

# The Economic Integration of Western Europe

**T**HE movement towards the integration of Western Europe has been in progress for almost twelve years. But it has been brought to the forefront of interest by the implementation of the first stage of tariff and quota removal, provided for by the Treaty of Rome, and by the crisis in the negotiations among the seventeen countries of the Organization for European Economic Co-operation for the establishment of a free trade area in Western Europe.

Co-operation among the countries of Western Europe to reduce trade barriers among themselves began soon after the war, when the task of rebuilding their shattered economies underlined the need for these countries to work together in the economic rehabilitation of Western Europe as a whole. The following is a description of the steps they have taken with this object in view, up to the suspension of the free trade area negotiations at the end of 1958.

## European Recovery Programme

On June 5, 1947 General George C. Marshall, then the United States Secretary of State, made the generous offer of aid which was to become the basis of the European Recovery Programme. A condition of United States assistance was that the countries of Europe should themselves take the lead in formulating this programme, and a Committee of European Economic Co-operation was set up with this purpose. Not long thereafter, on the joint initiative of the United Kingdom and France, discussions were launched for the establishing of a permanent body to continue work on the joint recovery programme; to recommend the allocation of United States aid and, as the means to these ends, to develop and intensify economic co-operation among the participating countries. On April 16, 1948, the Convention for European Co-operation was signed by seventeen countries and the Organization for European Economic Co-operation (OEEC) was thereby established.\*

## Organization for European Economic Co-operation (OEEC)

Working through their representatives on the Council, the seventeen member countries have made substantial progress in removing the quantitative import restrictions (or "quotas") which in 1948 constituted formidable barriers to intra-European trade and also, by the creation of the European Payments Union in 1950, established a multilateral system of payments within Western Europe which played a major part in making possible this regional liberalization of trade. The volume of intra-European trade, which in 1947 was below the pre-war level, by 1950 had exceeded it and by 1957 was more than double the volume of 1937-38. Both exports to and imports from the rest of the world had likewise greatly increased by 1957, though for the member countries as a whole the removal of quantitative restrictions on imports from the dollar area had not progressed as far as intra-European

(\*) Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom.