

pean businessmen, to making free trade with non-European nations—especially the United States—a goal of European trade policy. It should be remembered, however, that many European businessmen were also opposed to the formation of the EEC, but their governments were nevertheless able to move ahead to establish a common market. European governments could do the same with respect to free trade with North America provided they were convinced that, in the sense defined at the beginning of this paper, the free trade objective is today as relevant for Western Europe as for the United States. Hence, it is legitimate to assume that the Europeans may also come, sooner or later, to see free trade as not only a realistic but also a desirable eventual goal.

With respect to the existing six-member EEC, whether and when it may be prepared to contemplate free trade with North America are questions closely related to the future role of its common external tariff, whose functions are in turn determined by the EEC's own long-term goal. In addition to its conventional protective function, the common external tariff has been serving the broader purposes of helping to maintain the identity of the EEC during the period of its evolution into a full economic and political union and of providing an inducement for the participating countries to remain members of it. Prior to the achievement of a European union, abolition of the common external tariff, particularly in order to participate in a wider free trade area, would probably result in dissolution of the EEC unless other binding and benefit-conferring relationships had by then developed; for example, a common currency, integrated tax systems, common policies in the major economic sectors, increased supranational authority for the European Commission, etc. Conversely, unless the EEC remains committed to, and continues to make some significant progress toward, a European economic and political union, some or all of the six might prefer to participate in a much wider and, therefore, potentially more beneficial free trade area than to continue as members of a customs union that would be little more than a protectionist bloc. The marked slowing down in the course of the 1960's of the movement toward European union raises this possibility.

In view of these questions, the next 3 or 4 years are likely to be a critical period for the future of the EEC. One event that would force its members to make decisions on these questions would be an explicit commitment by the United States to an eventual free trade goal. Should the EEC decide to resume the advance toward full union, then the other binding relationships, noted above, would rapidly develop to fulfill the noneconomic functions hitherto performed solely by its common external tariff, and it could still participate in a wider nonpolitical free trade area without loss of identity and cohesion. Conversely, should the Europeans decide not to move toward union, the EEC's Customs Union might well prove to have been no more than a transitional arrangement that prepared its six members to participate more effectively in a broader free trade area including North America.

If the United Kingdom succeeded in joining the EEC in the next few years, the critical decision period would undoubtedly be prolonged. But, the basic issues outlined above would remain, except that