be dropped and more and more decisions will be taken by qualified or even simple majority, and when the process of building is completed, it will only be possible to insist on unanimity on a limited number of matters, e.g. those extending beyond the framework of the existing Treaty. The provisions

of the Treaty on this point are quite clear: a single country can be voted down on matters of absolutely crucial importance, if the Treaty's provisions are applied to the full.

These are the main principles governing decisions taken in the Council. There are over a hundred types of decisions which can be taken by the Council and by the Commission and by both institutions together, and for each of them specific voting and other procedures are laid down. An example of these stipulations is that the Council must be in agreement if a proposal from the Commission is to be amended.

## The Commission

The Commission, often called the European Commission, is the executive body of the EEC, its 'government'. It is equipped with extraordinary powers in practice. With the aid of its extensive bureaucratic machine (it currently has some 7 000 officials and is expected to grow to double that) the Commission organises the work of the EEC and supervises the application of the Treaty provisions and decisions the EEC takes pursuant to the Treaty.

The Commission is also the body which drafts proposals for EEC policy, even on matters falling outside the scope of the Treaty if the Commission itself considers that necessary.

The Commission also has the right to take decisions and issue regulations which are binding both on the Member States and on firms and individuals.

A passage in Article 155 states that, in order to ensure the proper functioning and development of the common market, the Commission shall 'exercise the powers conferred on it by the Council for the implementation of the rules laid down by the latter'.

The Council has the power to approve or reject the Commission's proposals and thus acts as a supervisory body with strictly formal powers of decision. However, the Council is heavily dependent on the Commission, which has a monopoly of the right of initiative. The forms in which the Council and Commission take decisions are common to both. They are set out in Article 189, which we reproduce here in full:

'In order to carry out their task the Council and the Commission shall, in accordance with the provisions of this Treaty, make regulations, issue directives, take decisions, make recommendations or deliver opinions.

A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States.

A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.

A decision shall be binding in its entirety upon those to whom it is addressed.

Recommendations and opinions shall have no binding force.'

The Commission is also the institution which negotiates with third parties on behalf of the EEC as a whole. From this year the Commission assumes the powers which the High Authority of the Coal and Steel Community and the Commission of Euratom previously exercised (the Council, Parliament and the Court of Justice already had responsibility in their fields for the Coal and Steel Community and Euratom). The Commission also controls the EEC budget and in 1970 resolved a dispute with the EEC Parliament, which wants a say on the budget, to its own advantage.

The Commission consists of nine Members. They are civil servants and are not answerable to any political body in any country. (The reverse applies, in principle, where the Members of the Council are concerned,

each of whom does represent his government. In practice, this is of minor relevance, since they can only be called to account in their various home countries after a decision, perhaps a binding one, has been taken. The Council's deliberations and decision-making are in fact not open to public scrutiny. It is therefore not possible for the Council's proceedings to be scrutinised through the national parliaments.)

The nine Commission Members, of whom no more than two may be from the same country, are appointed by the governments acting unanimously. They must be 'independent', i.e. they may not be identified with political parties or common-interest organisations. They are therefore hand-picked from among top people in the civil service, the diplomatic corps and managements of large firms.

Great emphasis is laid on the 'independent' status and non-accountability of the individual Commissioners and the Commission as a whole. The reason for this is that it results in an institution which can propose measures and legislation which an individual government could not, because a national government must take account of opinion and the parliamentary situation in its home country. To explain that it is obliged and compelled to go along with a measure in the interests of the Community as a whole is more convenient for a government than to have to ask questions itself.

### Parliament

The EEC has a 'Parliament' too, also known as the 'Assembly'. The term 'Parliament' is misleading since the institution only has an advisory role. It has only been given power on one point: it can dismiss the Commission if there is a two-thirds majority in favour of such a motion. Since Parliament cannot itself appoint a new Commission, the value of this is hardly more than that of a protest. But the Council, which is after all the institution formally charged with legislation, is entirely removed from Parliament's influence and scrutiny.

Parliament consists of 142 representatives of the national parliaments in the Member States. West Germany, France and Italy each send 36 representatives, the Netherlands and Belgium 14 each and Luxembourg 6. The main work of Parliament consists in discussing the annual report of the EEC's administrative body.

### The Court of Justice

The Court of Justice can be regarded as the supreme institution of the EEC. It consists of six judges who are appointed by the Member State governments for six years. The Member States can complain to the Court if they consider that a Member State or an institution is not honouring its obligations under the Treaty.

The Court of Justice is independent of all other courts in its judgments, and is not bound by any laws or constitutions, by any governments or parliaments of the EEC Member States. There is no possibility of appeal against its judgments.

The Court of Justice has the power, with binding effect, to settle questions concerning the interpretation of the Treaty of Rome and the validity and interpretation of measures decided by the EEC institutions.

The Court of Justice has conferred on itself the power to determine whether legislation in a Member State is compatible with the Treaty of Rome.

### Corporate bodies

In addition to the four main institutions mentioned, there are several committees with advisory functions dealing with particular matters. These have a corporate composition.

Take the Economic and Social Committee, for example, which according to the Treaty 'shall consist of

representatives of the various categories of economic and social activity, in particular, representatives of producers, farmers, carriers, workers, dealers, craftsmen, professional occupations and representatives of the general public'. The Committee's members are appointed by the Council for four years. Their appointments are renewable. The members of the Committee are appointed in their personal capacity and may not be bound by any mandatory instructions. (Article 194 of the Treaty of Rome.)

Finally, there is a bank, the European Investment Bank, plus various funds, the most important of which is the European Social Fund. The latter is intended to provide resources for such purposes as increasing 'the geographical and occupational mobility' of workers, i.e. to promote the relocation and retraining of labour according to the wishes of industry.

#### Article 235

The Treaty of Rome formulates the objective of political integration in very vague terms. The Preamble to the Treaty uses the phrase: 'an ever closer union among the peoples of Europe'.

If we look more closely at the powers of the EEC institutions, it is clear that the nations in question have had all rights to determine the concrete content of this 'ever closer union' taken away from them. On the one hand, the popular will was uncoupled at an early stage by the way the institutions are structured; on the other hand, there is absolutely no requirement of unanimity among the representatives of the Member States as regards further progress along the road to integration, except in certain cases.

Of special interest is the possibility conferred on the EEC's bodies themselves to extend the framework of the Treaty. Article 235 reads: 'If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.'

In other words, a measure which the Commission regards as appropriate and which concerns a matter not covered by the Treaty can suddenly become law enforceable in a Member State without any opportunity whatsoever being given for political debate.

It may be added that there is no attempt in the EEC to hide this. A commentator on the Treaty of Rome attached to the Commission, Hans von der Groeben, observes that a regulation issued by Council Decision pursuant to Article 235, which immediately has the force of law in the Member States, makes it possible to circumvent time-consuming national legislative procedures. In his view this should not be regarded as circumvention of the powers of the national parliaments, but should be seen in the light of the fact that the government representatives on the Council are only exercising a power which the parliaments readily granted them by approving the Treaty of Rome. Article 240: 'This Treaty is concluded for an unlimited period.'

#### The Bonn Declaration

The long-term political objectives of the EEC have over the years given rise to many pronouncements by EEC institutions and statesmen from the EEC countries. The most authoritative one generally cited is the Bonn Declaration of 18 July 1961 on extended political cooperation. It was issued jointly by all the heads of state and government of the six countries. They declared themselves:

'... resolved to develop their political cooperation with a view to the union of Europe and to continue at the same time the work already undertaken in the European Communities ... wishing for the adhesion of other European States ready to assume in all spheres the same responsibilities and the same obligations ...'

and decided:

‘... to give shape to the will for political unity already implicit in the Treaties establishing the European Communities, and for this purpose to organise their cooperation, to provide for its development and to secure for it the regularity which will progressively create the conditions for a common policy and will ultimately make it possible to embody in institutions the work undertaken ...’

and

‘... to hold, at regular intervals, meetings whose aim will be to compare their views, to concert their policies and to reach common positions in order to further the political union of Europe, thereby strengthening the Atlantic alliance.’

The function of the EEC

‘Although the EEC has economic effects and economic significance, the organisation is essentially political. This applies equally to its aims, its structure and its function.’

The person who said these words was Walter Hallstein, the first President of the EEC Commission. It is not some ill-considered expression of opinion. Hallstein and his successors never tired of stressing the political nature of the EEC. Circles within the EEC have never sought to hide it. The fact that the question is discussed at all stems from the fraudulent attempts of EEC supporters to present the EEC as solely an organisation for the removal of barriers to trade between Member States.

However, we will now focus attention on precisely those particular effects of the Treaty of Rome.

Theory and reality

What economic philosophy is expressed in the Treaty? It consists of the classic liberal theories of free trade and competition. According to the free trade theory, the aim should be to achieve specialisation and division of labour at the production stage which ultimately benefit all countries and, according to the competition theory, the aim is to achieve the best use of available resources without exorbitant profits.

Nowhere in capitalist society are these theories consistent with reality. Nor are they in the EEC. They only serve as an ideological label. The application of the theories leads instead to the dominance of monopolies. In order to rescue the theory corrective factors are introduced, for example, a prohibition on arrangements restricting competition. Thus in the Treaty of Rome as well, where Article 85 prohibits cartel agreements. Such prohibitions have never worked satisfactorily anywhere. Nor do they in the EEC. Of course, the Commission has the power to make exceptions. In 1967 it exempted at a stroke 30 000 agreements restricting competition.

However, cartels are only one of the first stages in the monopolisation process. What does the Commission say about the really large undertakings in fields where monopolisation has developed to such an extent that there are only a few power centres in the entire EEC, in which markets amount to what is customarily referred to as an oligarchy (power wielded by a few)? Here it was necessary — still in order to rescue the theory — to introduce a further corrective factor. This runs as follows: there is per se nothing wrong with monopoly power, the main thing is that it should not be abused! What constitutes abuse is decided by the Commission, ultimately perhaps the Court of Justice. State monopolies are more or less automatically classed as ‘abuse’. On the other hand, the Commission has not so far found an example of it in the private sector.

The truth is that the Commission actively works to stimulate the concentration of capital. And it makes no secret of the fact, but refers to its concern to intervene against abuse — if that proves necessary.



What has the EEC done during the transitional period in the economic area? Customs tariffs have been abolished among the Member States, as also previously existing quantitative import and export restrictions, and a common customs barrier has been raised towards the rest of the world. A common labour market has been created, and considerable progress has been made towards a free capital market and freedom of establishment (i.e. the freedom to move capital from one country to another and to purchase or set up firms in other countries). The hardest nut has finally been cracked: a common agricultural market. The Community has begun to act as a single entity in international trade negotiations and in relation to countries outside it.

## Industrial policy

The Commission regards industrial policy as unavoidable in securing the economic and political unity of the EEC. The Commission's report on industrial policy covers all areas, from raw material supply to export credits. The Commission's main demand is that there should be major mergers and concentrations of industry across frontiers. The Commission is at pains to dispel the misgivings which governments occasionally manifest in deference to views hostile to the freedom of foreign capital to take over domestic industries. The Commission makes strenuous efforts to promote concentration in order that Western European high finance will be able to compete with the giant American concerns operating in Western Europe.

The Commission also proposes fine tuning of the instruments which already exist for the movement of labour, so that workers can be moved from 'areas where they are underemployed' to industries which are in rapid development. The Commission also stresses the need to develop cooperation between industry and universities.

An example of what the Commission has in mind here is as follows: according to the Commission, there must be a strenuous effort to concentrate the heavy electrical engineering industry in the EEC into three giant undertakings, compared with the dozen or so which exist at present. In order to promote this objective the Member States should (1) gradually open up markets by coordinating the procurement policy of the governments and the electricity generating industry, (2) promote the establishment of groups of enterprises on a multinational basis and (3) ensure that no state or private agreements are concluded in the heavy electrical engineering industry which may constitute obstacles to the first two objectives.

## The European Company

The Commission's special baby in this industrial policy is the so-called European Company, with capital interests from several countries. European public limited-liability companies are meant to promote the integration policy. Once the principles behind such companies have been accepted, integration in the field of tax legislation, questions of patent law and so on and so forth will become imperative. To ensure that European companies do not enjoy unfair advantages over other firms, governments will be forced to implement specific 'harmonisation measures' in a number of areas.

Thus the momentum of the Treaty of Rome has proved to be quite tangible. As we have seen, there is no question of saying 'thus far and no further' once one has entered the game. EEC Commission President Franco Malfatti has summed up in an excellent manner what has been done, where we stand today, and what the logic of the Treaty dictates should happen from now on. The following was taken from an interview in the American magazine 'Newsweek' in August 1970:

## Integration continues

Malfatti: Over the past 12 years we have been working to form a customs union, to get rid of customs tariffs and quotas — the kind of thing that hardly excites ordinary people. But at the European summit in

The Hague in December the historic decision was taken to transform the common market into a genuine monetary and economic union around 1980. This will directly affect many millions of people. An Italian farmer who knew nothing of the Treaty of Rome or the common market will now know that the prices of the goods he produces are set by the EEC Commission in Brussels on the basis of a common agricultural policy.

Interviewer: The price of tomatoes does not exactly set people's imaginations on fire?

Malfatti: No, but a common monetary policy does.

Interviewer: What do people understand by monetary policy?

Malfatti: A common monetary policy means a single European currency. That is something everybody understands. It means that we shall remove a significant chunk of national sovereignty ...

Interviewer: When the EEC countries have given up their own currencies, have they not also, in principle, given up the idea of having their own foreign and defence policy?

Malfatti: That is logical. Monetary and political union go hand in hand. What will one day become the world's most powerful trading bloc must also necessarily have a common foreign and defence policy.

Interviewer: How many countries will form part of this new Europe?

Malfatti: We are building Europe for those countries which accept the Treaty of Rome.

#### Division of labour and regional policy

Let us now look at what the Ministry of Trade has called 'better division of labour', which is closely bound up with the capitalist profitability principle.

The UN Economic Commission for Europe drew attention, in an analysis which was published in 1956, to the powerful attraction exerted by the well-developed industrial area around the Ruhr on capital in Western Europe and warned that, 'unless active measures were taken, the less developed regions would not attract investment and would even lose some of the industries they already had.'

For this reason, and of course to allay concern in the future EEC Member States, a passage was inserted into the Treaty of Rome which runs counter to the general economic philosophy that is developed in it. It says that the EEC is to ensure 'harmonious economic development by reducing the differences existing between the various regions and the backwardness of the less favoured regions.'

How matters were to stand on such questions, however, was clarified directly by a special protocol drawn up at the Rome meeting in which Italy was most graciously accorded special permission to complete the ten-year regional policy programme for southern Italy which had just been launched. Hence active regional and localisation policy was considered to be an exception, despite the example of lip service just cited.

The national governments in the EEC have all kinds of regional policy difficulties to contend with. A common feature of these difficulties is the tendency for certain regions to become depopulated because capital does not for the moment feel any attraction to them. But, at the same time, measures of various kinds are applied to make the transition as gentle as possible, so that no serious problems arise due to unrest in the regions concerned.

The Commission in Brussels, such an excellent institution for beleaguered governments, does not have that kind of concern. Its basic attitude is clear: there must be concentration on a small number of 'development poles'. Direct aid to an enterprise requires justification and should be temporary, so that possibilities for change remain open. The Commission must investigate whether national regional policy measures are in

conformity with the Treaty of Rome, having regard in the first instance to the prohibition on ‘distortion’ of ‘competition’, which of course covers the fine phrase about reducing differences between the various regions.

#### West German dominance

The concentration of industry in a particular area and concentration of capital are two different things. But it tends to be the case that both aspects are to West Germany’s advantage. Although West Germany only has a third of the EEC’s population, West German business interests control over half of the large enterprises. If we look at turnover in these enterprises, West German dominance is even more marked.

Of the hundred largest enterprises in Western Europe, 53 are based in the EEC. Of these 53 firms, 27 are West German, 16 French, 6 Italian, 2 Dutch, 1 Belgian and 1 is in Luxembourg.

The development trend is also to the advantage of West German big business. In heavy industry West Germany has even greater superiority than is shown by the figures above, which refer to firms in a large number of industries. This means that, whether demand for heavy industrial goods or for consumer goods increases, West German industry is favoured. In the latter case, after all, heavy industry is needed to provide equipment for rising consumer goods production, whether this takes place in West Germany or in the other EEC countries. The consequence is that business in the other EEC countries will increasingly be subordinated to that in West Germany. ‘European’ companies will perhaps have their head offices in Brussels, but they will derive their strength from the concentration of financial power in the Ruhr.

#### The EEC’s confederation of industries

However, the picture is complicated by the huge scale of business interests in Western Europe today. Mighty big business in West Germany, but also that in the other EEC countries, feels threatened in this respect, which is reflected amongst other things by the mouthpiece organisation, UNICE — the EEC’s confederation of industries.

(The Commission in Brussels in principle never makes contact with industrial or common-interest organisations in the various Member States. The official reason is reasonable and hardly open to challenge: the Commission does not want to negotiate, so to speak, over the heads of the national governments. The consequences of this sensitivity are convenient for the Commission. A network of umbrella organisations has grown up to represent the same industrial or common-interest groups in all the EEC countries. They have set up offices in Brussels, where they maintain direct contact with the Commission. The largest of them is UNICE (*Union des Industries de la Communauté Européenne*) — Union of Industries of the European Community.)

UNICE raises complaints against its American colleagues on three points: they make demands on the European capital market, leaving nothing for European firms; they do not respect European cartel arrangements and other arrangements restricting competition which the big European enterprises have made strenuous efforts to build up in order to increase their profits; they do not hold back, for the sake of short-term gain, from sabotaging the efforts of European employers to keep wages down as far as possible! Or, to use UNICE’s own words (in a statement dating from 1967): ‘the demand which American investment imposes in respect of labour gives rise to difficulties. Difficulties which are exacerbated by the methods which heads of American firms use to recruit staff, also taking into account the conditions offered to them.’

This brings us to the question of the EEC and the rest of the world.

#### The EEC and the rest of the world

We noted at the start that both Western European and American big business were interested parties in the economic and political integration of Western Europe.

But we also spoke about conflict issues between them. On the one hand, the US disappointment that Britain did not form part of such a far-reaching integration process as that represented by the EEC and, on the other hand, the fact that the EEC's rapidly growing economic and industrial power challenges the USA in international trade, and even on American home markets.

Set against these conflicts, however, was a community of interests in principle between Western European and American capital on the question of the continued existence of the capitalist system. This came to the fore during the monetary crises in the 1960s, when the Western European countries came to the rescue of the dollar in order to avoid too much criticism of the system.

### EEC neo-colonialism

The EEC's relations with the non-industrialised countries in the Third World are characterised, on the one hand, by neo-colonialism and, on the other, by protectionism (protectionist walls taking the form of customs and other rules favouring domestic production at the expense of the developing countries).

The neo-colonialist effects are greatest in the non-European countries associated with the EEC. These are mainly countries which, when the Treaty of Rome was signed, were still French colonies and which under the Treaty were termed non-European countries and territories towards which the EEC had 'special obligations'. After they became independent, a new association agreement was drawn up in 1962 covering 18 countries, mainly in Africa. In Africa too, there is a special agreement with Nigeria, which is similar to the association agreement.

The associated countries gain advantages for their exports — mainly raw materials and agricultural products — to the EEC, while the EEC has advantages in respect of its exports of industrial goods to those countries. From the point of view of the associated countries, the advantages have proved to be of little significance.

The main principles outlined above are in fact breached by a number of exceptions, which mainly affect those agricultural products which can be seen as competing with the EEC's own food production. It is significant that the trade between these countries and the EEC has not developed to any marked degree, and the pattern of trade has also not changed. The former colonial master of these countries, France, still only absorbs 50 % of their exports.

Another aspect of the association agreement is concerned with the EEC's 'aid activity'. The aid is applied to various projects carried out by EEC firms, to which the money thus goes in reality. The French are favoured here too: two thirds of the orders are taken and deliveries made by French firms. Only a small percentage of this 'aid' has so far gone to industrialisation projects.

Interest in the associated countries, which have long been regarded as France's special concern (as part of France's 'aid' to its former colonies in the 1960s, it is important not to forget the military interventions in countries such as Cameroon and Chad to maintain the ruling cliques in power) has increased recently, thanks to the efforts of the enterprising EEC Commission.

In its report on industrial policy in the spring of 1970, the Commission examined at length the question of raw material supply. To begin with, it noted that the EEC is the world's largest raw material importer and that it is necessary for industry to have access to secure supplies of raw materials at prices as advantageous as those enjoyed by competing industries in the main industrial countries outside the EEC. This raises problems in that the EEC is dependent on raw material sources outside Western Europe, often in countries with 'unstable' political climates.

The Commission therefore recommends that the EEC, alongside its competitors, i.e. first and foremost the

USA and Japan, apply a more active policy in gaining access to and control of important raw material bases outside the EEC. What is envisaged is direct control of resources in the developing countries, mainly oil deposits and mineral extraction.

### Criticism from the developing countries

The EEC's attitude to the non-associated developing countries is characterised by discrimination, a fact which has been the subject of vehement criticism and debate at UNCTAD conferences. (UNCTAD is the United Nations forum for international trade and development). Already at the first conference in 1964, there was criticism of the discrimination constituted by the EEC's special treatment of the associated countries compared with other developing countries. The same happened as regards the favoured treatment given by Britain to the Commonwealth countries.

At a later conference, a decision of principle was brought about to the effect that this form of special treatment should be limited in time and that it should be gradually replaced by a system which did not discriminate against the various developing countries and in which the industrial countries would extend general preferences to the developing countries.

When we look at the offers put forward by the EEC in respect of such general preferences, it is hardly possible to believe that the EEC is serious. The EEC's offers only amount to preferences on a small number of goods taking the form of minor tariff reductions. The EEC thinks that association can exist side by side with general preferences and in practice wants to render these insignificant.

### Southern offensive

The EEC is a protectionist, major capitalist power with high ambitions to extend its economic and political influence to weaker countries, in particular to non-industrialised non-European countries which can serve as 'stable' raw-material bases.

This also emerges in connection with what is called the EEC's Southern offensive, which concerns its growing influence in the Mediterranean region. Here the EEC has in quick succession since 1969-70 concluded a series of preference agreements, which are only a hair's breadth from association arrangements. Something which has aroused much irritation in the USA, which sees itself subjected to commercial discrimination in this way.

Two Mediterranean countries have long been linked to the EEC by way of association — Greece and Turkey. The conditions differ. The agreement with Greece was concluded as a step towards full membership; the agreement with Turkey, on the other hand, is lower down the scale. New preference agreements have been concluded with Morocco, Tunisia, Lebanon, Israel, Malta and Libya and — most important of all — Spain. Negotiations with the United Arab Republic, Algeria and Cyprus are in prospect.

It may also be noted that Portugal and South Africa are keen to get an agreement with the EEC in place. Both countries in 1970 took unofficial soundings in Brussels. In both cases the political issue is highly sensitive, and the EEC has not yet reacted officially to these overtures.

The EEC countries, in particular West Germany, have in recent years exported growing amounts of capital to the Mediterranean region, to the Portuguese colonies (in particular, Angola) and not least to South Africa. The pace of investment from EEC countries here is considerably greater than that from both the USA and Britain.

The question is whether this EEC Southern offensive is not motivated by strategic concerns of the same kind as those the Commission raised in its industrial policy report.

If we look at the preference agreement, it seems that the concessions gained by the EEC in the matter of establishment and new investment have played a major role. As far as customs tariffs are concerned, it is a general feature of these agreements that the EEC gives industrial goods from the countries concerned a temporary tariff reduction of as much as 70 % (which is of no great significance to powerful EEC industry) and certain concessions for agricultural products. In return, the other country reduces its industrial tariffs towards the EEC by 25-35 %.

The situation in future, if Britain, Ireland, Denmark and Norway join the EEC, will be affected both by the relationship between Denmark and Britain and by the relationship between Britain and the Commonwealth countries. These continue to be open questions in the North-South context.

But irrespective of the way Denmark goes, for us the enlargement of the common market will mean a limitation of our trading options with the new countries and will bind us more strongly to the large capitalist exploitation countries.

## **Conclusion**

The reality of the content and aims of the EEC certainly leave no doubt that it is not just about economic union, but about a political power base for the monopolies and their integration in defiance of national borders. It is no longer possible to hide this from the populations either of the present EEC countries or of the four applicant countries. The recent protest actions in the EEC countries against the economic and political dictates of the EEC show clearly that democracy, government by the people and national independence and self-determination have no chance in countries which sign up to the terms of the Union of Rome. The fact about the EEC is that this huge power base only serves the economic and political aims of furthering the interests of the monopolies in Western Europe.

Instead of working for a community in Europe for détente and disarmament, an increase in the number of EEC Member States will give rise to a further division into economic blocs and, for Denmark, it will mean an even closer bond with NATO and West German militarism.

If we become a member of the EEC, there is no possibility under the terms of the Union of Rome for us to end our membership. Under the Treaty, we are bound for an unlimited period, as shown in this pamphlet.

Membership of the EEC will mean that we enter a political and economic union which comprises one tenth of the earth's population and that we surrender to the centres of power in that union the right to determine our political and economic relations with the other nine tenths of the world's population.

## **The alternative**

Those who support Denmark's membership of the EEC often justify their position by saying that there is no other way, that we will stand alone, that we will suffer economic decline and that, as a nation, we have no alternative.

But there is an alternative. The Communist Party of Denmark has such an alternative and we end this pamphlet by outlining the alternative briefly for the reader.

By remaining outside the EEC, we retain the right to determine our society's content, structure and aims, politically, economically and socially, and to legislate on our own concerns for our own people. We will maintain Nordic cooperation and create further opportunities for developing it, economically, socially, technically and scientifically, together with Sweden, Finland and Iceland, the Nordic countries which are not seeking to join the EEC.

We will retain our right to determine our own trade policy and our own economic policy through bilateral or multilateral agreements with EEC countries, countries outside the EEC and the developing countries. Outside the EEC we shall be completely free to maintain technical and scientific cooperation with other

countries, to draw benefit from their knowledge as they will from ours, mutually and on an equal footing.

Outside the EEC, we shall retain our ability to develop further our reciprocal trade with the crisis-free and vigorously expanding society of the socialist world.

Therefore, voting 'no' to membership of the EEC will be a crucial step in paving new ways which can lead forward to democracy and socialism. That is the declared aim of the Communist Party of Denmark.