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DISTINGUISHED FOR SERVICE

Carl Albert explains the Common Market and the necessity for new trade policies

THE American manufacturer stands Common Market has signalled the transformation of all international commerce. Fundamental economic change is carrying the seed of the political change. In order to maintain our influence as both an economic and a political power, this nation must adjust to the European Common Market as a new factor in the trade equation.

The European Common Market is an economic amalgam of six western European nations. The Treaty of Rome of 1957, which bonded these together, ignored old enmities, discarded sovereign rights and created a unified western European market within which goods, capital and people may move uninhibited across national boundaries. The member nations already have achieved mutual tariff reductions 40 per cent lower than their 1957 level. By the end of this decade the European Common Market nations hope to have achieved their mutual goal of a single trading economy.

The European Common Market gives

the world its second great common market, the first of course being the common market of the 50 American states. The mechanics of the European Common Market resemble our own trade system. The motivation which led to its creation is parallel to the motivation which led to the formation of the Constitution of the United States in 1787. Had it not been for the necessity of eliminating trade barriers in 1787 we may never have had our Constitution.

United States foreign policy ever since World War II has supported the principle of a European integration because it has been convinced that the presence of a broad, competitive market in western Europe would furnish a solid new base for free world strength. The United States first urged economic and political cooperation in Europe when it inaugurated the Marshall Plan. America's support and encouragement of this principle has played a part in the creation of the European Common Market.

This market has already unleashed new productive energies. The ports of six west-

ern European nations swarm with commerce. Tons of goods move by rail, river and highway, and shoppers cross national boundaries to make their selections from the varied output of an entire continent. The teeming European Common Market has not only encouraged the six member nations, but it has fired the interest of neighboring countries. Britain, Ireland, Denmark are all currently maneuvering for admission to the European Common Market.

In the event, ultimately, we face the prospect of a European Common Market of all western Europe, it will contain more than 300 million persons, 1½ times the population of our own, creating an economic power which will rival our own.

The nations of western Europe which comprise the Common Market area today represent our greatest outlet for American goods. Here is one of the most dynamic areas of the world. Its people are on the threshold of making demands for consumer goods and services that will lift their standard of living to a status comparable



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to our own. Here is an unsupplied market for TV sets, refrigerators, automobiles and a thousand other things which people want and need. It is the best market for American manufacturers outside of our own country. It is a tremendous market today for our agricultural products, a market which is absolutely essential to the maintenance of farm income in this country. But our former relation to the markets of the Common Market countries is certain to change. It cannot remain static.

If we maintain our present reciprocal trade laws based on narrow concepts of trade with small individual nations, we will not be able to maintain our markets within the framework of the newly unified markets of western Europe. As the integrated economy of the Common Market countries develops, trade patterns will be cut that will affect our markets for years to come. We face the choice of having our own markets completely circumvented on the one hand or of exploiting the vast new opportunities to sell American goods in this area on the other. These alternatives are open to us. If we choose a positive course of action, it will call for an adaptation of our trade policy to the new situation. The philosophy behind the expansion act reflects the administration's conviction that our trade policy must be broad enough and flexible enough not only to hold our present markets but to broaden them.

The European Common Market offers an expanding outlet for American goods. The regrouping of economic and political

power also creates a potential competitor for American markets in the world. Successful American business leadership has traditionally competed against relatively small national economic units. The unique feature of our trade pattern, an internal market broad enough to support true mass production, suddenly has been duplicated through western European integration. The Trade Expansion Act of 1962 offers the administration's formula for maintaining a strong, competitive and expanding American trade in a new trade environment. It represents a new concept in tariffs and is directed at firmly establishing a position for American goods and products both within and without the Common Market before the new pattern of trade becomes fixed against us.

THE American manufacturer stands to benefit more from a growing economy in this trade than from one which is stationary and contracting. United States business today exports \$4 billion worth of goods annually to western Europe with a highly accelerated demand predicted in the near future. The activities of the Common Market forecast no reduction in our total exports, and studies now show that at least one-half of United States goods will encounter little if any serious competition with European production, provided we take advantage of the new situation. The non-competitive sale of goods to the Common Market area is projected at \$4 billion. This is in addition to our present \$4 billion of exported goods made up of both

competitive and non-competitive manufactures.

In any competitive trade situation American business has two important advantages. Its technology outranks that of any potential rival. On this score freer trade should certainly inspire no fear among American manufacturers. Secondly, American industry alone pioneered and developed mass production, a fact which vouches for its inherent superior efficiency in this field. The American industrial complex is well able to compete in this new market. A refusal to participate is a repudiation of our principles.

The American farmer will certainly benefit from an expanded market. One out of six farm acres in America produces for export only. The job of every seventh farm laborer depends directly and solely upon the export of farm products. The share of Oklahoma farms in the export of farm products is over \$100 million per year. Western Europe buys nearly one-third of American farm exports.

Only recently the Common Market reached agreements which could lead eventually to an integrated farm policy in western Europe. The American farmer could be grievously injured if he is cut out of western Europe. By lowering the trade barriers with the European Common Market, we protect the interest of the American farmer.

A four-year unfavorable balance of international payments totaling \$2½ billion has presented the United States with

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ciates, Inc., an advertising-public relations firm. She formerly lived in Houston, Texas, where she was a magazine editor for Foley's of Houston.

MARRIAGE: Chiquita Fay Deason, '61bs, Norman, and Harry Arthur Hansen Jr., Bruce, South Dakota, were married March 27 in the First Baptist Church, Norman. The couple now lives in Mankato, Minnesota, where Hansen is attending Mankato State College.

BIRTHS: David Cargill, '61ba, and Mrs. Cargill (Linda Hightower, '59) Oklahoma City have chosen the name Delia for their daughter born March 12. Their son, Gregory, is 2.

Ensign Richard N. Johannes, '61ba, and Mrs. Johannes (Suzanne Perry) are the parents of a daughter, Nancy Lynn, born April 25 in Honolulu.

John R. McKee, '58bus, '61Law, and Mrs. McKee (Sue Murrab, '59ba), Oklahoma City, have chosen the name Sheri Lynn for their daughter born April 6 at Baptist Memorial Hospital in Oklahoma City.

1962

Sylva Billue, '62journ, is a copywriter in the advertising department of Foley's department store, Houston, Texas.

Barbara Bungardt, '62journ, is working in the radio and television advertising department of Lowe Runkle Advertising Agency, Oklahoma City.

Jane E. Davis, '62journ, is a member of the staff in the women's department of the *Daily Oklahoman*, Oklahoma City.

Lt. Clifford A. Guess, '62, has completed the eight-week field artillery officer orientation course at the Artillery and Missile Center, Fort Sill.

Edward L. Shreve, '62, was recently employed as an electronic engineer at the Aeronautical Center of the Federal Aviation Agency in Oklahoma City.

MARRIAGE: Martha Ann Moody, '62, Lindsay, and James Charles Thomas Hardwick, '60eng, Bartlesville, were married March 25 in the First Methodist Church, Lindsay. They have established a home in Norman, where Hardwick is attending the O.U. College of Law.

The European Common Market

Carl Albert—

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another very serious problem. For years we sold more abroad than we bought from abroad giving us a favorable balance of trade. After paying for our imports, the overall gain on our trade transaction was applied to the tab on our other overseas expenses—purchase of foreign goods, capital investments abroad, our foreign economic aid, U.S. tourist spending abroad and maintaining our armed forces. But the added expenditures, many of them chargeable to the cold war activity of troops in Berlin, NATO squadrons, aid to the undeveloped countries, suddenly caught us with our trade balance off balance. Our balance of payments problem can be solved only by an expanded trade solution. We cannot handle it by stopping our mutual security program, by closing military bases abroad, by bringing home American troops or by restraining the private spending of American tourists. We cannot announce that the dollar, the most durable currency in the world which saved the free world and laid the basis for European prosperity, is in such straits that we can no longer engage in international endeavor.

If we ignore the emergence of an industrial giant in western Europe, we create a climate of ultimate withdrawal or competition. As our economic goals clash, harmonizing political policies will become impossible. The security of the free world wanes as its economic interests conflict.

It is difficult to reduce a proposition as large as world trade and its interdependence with economics to terms that bring home to each and every American his personal involvement with the decision to be reached.

If there were a single, broad highway stretching straight, swift and sure toward peace, men and nations would have traveled it long ago. But there is no such road. The way to peace is not an easy way. Those who seek peace must find their way across unknown, unexplored and often unfriendly terrain. That is what we are trying to do today. We seek peace by many roads. We cannot know where or when our search will end, but we live with an abiding faith that our searches will end in success. It is in this context that we are now developing broad and new trade policies geared to the economic world in which we live in the 1960's.

Carl Reistle—

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of our mutual Cold War expenses. Encouraging them to do this is a challenge for our statesmen and diplomats, and if they are successful, it will go a long way toward solving our own international financial problems.

This is a new age of international competition. We in the United States are learning again about some economic restraints that we had long forgotten. For example, we, as a nation, are being reminded that we cannot indefinitely spend abroad more than we earn there, also that we cannot continue to have wage-price inflation and hope to keep our export markets.

The framers of our Constitution, with their wisdom and foresight, so well planned its construction as to insure that individual initiative and private property—the bases of private enterprise—would foster our American way of life. I firmly believe that individual initiative and free enterprise are the mainsprings of economic progress. They have served Europe well, and they will serve us well in meeting our problems today—just as they have in the past. But, as in Europe, we must have full understanding and recognition of our challenge on the part of labor, government, and business. The challenge of the Common Market affords the American people the opportunity of proving again that we can adjust to a changing world. We must not underestimate the strength and vitality of our economy, which is, after all, the greatest in the world. We have ample resources, abundant stocks of capital, the best technology, and an established financial system that will supply the necessary additional capital. We also have a well educated and highly skilled labor force and competent management, and both are aware that they are partners in the American way of life.

The economic and social challenge presented by the European Economic Community is one of the most important challenges confronting us in the present period in world affairs. Our response will have a profound influence on the future course of the Free World. I believe that the President's proposed Trade Act, preferably with the modifications I have suggested, will provide a means for us to meet effectively our new economic challenges and in a way that will prove of benefit to us, to Europe and to all free nations.

Hal Muldrow Agency

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