

## Jens Otto Krag, 'Europe and Denmark'

**Caption:** On 12 October 1966, in Brussels, six months before Denmark submits its application for accession to the European Communities, the Danish Prime Minister, Jens Otto Krag, delivers a lecture to the Belgian Royal Institute for International Relations (IRRI) on Denmark's role in Europe.

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## Europe and Denmark

par Jens Otto KRAG

It is a great pleasure for me to address The Royal Institute for International Relations about European co-operation.

Your country plays a vital role in European affairs. We admire those Belgian statesmen who have given great efforts to the European cause. The city of Brussels itself stands as a symbol of the vast enterprise of the Common Market which the Six Countries started then years ago.

The efforts to build up Western European co-operation reflect new attitudes which have emerged in Europe after the Second World War. The disunity and rivalry of former days have been superseded by growing wishes for wider European unity.

We have learned the lessons of the nineteen-thirties, although you may ask, whether we have learned enough. It might even be said that there are tendencies in Europe today which seem on the way to unlearning our lessons. Never the less I feel certain that the European idea is now deeply rooted in the peoples of the European countries. That there is still reason for optimism. But right now the great question is how and when to get the process of European unification started again.

European co-operation has been a major aim of Denmark's<sup>1</sup> foreign policy throughout the post-war period. History has taught us that our security depends on peaceful co-operation between the nations of Europe. This is the basis of our attitude to the question of unification of Europe.

The efforts towards European unity have so far yielded the best results in the economic field. This is not surprising, when we look back at the period since 1945 when Europe lost its position as the political and commercial centre of the world. Only through concerted action was it possible to reconstruct the nations and bring new life to their economies. This was the great accomplishment of the O.E.E.C. The United States' ability and resolve to see Western Europe through the post-war difficulties have been decisive factors in the progress we have achieved. The results of the common efforts would, however, have been much less impressive, if the European countries had not been willing to adopt new forms of economic co-operation.

The basic need for European co-operation almost speaks for itself. One outcome of the Second World War was that no single European nation was able to maintain an independent policy in the classical sense of great power-politics, to act as a super power. It is unlikely today that any single European country will ever again be able to reach that position. This includes the powers which used to be called the Great Powers of Western Europe.

If we can unite in Europe, we may collectively maintain the place in the world to which Europe should be entitled. We may become equal partners of the United States and thus play our proper role in the Atlantic Community. Our relations with the Soviet Union should be developed in order to create the basis for a solution of the problems of European security. In close co-operation the European countries can contribute effectively to the solution of the greatest international problem in our time: the growing gap between the rich nations and the poor.

These are the basic reasons why we say that the task of our generation is to bring about a closely co-operating Europe.

There are tremendous difficulties to overcome. I have referred to some of the most important. But there will be many more.

What we have set out to do is to unite old civilizations with dissimilarities in habits and ways of thinking and with conflicts of interests. We are all aware that Europe, from the North Cape to Sicily, is rich in variations and that cultural streams have moved in many directions in the course of history. The peoples of

Europe have long traditions of national rivalry. They have taken turns at ruling one another. They have looked upon the other European peoples as aliens. It takes time to change ideas of peoples, to advance one step further and accept one another as equal partners.

You may ask what sort of Europe we envisage. How is it going to be organized politically, economically?

I think it would not be right to answer these questions too precisely. As I said, this is a question of uniting old civilizations with a deep sense of independence. If you try to define beforehand and precisely the future organizations you may make the task more difficult, even destroy the very possibilities of attaining the goal.

But as I said in Strasbourg a fortnight ago we must always keep the ultimate goals in view, realizing, at the same time that there is no given and conclusive answer to the question of the form in which European co-operation should be implemented. We aim at a co-operating Europe based on a free exchange of goods, growing production and trade and free mobility of labour and capital. We believe that progress in that direction will, by itself, lead to the creation of appropriate institutions.

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Our ultimate idea is to create a Europe in the best possible conditions for the survival and further development of our common democratic ways of life in peace and freedom. We aim at an influential Europe, democratic with a high standard of living, greater social justice, and a culture and science that may still be a model to the rest of the world.

Only a co-operating Europe can enable the European countries to maintain the place of our old Continent in the world, not in opposition to the United States but in co-operation with our American friends. A Europe which is not in co-operation with the U.S.A. is unthinkable. It is also a situation we would never like to see. Europe to the Urals is not realistic. But there is good sense in a co-operating Europe in good relations with the U.S.A. and with the Soviet Union as well.

The idea of European unity is gaining ground among the peoples of Europe. After the Second World War, there has been a slow but unmistakable tendency for the peoples of Europe to appreciate and to accept the need for closer co-operation. Some further maturing is still needed, but the process is in the making.

What have we actually achieved in European co-operation until this day?

In the economic field, a great deal. European production and trade has flourished since the start of European co-operation in the years immediately after the war, and there is no doubt that the Organization of European Economic Co-operation played a great part in this respect and that we are harvesting the fruits of that co-operation. Today we are facing increasing difficulties as a result of the division of Europe in two market groupings, and the great question is how we can make the two groupings meet.

If you turn to the political aspect I would say that European and Western co-operation is in a rather sad condition at this moment when more promising developments on the world scene may appear on the horizon. What I have in mind is opportunities for a better understanding between the Great Powers and I hope for a peaceful conclusion of the Vietnam conflict. It is vital that we do not forget the importance of the alliances as peace-keeping factors in the world of today. The existence of N.A.T.O. is essential as the basis of all our searchings for a detente. It must exist as a viable organization based on mutual trust between its member countries.

But I think that time has come when we should try to find a new political content for the Western alliance. We should find ways and means by which N.A.T.O. might become an instrument in the search for further relaxation in Europe and for a solution of the German problem. This is the question of gradually creating a new political environment in Central Europe, as President Johnson has said a short time ago. We forget that the unification of Europe is not just a question of unifying E.E.C. and E.F.T.A. Behind that there is the

question of making Europe whole, i.e. making Eastern and Western Europe meet again.

I am sure that this task requires a modernizing of N.A.T.O., further integration between the Western European nations and a further development of contacts with the countries of Eastern Europe.

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Our first requirement, however, is to put the house of Western Europe in order.

The Common Market is the most striking proof of the force of the European idea. We, who are outside the Community, have observed with admiration the great progress which the Community has achieved, through crises and difficulties. We wish the Common Market every success.

To us, however, it is a matter of vital importance that the group of countries working towards realization of European unity should be extended. So bold a venture deserves participation by more than the present six members of the European Economic Community. Both the E.E.C. countries and the E.F.T.A. countries belong to the European family of nations by history, economy and culture. Only through such widening of the community can Europe take its economic and political place within the new world order.

When the efforts to establish a comprehensive European free trade area failed, E.F.T.A. was established for the primary purpose of facilitating a solution on a broad European basis. In conformity with this purpose we applied for membership of the E.E.C. in 1961 at the same time as the United Kingdom. Shortly afterwards, Norway also applied for membership and the neutral E.F.T.A. countries applied for association. All this seemed to bring the realization of the European idea within reach. Unfortunately it came out otherwise.

When the Brussels negotiations broke down in January 1963, the realization of the European idea was postponed. We all know how it happened and the reasons behind the breakdown. We are suffering from the consequences today. I think my country knows better than almost any other the difficulties created by the division in two market groupings. It is a first essential that a further drifting apart is brought to an end. In economic policy we must take account of the other party's vital interests, realizing that policies should always serve the purpose of maintaining the possibilities of an early resumption of progress in European affairs.

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The E.E.C. can be taken as a desirable pattern for an extended economic community in Europe. The E.E.C. covers all fields of economic and social activity. There are especially three principal elements of the Community's activities I would like to mention at this occasion.

To take agricultural policy first, the E.E.C. has so far devoted more time and energy and political attention to the agricultural sector than to any other. The achievements have been viewed with a certain admiration in the rest of the world as a highly constructive endeavour to solve the intricate problems in this sector. But there are also misgivings. In its present form the agricultural policy of the E.E.C. is bound to create difficulties for third countries with major agricultural export interests like Denmark.

With its high support prices the common agricultural policy tends to curb consumption and stimulate production.

Agricultural exporters outside the Community are hereby faced with decreasing marketing possibilities within the Common Market and increasing surplus difficulties on other markets. In addition the levy system, as presently applied, has — apart from the practical problems for traders confronted with unforeseeable, week-to-week changes in import levies — led to depressed import prices. I think it is true to say that the E.E.C. thereby indirectly has favoured countries like the state trading countries to the detriment of countries

like Denmark, where the agricultural production is to a large extent determined by prices on the export markets. We hope that a change in this system will soon be found.

Denmark is in favour of agricultural prices at a level which will not encourage a surplus production that will inevitably become a burden to the rest of the economy. A comprehensive economic community in Europe must, of course, give a wide measure of consideration to the conditions of the farming population. An extended European community with a strong economy can easily afford to keep its doors open to the rest of the world in the desire to achieve a constant expansion of world trade.

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The second principal element is the industrial sector. Here the E.E.C. has practically completed the establishment of the customs union foreseen in the Treaty of Rome. It is obvious that this customs union will also form the basis of an extended economic community. Surely, this does not mean that all the problems in the industrial sector will have been solved. The greatest problem in the industrial field and the next major task facing the community is to implement a real common industrial policy within the framework of the economic union. In industry — no less than in agriculture — outward-looking policies are necessary conditions for the progress we want in Europe. Only by resisting the temptation to take refuge behind protective walls of all kinds can European industry keep abreast of industries in other parts of the world.

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The third and last element is the general economic policy. A free European market for goods, labour and capital requires close co-operation in budgetary and fiscal policies, monetary policy etc. There is no doubt a growing consensus in Western Europe about the need for energetic public measures to solve central economic problems. I also feel that there is a growing understanding in our countries of the need for concerted policies in this respect. I believe, therefore, that there will be fertile ground for the work which must be done to ensure rising standards of living for our peoples through economic expansion under conditions of stability.

The common agricultural policy, the common industrial policy and the coordinated economic policy are the economic foundations of a united Europe.

In formulating the economic policies of Europe it is important to aim at an increased volume of trade with the Soviet Union and the countries of Eastern Europe enabling these to find greater export markets in Western Europe in step with the economic expansion. Increased trade between Eastern and Western Europe would certainly contribute to improving the climate in East-West relations.

It is equally important that Europe does not become a club of rich nations directed against developing countries. On the contrary, Europe's economic and political potential should form the basis of increased efforts in favour of the developing countries. Concerted European action in this field would hold out prospects of very great advantages to the developing countries. In order to help these countries we must improve their export possibilities, and a unified Europe would, together with North America, be the most important markets of the new countries. Also, we must not forget that economic stability in the end is a vital condition of political stability in the developing countries.

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There is one more basic element of European unity about which I should like to say a few words, namely our cultural affinities. These are among the most important conditions for European co-operation. It is therefore essential that we should endeavour to strengthen and extend the cultural relations between the

European countries. Such cultural co-operation will make the peoples of Europe more conscious of their common heritage.

In cultural life, too, Western Europe should not be inward-looking. We should not forget that the countries of Eastern Europe and the Soviet Union have made significant contributions to European civilization in the course of history. And our own civilization and that of North America and many Commonwealth countries have a common origin. We must with thorough understanding of their very difficult problems assist the young, developing nations of Africa in their endeavours to establish themselves in the society of free nations. The Latin-American countries are also oriented towards Europe to a very large extent.

It may even be that this common cultural heritage can become the ground on which we can build our efforts to achieve better understanding between East and West. In the work for extended cultural relations we should therefore always bear in mind that Europe in cultural affairs should never become exclusive and introspective. It must be open and outward-looking.

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I have tried to draw a few perspectives of a European community as seen from the Danish angle. So far, so good, what can we do in present circumstances to get things moving again?

There is no denying that since the Brussels negotiations broke down in January 1963 broader European co-operation has been stagnating. We are facing increasing difficulties as a result of the division in two market groupings. No solution seems to be in sight. To my country it is vital that the deadlock in European co-operation should be brought to an end, the sooner the better.

The Kennedy Round has been held out as a useful means of alleviating the unfortunate consequences of the trade barriers between the two European markets. For a long time we felt that the chances of positive result from the Kennedy Round were modest, but now the Kennedy Round discussions are in full swing.

I recall that the E.E.C. at an earlier stage of the Kennedy Round made distinct reference to the opportunities which these trade negotiations offer for action among European countries. We fully agree with this view, and we think that European countries outside the Common Market should find effective ways of taking up the E.E.C.'s challenge on this point. To that end, Denmark, Finland, Norway and Sweden are making preparations for a common approach to the E.E.C. in the Kennedy Round. I may in this context remind you, that the aggregate merchandise imports of the four Nordic Countries from the E.E.C. are bigger than those of the United States.

We have previously in the E.F.T.A. proposed that a dialogue should be opened between the two market groupings with a view to discussion of co-operation in specific fields. We still feel that this proposal merits consideration, and we hope that the E.E.C. will soon respond to the E.F.T.A. invitation.

The Kennedy Round and a E.E.C./E.F.T.A. dialogue cannot by themselves solve the main problem, namely the establishment of one great European market. As you are all aware, the question of British membership is essential in this respect.

It is, I believe, generally agreed that the main problems concerning British entry into the E.E.C. fall in two groups: First, the serious economic situation of Great Britain arising partly out of her special monetary position. Second, there will be problems in connection with an adaptation of the British agricultural policy to the Continental system, especially with respect to the impact on the balance of payments of Great Britain and on her relations with Commonwealth countries such as New Zealand.

The British attitude seems to be that they are ready to join the E.E.C. provided the vital interests of the United Kingdom can be safeguarded. The French reaction to that is that the United Kingdom is welcome in

the E.E.C., if the British Government accept the Treaty of Rome and the body of rules and systems based on the Treaty, admitting that certain transitional arrangements will be necessary.

As far as I can see these views are not quite incompatible. I feel, therefore, that it would be most helpful if contacts between the United Kingdom and France could be further explored with a view to discussions of the specific problems at stake.

The two great nations, Britain and France, hold the keys to Europe's future. But as I said recently in Strasbourg, we cannot go on waiting for ever. We must find ways to bring the development towards European unity and European co-operation going again.

As I also said in Strasbourg, there is an intensive debate going on in Denmark about how we can help to get European co-operation on the move again. In that respect the Nordic countries might be able to play a part.

I do not think that under present circumstances an isolated Danish entry into the Common Market would serve that purpose. Nor would it today solve Denmark's problems. Nor would it be desirable from an overall European point of view. But we must keep our minds open to any opportunity that could lead to a solution to Europe's market problems.

A Nordic initiative — if it should prove possible — may have an importance of its own, also as an appeal to the United Kingdom and France to re-establish the contacts that were broken off in January 1963, and to resume the negotiations in which among others Denmark took part simultaneously.

I have in the last week had the opportunity to discuss these questions with the Prime Minister of Sweden during his visit to Denmark. I have nothing to subtract from what I said in Strasbourg after my conversations last week with Mr. Tage Erlander. Our two governments will keep in contact and in the near future I will discuss the matter also with the Prime Minister of Norway. Furthermore the Nordic Ministers of Trade and Market affairs will meet at several occasions during the next few months.

I will pursue these discussions in awareness of the underlying reality that although the European idea is in harmony with the facts of the modern world, a united Europe will not come about by itself. If that goal is to be achieved, those in responsible positions must take constructive action. There is a vital need for consistent political initiatives to be taken in the proper context and at a proper time. The Danish Government is aware of its responsibility and will act accordingly.

Speech of the Danish Prime Minister Jens Otto KRAG in *Institut Royal des Relations Internationales* on October 12, 1966.  
1. Voir *Chronique de Politique Etrangère*, vol.XVII, 1964, n°6, pp.697-768.