

## Resolutions adopted by the European Movement at the Westminster Conference (20–25 April 1949)

**Caption:** From 20 to 25 April 1949, the European Movement holds an Economic Conference in Westminster at the end of which a series of monetary resolutions and resolutions concerning the establishment of a European Economic and Social Committee are adopted.

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### European Economic Union

#### A. The Need for Union

1. Europe needs economic union in order to build a stronger, more efficient and more productive economy on the ruins and rubble left by the last war. This strength, efficiency and productive capacity can only be attained, if Europe makes a rational use of all its resources, if it creates a market large enough to give full scope to the economies of mass-production and if it allows all to share equally in the advantages of scientific invention and technical progress. Thus, and thus only, can the standard of living of Europe's peoples be raised as rapidly as respect for the inalienable human rights requires that it should be.

2. Europe needs economic union, moreover, in order to promote a fuller and a better understanding among its peoples by removing all those international obstacles which to-day restrict their freedom to seek work, to undertake business, to travel and to live where they will. Thus, and thus only, can Europe create a civilization composed of distinct but integrated elements.

#### B. Conditions necessary for the formation of a Union

3. The realization of such a union is a complex undertaking which can only be completed by gradual stages.

4. The union can only be achieved if the necessary powers are granted as soon as possible to a European authority. The functions and the powers of this authority should be determined by a European Charter which should be agreed by all the countries concerned acting in unison.

#### C. The Scope of the Union

5. Because the very purposes of the union are economic integration and better understanding, the union must be open to all European nations which are in a position to accept and which practise democratic principles of self-government. It must be open also to the countries overseas which are politically associated with them.

#### D. The Purpose and Nature of the Union

6. The purpose of the union must be to constitute within Europe an area in which men, goods and capital may move with no more difficulty than is experienced to-day within the-frontiers of any single country.

7. This implies a full customs union, and indeed, more than this; a full economic union, from which both customs barriers, tariffs and quotas and all currency obstructions to economic efficiency would be eliminated.

8. The final aim is thus to do away with all customs barriers and all customs administration on the internal frontiers of Europe.

#### E. The Steps towards Union

9. The Conference recalls that impediments of a quantitative character; prohibitions, quotas, import and export licences and all administrative measures of a restrictive character, whether open or disguised, are obstacles particularly detrimental to trade, because they split up markets by insurmountable barriers and cause *de facto* discrimination between countries, products and interested parties.

10. The measures taken in most of the countries concerned in order to control inflation having already had important results, and some progress having already been achieved in the reduction of the more serious price disparities, the time is ripe to complete this process by all appropriate measures, more especially by a

suitable adjustment of exchange rates. It will then be possible to establish the free convertibility of European currencies and to take measures with a view to the gradual conclusion of a customs union.

11. The decision to constitute such a union should take the form of a binding international agreement, sufficiently clear as regards the final objective and the steps by which that objective must be reached, to render possible the acceptance of the union by parties to commercial treaties enjoying Most Favoured Nation rights, and by the International Trade Organization.

12. The first measure to be adopted as a result of this agreement should be a declaration of a truce both as regards tariffs and as regards quantitative trade restrictions. No modification of this truce should be permitted excepting in accordance with the procedure foreseen in paragraph 28 below.

13. The second task which should be initiated forthwith, and accomplished while the truce is in force, must be the elaboration of a common tariff, *vis-à-vis* the rest of the world, which, in accordance with the accepted principles of commercial policy, must not be higher than the average of the tariffs of the participating states.

14. Without waiting for the establishment of the common tariff an immediate effort should be made to reduce existing quantitative restrictions in order to develop trade within the union, in the early stages by bilateral negotiations aided by the advice and stimulus of the Council of Europe. As soon as possible the negotiations should be conducted on a multilateral basis and the concerted removal of quantitative restrictions still in existence and the reduction of tariffs should be carried out in accordance with the procedure foreseen in paragraph 28 below.

15. The procedure foreseen in paragraph 28 below will be adopted:

(a) to decide by what means the reduction and final abolition of all tariffs among the participating states should be effected,

(b) to watch the situation in order to prevent all forms of indirect or direct commercial protection which might involve unfair competition and especially in order to prevent discriminatory transport tariffs, it being understood that the measures taken by the Governments with a view to improving the living standards of the workers or their professional status should not be considered as having a protectionist character, so long as they are not disguised subsidies aimed at artificially lowering the cost price.

16. In submitting the above proposals it has not been overlooked that certain special difficulties will be encountered in connection with existing preferential systems. These difficulties will be overcome insofar as it is found possible, as it is hoped it will be, to extend the measures proposed on a reciprocal basis to all the members of the union.

## **F. Periods of Transition**

17. The general annual lowering of customs barriers (quotas and tariffs), whether by bilateral or multilateral negotiations, should permit the effective removal of quantitative restrictions between the participating European States within a period of two years, and of tariffs within a period of ten years. To this end, a minimum annual rate of reduction of the customs barriers created on the one hand by quantitative restrictions, and on the other hand by tariffs, should be determined in accordance with the procedure foreseen in paragraph 28 below, without any discrimination as regards either countries or goods.

18. These periods and rates of reduction will be fixed in the first instance in accordance with the procedure foreseen in paragraph 28 below, and only modified thereafter in accordance with that procedure.

19. In the initial determination or subsequent modification of these minima, due account should be taken of the need to ensure full and productive employment in each country, and to maintain a satisfactory standard of living: and for these purposes, transitional measures should be adopted to facilitate the adaptation of national economies to the new conditions of the union.

20. In exceptional cases, derogations should be allowed to the rate of reduction in the case of countries whose tariffs are unusually low.

### **G. Social and Fiscal Policy**

21. During this same period, every effort should be made to bring fiscal and social policies into line in a manner as favourable as possible to the workers, taking into account relative productivity.

22. Collective European agreements should be discussed between the representatives of employers and workers in order to afford the latter minimum guarantees based on common principles. The Conference is of the opinion that the standard of living of the workers is an element of vital importance for the realization of European unity.

### **H. Circulation of People**

23. The full employment of labour must be regarded as a moral, social and economic necessity.

As far as possible, and taking into account family needs, each country should aim at providing adequate employment for its nationals through the intensive exploitation of its natural resources and the development of its industry: a development which will be encouraged by the free movement of capital within the European union.

Since however, it is not possible in all cases to utilize the entire labour force on the spot, each individual should, at all times, be able to move about freely between the countries of the European economic union in order to find work, there where he will be able to enjoy satisfactory living conditions.

24. This complete freedom of movement should be achieved gradually within a period of time which can only be fixed by experience, but the necessary steps should be initiated without delay: supervision of the consequent movement of population will be carried out in accordance with the procedure foreseen in Article 28 below. During a first phase a minimum emigration must be made possible between one country and another. The rate of this minimum emigration shall be fixed in proportion to the populations of each pair of countries concerned, in accordance with a standard percentage which must be established by common agreement between all the countries of the union. This percentage can only be modified in the future in accordance with the procedure laid down in paragraph 28 below.

25. Henceforth, the laws of each country of the union should give to the nationals of all the other countries, as well as displaced persons of European origin, exactly the same economic and legal rights as those enjoyed by the nationals of the country concerned.

26. It is particularly important to remove without delay all the obstacles to the movement within Europe of any young people undergoing training (apprentices, workers or students).

27. Subject to agreement by those overseas countries which enjoy political autonomy and after a suitable transition period, the efforts of the European union should be directed towards making it eventually possible for all Europeans of the union to trade, to invest and to settle on a footing of complete equality in the associated overseas countries, in accordance with reciprocal agreements made between the European; countries which are members of the union.

### **I. Procedure**

28. All the decisions foreseen in this statement should be taken first by means of a common agreement between the governments concerned, reached through the medium of the Council of Europe and later by such European Authority as may be created for the purpose.

### **Free convertibility of European currencies**

THE CONFERENCE AFFIRMS that no scheme for a European Economic Union can be fully realized unless Europe is organized as a zone within which there is free convertibility of currency.

2. It expresses the view that:

the efforts already made by the different countries of Western Europe to halt inflation;

the assistance which is reaching Europe under E.R.P.;

and the results achieved by O.E.E.C,

make it now possible for a Ministerial Conference to be held to draw up a policy designed to bring into operation the mutual convertibility of the various European currencies at appropriate rates of exchange.

This free convertibility may, during a transitory period, be limited to exchange requirements originating from current transactions. During such a period capital movements may continue to be controlled.

3. The participating countries should co-ordinate their financial policies with regard to:

(a) the extent to which provision is made for budgetary surpluses or deficits affecting monetary equilibrium;

(b) capital movements from one country to another, in order to prevent such movements from upsetting the balance of payments of the countries concerned;

(c) credit policy.

Thanks to these measures, capital investment, whether public or private, will be made possible in each country, in accordance with the system prevailing in that country.

4. A Commission, composed of High Monetary Authorities, should be set up to assist in co-ordinating the policies of the separate Governments on all technical monetary matters.

5. When the policies referred to above have achieved their results, all monetary reasons for restricting the free circulation of capital between the participating countries will be removed, without upsetting the rates of exchange which will remain subject to the regulations of the Bretton Woods Agreement.

6. Finally, if the progress of European unification in political matters renders it possible and desirable, the measures proposed above will permit the ultimate creation of a monetary system, comprising a single currency, which would be made the responsibility of an appropriate European Organization.

### **Basic industries**

In confining its studies to the four industries, Coal, Iron and Steel, Electricity and Transport, the Conference does not suggest that its conclusions apply only to those industries nor to every one of them in the same degree. In fact those industries have been considered which are the most important for European recovery, in

which there is considerable technical concentration and which need large-scale capital investment. The Conference selected the four industries named because they fall within this category, but it is appreciated that the general conclusions which were reached will in each case require to be adapted to meet the special conditions of the industry concerned.

The research undertaken has revealed a variety of problems some of which are common to a number of industries, such as the questions involved in a consideration of:

the co-ordination of investment;

the study of markets;

the co-ordination of production plans;

standardization;

vocational training;

the co-ordination of research;

co-operation in the prevention of unfair trade practices by commercial undertakings or Governments.

The Conference is convinced that the solution of some or all of these problems on European lines would provide immense benefit to the European economy.

THE CONFERENCE RECOMMENDS that in each of the four Basic industries of Coal, Iron and Steel, Electricity and Transport three kinds of organizations should be created, namely:

(i) A European governmental body which would have as its function the definition of general policies in the industry concerned, in particular the policies concerned with investment, volume of production, and prices, in order that it shall always be in line with the general policy and with the economic and social aims of a European Union.

(ii) A consultative body consisting of employers, employees and representatives of the public interest whose task would be to advise the European governmental body on matters of general concern to the industry, including the objectives enumerated in para. (iii) (a), (b) and (c).

(iii) One or more organizations of employers drawn from both publicly-owned and privately-owned undertakings, on whom would fall, amongst other duties, the task of carrying out the general directives and recommendations of the European governmental body. These organizations would be formed with the following objectives;

(a) To develop production to meet demand,

(b) Progressively to increase productivity by means of specialization, standardization, etc.,

(c) To bring about a lowering of prices by reducing costs, with a view to raising the general standard of living.

Such employers' organizations would be formed by international agreement registered with the appropriate European governmental body, and in conformity with the principles laid down by the Havana Charter setting up an International Trade Organization. They would be under legal obligation to publish their statutes, regulations and rules of procedure.

In the event of an employers' organization failing to act in accordance with these principles, the European governmental body would have power to institute proceedings with the competent judicial authorities, leading to the possible application of sanctions such as;

the cancellation of certain decisions.

the award of damages to injured third parties.

the suppression of the employers' organization concerned.

NOTE.—The employers' organizations proposed above may either be formed *ad hoc*, or be adapted from already existing organizations.

No decision was taken as to whether such organizations shall be compulsory or not.

### **Annex**

There were certain problems raised in the discussions such as:

The adaptation of industries to make the best use of modern technical developments and available resources;

development of the iron and steel user industries;

the continuation of agreed programmes of distribution of scarce qualities of coal in order to reduce imports from outside Europe;

the furthering of mechanization of mines and other measures for the improvement of production per head;

the need to increase production of electricity by all possible means; the development of hydro-electric power; the increase in appropriate places of thermal electricity production; agreements aimed at achieving the most efficient distribution of electric power, in particular in the areas of high consumption; and methods of achieving the optimum location of industries which are large-scale consumers of electric power;

the best use and co-ordination of the different sources of energy, namely coal, electricity and oil;

the study of existing transport facilities with a view to obtaining the best possible use of them for the benefit of Europe as a whole by a combination of standardization and integration. Civil aviation presents some special problems which include the maximum utilization of air ports, the standardization of the manufacture of equipment, and the possible organization of the airways by international companies.

The Conference did not have either the time or the competence to study these problems in detail.

It was therefore recommended that the International Executive Committee of the European Movement should form a group to continue these studies and to submit their findings to the organizations proposed in the resolution, as soon as the latter have come into existence.

### **European Economic and Social Council**

THE CONFERENCE PROPOSES that the Consultative Assembly of the Council of Europe should be invited to establish during its first session a European Economic and Social Council.

2. This Council should be composed on the one hand of an equal number of representatives of the employers and employees in European industry and of representatives of agriculture; on the other hand of persons selected for their special qualifications whose number should not exceed one third of the total membership. The latter should be chosen by the Consultative Assembly, after consultations calculated to secure that those designated shall have the necessary competence and independence.
3. The purpose of this Council would be to make recommendations for the progressive unification of the economy of Europe as a whole and to ensure its development and social progress.
4. The Council should keep under continuous review the effects of monopolies, cartels, tariffs, quotas, capital investment policies, currency regulations, restrictions on travel and other obstacles to the early development of a European economy.
5. The Council should, for example, make proposals for improving production and distribution, for facilitating the movement of labour, for the maintenance of full employment, for promoting good industrial relations, for the raising of standards of living and of working conditions, and for bringing about a growing uniformity of economic practice between the nations, as for example in connection with the transferability of rights to social services.
6. The recommendations of the European Economic and Social Council should be published and submitted to the Consultative Assembly of the Council of Europe for study during the next succeeding session. If the Assembly decides not to take them into consideration it should give reasons for its decision to the European Economic and Social Council.
7. The European Economic and Social Council should have a permanent and properly equipped Secretariat.

### **European economic union and associated overseas countries**

THE CONFERENCE SUBMITS the following resolutions for the consideration of European Governments in consultation with their associated overseas countries:

1. The economy of Europe and that of its associated overseas countries has always depended to a large extent on their reciprocal trade with one another. These countries include the nations of the British Commonwealth as well as the overseas countries associated with Belgium, Great Britain, France, Italy, the



Netherlands and Portugal.

2. The economic policy of European nations in relation to their overseas countries, which are not yet self-governing, should aim at raising the standard of living and promoting the welfare of their populations.
3. If Europe and its associated overseas countries are to raise their standard of living, they cannot afford to take any action which might impede the mutual trade which exists between them. On the contrary, it is necessary for them to stimulate and develop it, and to do so would be one of the most effective and speedy means of restoring the balance of payments between Europe, the associated overseas countries and the dollar areas.
4. As regards certain overseas countries which now produce mainly foodstuffs and raw materials, this development cannot be achieved without the technical advice and capital necessary to expand the production of these countries, increase their markets, and raise their standard of living. In this connection, President Truman's important offer of assistance is warmly welcomed.
5. It is strongly urged that European nations associated with overseas countries should establish forthwith, if they have not already done so, a suitable procedure for frequent and regular consultations with regard to economic and social development overseas. These consultations, in which representatives from overseas countries would take part, would facilitate the co-ordination of economic, scientific, and welfare plans for the countries concerned. Representatives of other countries which make available technical assistance and capital resources for the development of these overseas countries should also be invited to take part in such consultations.
6. The associated overseas countries, in particular those of the continent of Africa, offer possibilities of constructive development and the creation of conditions favourable to the well-being of the native peoples. Such development may also offer opportunities for European settlement where such settlement is not detrimental to the interests of the indigenous populations.
7. An increase in trade between the European countries themselves would at the same time benefit the economy of their associated overseas countries, which is so largely complementary to that of Europe. In fact they need the European market as much as Europe needs theirs. In any system of closer European economic union the existing links with the associated overseas countries should be maintained and developed whilst taking into account their growing trade relations with, the rest of the world.
8. To avoid unnecessary dislocation, it should be permissible for those nations which consider such steps desirable, to maintain the existing preferential systems and economic ties between themselves and their associated overseas countries. In order to further the interests of European economic union, it is desirable to extend to all other members of the union, on a mutual basis and as far as practicable, the benefits which members of existing preference systems now enjoy.
9. The advantages of such an extension of the existing preferential systems would be negated by the fact that under present agreements non-European states could claim similar benefits by virtue of the Most Favoured Nation Clause. It is, therefore, recommended that negotiations should be entered into, through the World Trade Organizations, to secure some relaxation in the application of the Most Favoured Nation Clause and similar treaty obligations, insofar as this is necessary to facilitate the progressive economic union of Europe and the overseas nations associated with it. Such a modification would also facilitate the formation of similar economic unions by other groups of countries if they so desire.
10. At the same time it should be emphasized that the aim of a European economic system linked with the associated overseas countries is not to build up high tariffs against the rest of the world. On the contrary, its aim must be to promote the fullest flow of trade between Europe, the overseas territories and all other countries, as a necessary condition to achieving the highest level of general well-being in the world as a whole.

## **Displaced persons**

The Conference views with deep concern the present plight of the hundreds of thousands of displaced persons of European nationality. Many of these are still confined in camps, whilst others are subjected to legal restrictions which deny them freedom to ply the trades and professions for which they have experience and aptitude, or to complete the studies and training already started in their own countries.

The Conference considers that these homeless Europeans, who are unable to return to their own countries, should cease to be treated as stateless refugees and should, instead, as European citizens, be afforded rights and opportunities comparable to those of the citizens of the countries in which they reside.

The International Executive Committee of the European Movement is invited to consider the whole problem of finding permanent asylum and normal employment for these displaced Europeans with a view to submitting detailed recommendations to the Consultative Assembly of the Council of Europe at its first session.

## **Tourist traffic**

1. One of the first aims of any policy of European union is to establish the right of the European to travel freely from one democratic European country to another.

2. As an interim measure, pending the solution of larger problems liaised by the Conference, reasonable currency facilities should be made available to permit the European citizen to travel within Europe for at least one month in the year.

3. The increase of tourist traffic from North America to Europe would greatly reduce the dollar gap. To assist this end it is proposed that:

(a) The Travel Development Commission of the O.E.E.C. should be given wide powers to initiate and co-ordinate policy on a European co-operative basis, including "Travel to Europe" propaganda in the United States;

(b) Frontier formalities between the participating countries should be greatly simplified and be made uniform;

(c) Inducements should be given to increase off-season travel to Europe. At the same time Europeans should be encouraged to take their holidays in off-peak periods. This would insure better comfort and accommodation to overseas visitors, as well as assisting the development of the hotel industry.

This series of measures should also greatly assist the increase of travel amongst the lower income groups.

## **Comparative study of productivity, living standards and real wages**

A comparative study of productivity, living standards and real wages of the different European countries should be undertaken as soon as possible, either with reference only to the standards of the countries themselves, or with reference also to standards in non-European countries.

However difficult such an undertaking may be, and however approximate its conclusions, it appears to be an absolutely essential element of the information on which any effective policy aiming at the realization of economic union in Europe must be based.

This study should for the present be entrusted to O.E.E.C. and should eventually become the responsibility of an Institute of Statistics and European Market Research.

### **Agriculture**

THE CONFERENCE, having noted with interest the work done by existing Organizations, RECOMMENDS that the Consultative Assembly of the Council of Europe should institute Commodity Councils, which shall:

- (i) consider the steps to be taken to promote a European agricultural policy in respect of production and distribution of agricultural products;
- (ii) frame the necessary measures for stabilizing European markets for these products at a level which will ensure to European farmers and agricultural workers a secure livelihood and an adequate standard of living in well managed enterprises, whose existence is justified from an economic and social point of view;
- (iii) in due course propose the establishment, in conjunction with the professional agricultural organizations, of the agencies required for the stabilization of markets which might, if necessary, be entrusted with the task of handling stocks, effecting any carry over and generally administering international distribution schemes on behalf of a European Authority.