Discussion of the Paper by M. Albert

Professor Houssiaux identified a number of issues raised in the paper. First, there was the existence of comparative advantages between North America and Europe. Were these evolving before the Common Market came into existence and if so, in what sense? M. Albert had showed the way in which wage costs moved and how the structure of trade altered.

Second, M. Albert looked at the economic policy of the E.E.C. He took the view of liberal economists, who had originally conceived this in terms of an external tariff and a common agricultural policy. Professor Houssiaux suggested that, without the Common Market, Europe would probably have moved back to greater protection. Therefore the Common Market had helped, so far, to maintain a liberal attitude.

Third, there was the question of what would happen to American policy. Since America had balance of payments problems and other problems of commercial policy, some people foresaw a return to the 1930s. There might be renewed protectionism in America against Europe. He wondered whether this would show up in sectoral trade negotiations, or whether America would take particular trading partners and develop trade with them.

Fourth, the paper looked at the economic policy of the E.E.C. One question was, who had the better control over aggregate demand, the United States or Europe? In the period from 1960 to now, how far had the improvement of economic techniques for sustaining growth been the result of the E.E.C. For instance, some observers thought that public finance in France had imitated what was going on in Germany and Sweden.

Fifth, again looking at the E.E.C., there was a question of the co-ordination of economic policy within the Community. Could this be run on national grounds? What would happen if economic development in various countries diverged? A ‘void’ had been created here and the E.E.C. had been slow in creating a central decision-taking body.

Sixth, there was the role of the United States economic system in improving economic performance. M. Albert treated this at length. Professor Houssiaux wondered whether the system, as a model, really had any importance. Had Europe abandoned it? He wondered what impartial observers, like economists from Eastern European countries, would think.

Seventh, there was the comparison between the American model and E.E.C. policy. M. Albert had tried to find specific elements in a European economic policy model. He put the accent first on employment and growth, second on public goods. Policies in these fields seemed effective compared with what went on in other countries – for example, Japan, where social elements were not given the same emphasis.

Eighth, Professor Houssiaux wondered what was the true influence of the United States on Europe. M. Albert thought that America had not influenced the E.E.C. very much. We needed to know how far the United States policy-mix did affect Europe. The best policy-mix might be concerned with fiscal and monetary impulses, etc. But we had no econometric model aimed at selecting a policy-mix for the European countries. For instance, we largely ignored the size of the policy multiplier. Again, it was difficult to measure and to assess what would be the best European policy-mix.
Ninth, Professor Houssiaux wondered how one could avoid the bad effects of American policies which were needed domestically. For example, there had been the policy changes by President Johnson in January 1968 on balance of payments; there was the effect in Europe of American anti-trust policy. Some people did pretend that anti-trust policy had had positive effects on American direct investment in Europe, great enough to compensate for the Johnson policy. In any study of the expected effects of economic policy decisions, we should introduce the impact on other countries, as well as direct domestic influences.

The tenth point was about the future of the E.E.C. Here again one had a problem of unilateral decisions. What kind of solidarity could we detect within the Common Market? So far as individual countries were concerned, each of them had designed national policies, and each country had its own appreciation of the policies needed for the E.E.C. as a whole. Something had to be done, but probably not through definitive legal rules.

Professor van Meerhaeghe said that on p. 66 of his paper, M. Albert suggested that the Common Market was perhaps the best example that one could find of the influence of American example on the countries of Europe. Was this not too categoric a statement? Several criticisms could be made of the text which supported this statement. Professor van Meerhaeghe was not convinced, for example, by the discussion on p. 64 of average rates of protection. There were multiple rates on a number of products, especially agricultural ones. On economic policy, M. Albert said that, in Europe, one accepted American concepts for better or worse – for example, on competition. Yet there was a fundamental difference between the competition policy applied by the United States and the policy – so far as one could speak of a policy – applied by the E.E.C. On p. 69, M. Albert spoke of rapprochement between ideas on general policy towards trade unions, etc. This was only an ideal, and he doubted whether it applied in many countries. As for prices, which were mentioned on p. 68, France perhaps had an individual experience here. There was no doubt that both France and Belgium were seeking price stability. They had not achieved it, not because they had not tried, but because the political will was lacking. In all E.E.C. countries, the internal price level was controlled. But with exports, from France for example, one could ask very much more than for goods sold within the E.E.C. itself.

M. Albert said that so far as the idea of the Common Market was concerned, he thought that America wanted the Common Market to be set up as a stage in the construction of a United States of Europe. It was not by accident that one spoke of the United States of America and the United States of Europe. Dr Hallstein, for example, had talked of the large economic space of Europe and had quoted the example and success of the United States. Professor Albert said that perhaps he had put the point too briefly in his paper, but he stood by what he had said. On variable rates of protection, he admitted that with agricultural products or products derived from agricultural products, there were different rates. There was no "ad valorem" duty, but the levy based on the difference between the world price and the internal price.

M. Albert pointed out that the concept of an incomes policy could be interpreted differently in different countries. It could be a wages policy, as the trade unions would say. They saw any binding policy as undesirable. All early ex-