

TWELFTH JOINT MEETING

of the Members of

THE CONSULTATIVE ASSEMBLY

OF THE COUNCIL OF EUROPE

and the Members of

THE EUROPEAN PARLIAMENT

(24TH AND 25TH SEPTEMBER 1965)



OFFICIAL REPORT OF DEBATES

STRASBOURG

NOTE

This edition contains the original texts of the English speeches and translations of those delivered in other languages.

The latter are denoted by letters as follows:

(*G*) = speech delivered in German.

(*I*) = speech delivered in Italian.

(*N*) = speech delivered in Dutch.

(*F*) = speech delivered in French.

The original texts of these speeches will be found in the separate editions which are published for each language.

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FIRST SITTING
FRIDAY, 24th SEPTEMBER 1965

IN THE CHAIR: Mr. LEEMANS
President of the European Parliament

(The Sitting was opened at 3.10 p.m.)

1. Opening of the Joint Meeting

The Chairman (N). — Ladies and Gentlemen, I declare open the 12th Joint Meeting of the members of the Consultative Assembly of the Council of Europe and of the European Parliament. I would remind you that the rules of procedure are in general the same as those of the Consultative Assembly of the Council of Europe. I would also point out that the sole purpose of the Joint Meeting is an exchange of ideas among the members of the two Assemblies and that no voting is possible at this meeting.

I would request those delegates who wish to speak to enter their names in Office A 46 before the close of this afternoon's Sitting.

2. Address by the Chairman

The Chairman (*N*). — Ladies and Gentlemen, I am especially pleased at the initiative taken some time ago by Mr. Pflimlin, the distinguished President of the Consultative Assembly of the Council of Europe, in proposing that at this Joint Meeting we should not only consider the activities of the European Parliament but should also discuss some subject likely to be of interest to our meetings.

The happy initiative has now been taken of proposing to you, as subject for our discussion, trade relations between East and West.

An excellent report on this important matter has been prepared by Mr. Achenbach.

I now call on Mr. Achenbach to present his report on the activities of the European Parliament from 1st May 1964 to 30th April 1965, in particular that part of it which is concerned with East-West trade relations.

3. Activities of the European Parliament

Mr. Achenbach, *Rapporteur of the European Parliament* (*G*). — Mr. Chairman, Ladies and Gentlemen, you have before you the report on the activities of the European Parliament, which I had the honour to draw up this year. I believe I am following a sound tradition in refraining from also making a detailed statement on it, all the more so as I believe that at the moment the general interest is directed less at the Parliament's past activities than, for example, at the statements made by the President of the French Republic a few days ago. I have the feeling that my colleagues are primarily preoccupied with the problems posed by the crisis of which President Hallstein spoke this morning.

Mr. Hallstein pointed out that, on President Pffimlin's proposal, East-West trade had been chosen as the main subject of discussion. In this respect, too, I do not wish to go over my report in detail. With your permission, I should, however, like to dwell briefly on its general gist.

First, Mr. Chairman, I should like to speak of the importance of East-West trade. I believe it will be agreed, judging from the statements made on the subject by the Eastern countries, that East-West trade is not a matter of life and death for them either. Although an important factor in their economic development, such trade is not a vital question for the Eastern countries.

Allow me to explain my point briefly. In principle, broad economic areas, which are governed by a common political organisation and have attained a certain degree of industrial development, are perfectly able, economically and commercially, to solve their supply and marketing problems among themselves. The volume of internal trade of an area depends less on its political regime as on the size of the market. The relevant figures are to be found on pages 6 to 8 of my report.

I merely wish to refer here to the fact, surprising at first sight, that the internal trade of the Soviet Union and that of the United States represent roughly the same proportion of their overall external trade as the Eastern countries' trade among themselves of theirs, namely some 70%. The reason why the external trade of the Eastern European countries seems sometimes so insignificant that one tends to believe that their policy is unfavourable to foreign trade is the low level of economic development of these countries.

If the external trade of the Soviet Union represents the same share of the Russian national product as the external trade of the USA of the American national product, this means primarily that Russian external trade is as slight compared with American external trade as its national product is compared with the American national product.

From this we can see an initial obstacle to East-West trade. The external trade of Eastern Europe is at present restricted by the limited amount of goods it can offer and consequently the limited amount it can buy. Here the political question arises: do the Western countries wish to promote the development of Eastern Europe through an active trade policy or not?

Careful consideration must be given to this question as the reply to it is of political significance. It is here that certain speculations arise.

Certain Western circles feel they can deduce from this situation that by limiting trade with the East they can impede the development of the Eastern European countries and thereby "dry up" Communism, so to speak. Other Western circles hope to be able, through an active trade policy, to deprive the East of any remaining revolutionary impetus. You are all sufficiently acquainted with these speculations through the discussions which have taken place in our countries for several decades, so that there is no need for me to dwell on them. You also know that both speculations have caused much confusion in the political discussions and have raised false hopes. Together they have—I must point out—aggravated the political relations between the two parts of the Continent to a disastrous extent. If the question is viewed in the light of my previous comment, both speculations appear foolish or at least ill-founded. The Eastern Europe camp now numbers some 300 million people, i.e. roughly the same number as live in Western Europe. The level and rate of development of Eastern Europe are sufficiently high to enable these countries to be economically self-sufficient if necessary. Communism cannot be dried out economically nor can what seems to us dangerous in the Communist regimes be eliminated by economic means.

A trade policy based on such false premises can only poison the political atmosphere and seriously impair mutual relations. The simple conclusion I draw from this is that trade must be carried on for trade's sake. Trade must revert to its real objective, which is the buyer's and seller's profit properly

understood. Trade thus freed of ulterior motive enhances the political atmosphere and does not impede endeavours to reach political understanding. On the contrary, by strengthening the ties between the two parts of Europe, it helps to improve the overall position.

Although I am wholly in favour of making full use of all possibilities of East-West trade which are in the interest of both parties and promise to be profitable to both, I am convinced that even a sound trade policy is of little importance so long as the political will for real peace between East and West is lacking. I think it is worth recalling that the present *détente* and the new possibilities for East-West trade arising from it are not the result of economic developments but the outcome of profound political changes. They are the result of the easing in the relations between the two world Powers, the USA and the Soviet Union.

I hold it to be our duty to utilise, support and enhance this *détente* by all means at our disposal. This is for us of vital importance since no part of the world is more threatened by tension between the world Powers than our Continent.

So long as Western Europe does not have an organisation or federation of States capable of playing an active and responsible part in world policy in agreement with its friends, the position will remain precarious.

In this connection, we must decide on the political trend to be imparted to this trade policy. We must remember that to this end a European partner is required and that it is therefore necessary to overcome the crisis referred to this morning.

Allow me to point out—and once more to emphasise, Mr. Chairman—that the nature of economic relations between East and West is only of relative importance for the fundamental question with which we are, and should be, concerned, namely whether or not we shall also achieve the kind of general peace in the East which will, as in the West, prevent European civil war.

Twenty years after the end of hostilities it is time, Mr. Chairman, for us to concentrate on concluding real peace with the East. We must desire it and work towards it. It is inadmissible that, as has been the case over the last twenty years, eminent persons should continue to use their inexhaustible imagination to find arguments to prove merely that inactivity is a higher form of intelligence and that we must worry about one problem after another before we can tackle the real problem.

Ladies and Gentlemen, it is imperative to conclude peace, and to conclude peace one must also discuss it. When I still had the honour of being a member of the Consultative Assembly, we adopted a joint Resolution in the framework of Western European Union after the end of the Cuba crisis which had brought us all close to the edge of the abyss. In this Resolution we recalled that the time had come really to tackle the problem which constituted the greatest latent threat to the peace of Europe, namely the unsolved German problem. I regret to have to say that it met with little response.

We should not allow ourselves to be turned away from this political problem today and confine our discussions to how trade relations can be improved. Trade relations must indeed be improved, but in the context of an active peace policy.

Mr. Chairman, allow me to dwell briefly on the development of post-war policy. It can be divided into three phases. After the end of hostilities we first had—understandably so—a period of a great anti-German coalition born of the alliance against Hitler. The second period was one of tension between East and West, the cold war period. Many consider that it still prevails. I take the view that after the Cuba crisis we entered a phase in which solutions can be found. I am afraid that we may let this phase, in which solutions are possible, pass and enter a fourth period in which solutions are no longer possible.

Mr. Chairman, allow me to point out that it is only possible to reach a friendly compromise when people are prosperous. No one will deny that the people of Western Europe are prosperous,

more prosperous than ever before. In the East, too, the economic position has improved.

We have no guarantee from God that the economic position will remain as favourable as at present. Who knows what the political situation would be if the economic position were to deteriorate? Let us not allow ourselves to be perturbed by the statements of pessimists who claim that it is manifestly impossible to reach an understanding. It is said that we wish to negotiate with a view of revising the present position and changing the *status quo*, whereas the other party merely wishes to negotiate to legalise the present position.

Let us view matters objectively: it stands to reason that when war ends there is usually a winner and a loser. Unfortunately, the winner in his moment of victory does not necessarily allow himself to be ruled by principles of justice but takes what he can at that moment. Then time goes by and the international firmament changes its pattern. The relations between a Far Eastern world Power and a world Power on our Eastern European border undergo a change.

Finally, the following happens. There are after all reasonable people everywhere. I have the impression that it is clearly understood in the East that even my people will not accept the present position in the long run. And so one wonders whether one should not discuss peace after all.

I believe that both the East and the West are prepared to discuss peace. It will be objected that it is useless as no solution is possible. It is obvious that the points of departure of both East and West are clearly defined in advance. Those who have taken something wish to keep it. That is one point of departure. Those from whom it was taken wish to recover it. That is the other point of departure. The whole world knows, however, that what must be avoided at all costs today is a new threat to peace. Everyone knows how essential it is for the great industrial nations of the Northern hemisphere, from America, Britain, France and Germany to Russia and Japan, to maintain peace in view of the

population explosion and the extreme poverty still prevailing throughout the world. That is why, with these differing points of departure, one takes one's place at the conference table to try and save peace through a freely negotiated compromise.

I believe that in this spirit the German people are prepared to take part in peace negotiations. I do not see why an attempt should not be made and I hold that it is precisely in this European Parliament that such discussions should take place. We should not confine ourselves here to holding academic discussions on the different views of how best to promote the progress of the European Community.

That is why I have, with your kind permission, Mr. Chairman, dwelt on this political aspect. As Rapporteur it was incumbent on me to confine myself to trade relations in my report. I have raised these last points in my own name but I cannot emphasise their importance sufficiently.

Ladies and Gentlemen, after the third post-war phase of which I spoke, which I will call the phase of possible solutions, we shall perhaps enter a phase in which these solutions are no longer possible. We Europeans should therefore forget our small differences of opinion and, after making peace in Western Europe, concert our efforts to achieving general peace in the East. (*Applause.*)

The Chairman (*N*). — I call Mr. Hagnell.

Mr. Hagnell, *Rapporteur of the Consultative Assembly of the Council of Europe*. — Mr. Achenbach has been speaking about East-West problems from the background of EEC. That is a more political approach than it is our intention to make from the side of the Council of Europe. We all agree with what Mr. Achenbach has said about the necessity of having good relations between people in this part of the world and in other parts of the world too. We would like to have peace; that is why we would like to extend peaceful trade between different countries.

Here in the Council of Europe, however, we do not have the same possibility and the same necessity to go into problems

in exactly the same way as is the case for the members of EEC, where, in their own roles, they have regulations concerning foreign trade with State-trading countries. We do not have that regulation here. We must have another approach.

We should like to expand trade. We know that there is only one true basis for this, and that is that there must be a common interest from two sides; there must be two parties who are interested in expanding the trade, otherwise it might be only a temporary solution, no matter what results are reached.

I do not want to go into the details of my report at this stage, but I should like to underline some general tendencies in it and to make some general remarks. We know that East-West trade is not a main item for most of our countries. Let us say that it represents, in general, not more than 4 or 5% of our foreign trade. There are only a few countries to which East-West trade means a little more than that. It is not, however, only the situation of today that is of interest to us: it is the situation of tomorrow.

Many of us think that East-West trade relations could grow and that in the future the figure of 5% will become much greater. That is why it is worth while entering this field and discussing it both internally in our own Parliaments and also on an international level, as we are doing here today.

We know that there are many difficulties in the way if we would like to expand East-West trade today. There are difficulties in the Eastern countries which hamper trade expansion; there are difficulties also on the Western side. It is not easy to bring together two parties with such different systems, even if the intention on both sides is good. There are difficulties in the set-up and in the bureaucracy on both sides. We know that there is a traditional autarchic orientation in the Soviet economy and that that situation makes it difficult to expand international co-operation.

We also notice, however, that in recent years many new tendencies have started to appear. We know how little ideolog-

ical differences mean, when we see a co-operation between the big German firm of Krupp and the Polish Government in Warsaw concerning a factory there, being run by both parties together. We also know that some of the Eastern countries have started new types of enterprise—there are some in Belgium, for example—jointly owned enterprises, in which they fix together the profit interest of the Eastern country and the profit interest of private Western business groups. That means that much of the ideological difficulties that have existed hitherto are now being set aside. The problem is approached from both sides on a rather pragmatic basis. This is a valuable development that will help to enlarge trade for the future.

These new tendencies should not, however, lead us to a false conclusion. We should not assume in our calculations that anything like a free enterprise or capitalist system is coming in the Eastern countries. It is not our business to discuss how they alter their systems. The alterations that have been made so far do not, however, show any great change for the future; they are merely small alterations, but even they are of interest to us.

There are alterations on the Western side also. We can say that the Eastern side has its planning system that might make difficulties in bringing foreign trade into their internal economy, but also on the Western side we are entering on a road leading to what we might call more and more planification. We know of the discussions within EEC in this matter. Even if EEC is not to have an economy which is anything like the planned economies of the East, it nevertheless represents a small alteration, such as the alteration in the East to which I have referred. It might be that these small signs show that we are coming a little closer together.

Whereas we on our side in Western Europe have our international organisations for mutual economic assistance of different types—EEC, EFTA, and OECD, for example—the East has what we used to call COMECON. In my report I use the new initials CMEA—Council for Mutual Economic Assistance—but let us use the old name of COMECON which is more well-established.

There have been some contacts between organisations of the East and of the West in this field last summer—for example, the meeting at Stockholm. Even if that has been only a sector of contact, it is of interest to notice that something is on its way.

If, however, we look to the trade between East and West, we find that that trade in itself has a different character from the trade between the Western countries. Trade between East and West is not to the same extent trade in consumer goods. It is trade in goods for investment, things that are accepted by the planners. They need machines and they need techniques, and they allow them to be imported.

But there is no trade in television sets and other consumer commodities which the man in the street needs in his daily life. Only in a few items is there such trade, as in cars, but there not to a great extent. If, in future, East-West trade is to be of greater significance, it must be a trade in which consumer goods play a much greater role than they do now. That will mean that the planners will have to do some rethinking. In the Eastern countries they will have to accept the fact that when they make their five-year plans they make provision for certain imports from the West and allow for such imports rather than to produce them themselves.

This planning is for five years or more, which means that if there is to be trade between East and West it has to be done on a longer basis than is the case today; it must be a trade based on a period of five years or more, because otherwise it will not be possible to choose between investment in the country itself or imports from other countries. That is something which will have to be taken care of on the Eastern side. On the Western side we are interested in longer runs from another point of view. It is not possible for us to extend our trade with Eastern countries if suddenly in one year we have a big demand for products to those countries and we start a new factory for the purpose and then find that some bureaucrat in Moscow the following year stops the whole of that trade and we have to pull down the factory and dismiss the workers. Even in the Western countries,

therefore, we cannot work on so short a basis as one year. There must be a longer period or it will not be possible to build up our industries to cater for consumers in Eastern Europe. On both sides, therefore, we must have a better knowledge of what will be the future position for the international exchange of goods and the international division of capital and labour, or there will be no future for expansion.

There are some small details which have played a part in the newspaper headlines on this subject. There is the discussion of the most-favoured-nation clause, and there is the question of the infraction of international law where a country takes account of its own interests in a group and does not favour those outside in the same way. There is no point in quarrelling about these things; we know that in all large groups there is a tendency to help those that are inside the group. That is the case in EEC and in EFTA and in COMECON and now in the free trade organisation of Latin America. We also know that it is not possible to talk about most-favoured-nation clauses where there is a State-run economy, where it is not possible to control what the market will accept and what some bureaucrats will accept. It is not possible to enjoy non-discriminatory treatment in the markets of Eastern European countries for Western European goods, so let us put all these things aside and try instead to build up our mutual interest on an expansion of trade which both sides can accept from their own point of view, an increase in trade which will favour economic development.

One of the conditions, which I have already mentioned, is that there must be a plan for a period of five years or more, not only internally in the country concerned, but also for its foreign trade. That is not the same thing as the question of export credits and the length of credit, which is another question altogether. We know that the Berne Convention recommends credit for five years, but that Convention has been out-dated by the action of many countries up to now, so that there must be something to take its place. For the moment there is competition going on in this business, with the Eastern countries demanding longer credits and some Western countries giving

Eastern countries more favourable credits, by which they hope to sell their goods, not by competition based on quality or price but by competition in the terms of credits. On a short view this may seem favourable for those countries which give longer credit—but only for the moment. It may even look from an Eastern point of view favourable to play one Western country off against others, but in reality what are you doing if you do this sort of thing? You are engaged in handicraft instead of industry; you are doing small things instead of big things.

Personally, I think that it is in the interests of all Western countries and of all Eastern countries to find some general lines of approach to another credit agreement which both sides can accept, so that we shall both know what the credit conditions are and so that trade can expand on a sound basis, instead of having this short-sighted competition.

There are those who talk about the necessity of having a political approach to international trade, but if we look at their own countries at home, they are very interested in this credit struggle and horse trading with credits, so that there is a great discrepancy between the political approach and the trade approach. We know that in international trade of shipbuilding, where EEC have discussed new methods, there is a ten-year credit in Great Britain, and eight years in Japan, while France has an even longer credit period, judging by what the newspapers tell us.

It must be of interest internationally to find some other solution than the out-of-date Berne Convention.

There are other problems which could be singled out for early discussion among Western countries besides those which I have already mentioned and about which a discussion might well start now, even if we are not going to conclude agreements for the moment. Even if some years must elapse before we reach a new attitude or agreement it is worth while starting these preparations.

One of them will deal with certain key commodities such as oil. Another problem concerns the embargo list, where the Americans have altered their opinion but where there are different opinions among the countries of Europe. That indicates a lack of policy on the part of Governments and Parliaments in seeking a solution based on a more general attitude.

There is one point which should be brought forward from the Western side if we wish to foster trade with the Eastern countries. It is not possible to have our industries and commercial firms negotiating with some bureaucrats in Moscow and not meeting the people in industries in Russia and other Eastern countries who are the final consumers of our machines. There must be much more of an open door approach by the Eastern side towards our technicians and market people so that Western industries and commercial firms are able to learn the conditions under which their machines and other products will be used. This is the method that we adopt between our own countries. We do not just deliver a machine to a government department and then never look at it any more. There would be very little trade between our countries if we used that method. That is why keeping to that method would be a hindrance to trade between East and West, as it is now.

We look for practical solutions to the trading problems. I am pleased to see that the United Nations Organisation for Europe, ECE, is an organisation where countries from East and West can meet and where they have been making a certain amount of progress concerning many of the practical problems in the way of expansion of trade.

That is why we on our side should in our Parliaments try to foster that development with the help of the organisation which is there—ECE in Geneva—and not by joining those who wish to see new governmental organisations set up to deal with these special problems. The setting up of too many organisations may result in hindrance, and those which are working well should be allowed to increase their activities.

We also know that in OECD many Western countries are meeting together with the United States, Canada and Japan. In such an organisation it might be possible to bring together the differing opinions and policies which exist today between some of the various groupings. This bringing together and seeking a solution should start within the smaller organisations such as EEC and EFTA. But as parliamentarians, interested in international co-operation, we should not be satisfied merely by finding a solution which fits our six or seven countries. We must find a solution which fits the whole of Europe. That is why after using the organisations of EEC and EFTA, we should also use OECD to bring together broader points of view before we start on a more general East-West negotiation trying to reach greater agreement.

There will be another characteristic of the agreements in the future. They will have more of a multilateral character than they have had. This may not come about quickly, but there must be some move in that direction. There are some small signs at the moment. I think that a sound method is to let them grow. The general aim from our side should be balanced access to develop a market in East and West and promote a multilateral payments system. I am convinced that from our side we should try to assimilate the centrally planned economies in the international trading community. But there are big international trade negotiations proceeding at the moment, and they must first be brought to a conclusion. Then, when the Kennedy Round is coming to an end, I believe that will be the time to start to enlarge international trade in other directions as well. By that I mean that when the Kennedy Round is over that will be the time to find some agreement between East and West on a general basis and of such a character that we can enlarge our trade.

To be able to reach some conclusions a few years from now we must begin at once to think about these problems in our Parliaments and our government departments so that we shall be prepared, when the time is ripe, to come to some agreement.

These are the main lines of my report. I have tried to make it an economic report and not a political one, but, as Mr. Achenbach said, if one comes to economic results one knows that they are of political value.

It is possible to have a political and economic approach without speaking of politics. One need not speak of politics for it is within the economic approach itself. That is why I believe that it is easier to find a good economic ground on which we can continue and build there something else for the future—more understanding and greater co-operation in other fields. But that cannot be done now. We cannot build the house before the foundations are built. I believe, though, that the foundation, the economic basis, is here. I believe that the countries and the peoples of the Eastern parts of Europe have a concept of the economic and political factors. They see that the economic development and the economic conditions within a country create a certain sociological development among the people. But they fully understand also that we have another kind of economic development, more industrialisation and higher standard of living; and people are demanding higher sociological surroundings in which to live.

It may be that as a result of the improved standard of living that follows the enlargement of trade between countries, higher specialisation and better results in industry, there will be created at the same time a sounder basis for mutual understanding and peaceful co-operation for the future decades that may be as difficult as ours are now and in which co-operation on a much broader basis is needed. (*Applause.*)

The Chairman (N). — I call Mr. Nessler.

Mr. Nessler, Rapporteur of the Consultative Assembly of the Council of Europe (F). — Mr. Chairman, Ladies and Gentlemen, the Political Committee of the Consultative Assembly was doubtful about presenting a report of its own in this debate, the subject of which is commercial matters. Was there not a risk that the report would state for the second or third time what had already

been said before? Was it an ill-timed contribution, superfluous or out of place? The two Rapporteurs who have already spoken have at least reassured me on these points.

Here, as you know well, East and West are not just geographical terms. They are political concepts by the force of circumstances, what we call Eastern Europe having been marked out and defined by the Yalta Agreement, which was signed by the United States of America and Great Britain, as well as by the Soviet Union. It would have needed a lot of imagination to suppose that a victorious Moscow, in occupation of other territories, would have installed in them any form of government but its own. This was all the more certain, incidentally, in view of the fact that the countries concerned, apart from democratic and martyred Czechoslovakia and even Poland, the attitude of which was for a long time ambiguous, the countries concerned, I say, were the Hungary of Horthy and the "Arrow Crosses", the Rumania of Conducator Antonescu and the "Iron Guard", and the Bulgaria of Tsar Boris, that is to say all countries which had known very little of freedom of any kind.

We are therefore faced with a bloc which from the outset had every material, moral and political reason to be monolithic; and this situation was aggravated by the junction with the long-established tradition of old-time Russia in the form of a certain self-sufficiency and even isolationism. Although it may be true that Peter I was an exception in Russian history, one has only to cross the frontier today at Shepetovka, for instance, to notice that the railway lines are not of the same breadth, because suspicion is one of the elements inherent in the political character of Russia.

That is the problem with which we have to contend. Military and political circumstances have created in our old continent a group of countries having the same form of government, facing at the outset the same difficulties, and which, *vis-à-vis* Europe, constituted a group that all factors involved should have welded into an integral whole.

Now, what I am getting at in these preliminary reflections is that we must surely expect national trends and reactions to be strong enough and deep enough in the long run to seize hold of a system which from the outset showed every sign of being the perfect means of integration.

For the past few years we have been noticing that the bloc is cracking, that the countries concerned are showing signs of a desire for autonomy and even independence, and that they are moving more and more towards individual relations with the West. In this latter respect, like it or not, and whether or not it is a transitional phase, a first result is that all trade agreements made have been of a bilateral character. None of the countries to which I refer in my report has operated as a group or through the medium of a group; for you can well imagine that if the Community's agencies were to act as such, there would be an immediate and very natural closing of the ranks of what is called the COMECON, whereas it is in fact in the process of showing signs of dissociation. In this respect, from the political point of view, there is no doubt at all that we can be at one in rejoicing that the bloc which was erected opposite us is beginning to take on again the variety of expression which was its historical destiny before the Soviet Union got a hold on this group of countries.

Nevertheless, as I have already told the Political Committee, I should not like these remarks to be taken as a sort of special pleading in support of views which are—as I explained to the Political Committee—those of your Rapporteur, even though I must add that I alone am personally responsible for the report to the Joint Meeting. It is a fact that at this present moment one can scarcely imagine any conditions as favourable to negotiation and offering such prospects of peace and international understanding as those evolved and the lines followed up to now.

That having been said, are we in the Council of Europe going to leave it at that? Frankly, I do not think so. I believe that relations between East and West are being carried along by their own momentum, and that, in a period of time which cannot yet be determined, they will have gone through a necessary

phase of development and will have assumed a coherent and perhaps also multilateral form.

But, at the moment, what are the essential measures to be taken this side of the barrier? As the speaker before me mentioned, incidentally, Western European countries which seek openings with Eastern Europe, and have often found them, should on this point, as on so many others, perhaps even before any tinkering with institutions, begin by bringing into line their own economic policies, and not indulge in competition, out-bidding their rivals and even dumping. Therefore, within the existing institutions and within the Communities, we should go ahead with opening negotiations, holding discussions, aiming at, perhaps achieving, effective results.

But, from the political point of view, the intensification and multiplication of connections mean something else. As and when trade agreements are concluded, and means of technical co-operation instituted, this involves necessarily discussion man-to-man between people one side or the other of the Curtain—that Iron Curtain which, I am delighted to say, is fast becoming more and more a sieve.

Tourist relations have also been developed, and in this respect it is very likely that the image of Soviet man, which is one of the tenets of Marxism-Leninism, is itself in the process of being broken down, to the extent that the Russian Soviet man is not the Polish, Rumanian or Hungarian Soviet man. It is a sort of projection of our own ideal across what was called, many years ago, the *cordon sanitaire*, and which has since changed its name. And if, in terms of maritime law, it can be said that trade follows the flag, we can today also turn the phrase the other way round, and say that, on the technical and cultural plane, and in the context of trade agreements and business undertakings, it is henceforth the flag which will be following trade. I do not want to go any further on that track. My country believed in time past that liberty could be bestowed at bayonet point. The outcome of that illusion was the Holy Alliance, one of the darkest periods of reaction that Europe has ever known.

But, on the other hand, we cannot cut ourselves off and suppose that because it is not possible for everything to be done, nothing at all need be attempted; by making a start at economic and commercial level, Europe may also be exporting a modicum of national and political awareness.

I wish that famous despairing cry of the Poles, when Warsaw was trampled underfoot by the Cossacks in time past, could be transposed to apply to the whole of Europe: "Alas, God is too high and France too far away."

Europe must not be too far away. Through the sacrifices it can make, the concessions it can offer and the superior civilisation it represents, Europe must, gradually and cautiously, by a sort of osmosis process, show the whole of Europe, from the Atlantic to the Urals, the way to the relaxing of tension and the peace and security which we all long for. ((*Applause.*)

The Chairman (N). — I call Mr. Hallstein.

Mr. Hallstein, *President of the Commission of the European Economic Community* (G). — Mr. President, the contribution of the Commission of the European Economic Community to the discussion of the important subject of East-West relations will be made by my colleague, Mr. Colonna di Paliano, who is an authority on the matter. He is replacing my colleague, Mr. Rey, whose recent illness has prevented him from being here today to present the report. Mr. Rey, who, I am glad to say, is now making a good recovery, begs the Assembly to excuse his unavoidable absence.

I have, nevertheless, asked leave to say just a few words—not in order to introduce Mr. Colonna to you, for that is not necessary—but in order, first of all, to thank you once again most warmly, on behalf of the Commission, for repeating your customary invitation to us to take part in this Joint Meeting of the two great European Assemblies, from which we always return home enriched. I should also like to express our thanks to the Rapporteurs for the written and oral reports. They can rest assured of the Commission's keenest attention.

Secondly, I would beg your understanding and forgiveness for the absence on this occasion of another contribution which has become a regular feature of this Joint Meeting, namely a short report on the current situation in the Community as seen by the Commission in its capacity as one of the Community institutions.

The presentation of this short report has come to be regarded by this Assembly as the duty and great privilege of the President of the Commission. It would be impossible for me to make such a report on this occasion without enlarging upon the crisis at present dominating the Community scene. It would be false to pretend otherwise.

I am not, however, in a position to do this at present. The crisis exists. We all hope that it will soon be ended and are concentrating our combined energies on a speedy return to normal.

But this is no easy matter. It implies, first of all, an analysis of the various, not to say multifarious, aspects of the situation, a certain grouping of the problems, an appraisal of past and present events and, lastly, of the conclusions to be drawn as regards reactions to the crisis.

This task, difficult enough in itself, is further complicated by the fact that it entails co-operation between several Community bodies and between several Governments.

I consequently hope that you will understand or at least bear with me if I do not comment on this inhabitual situation. For the reasons I have given, I could only state the obvious. I trust that this will be an exceptional case and I gladly promise to return to established practice on future occasions.

I cannot, however, conclude these brief words of apology to you without adding something else—and this is my real reason for asking leave to speak.

The crisis has been highly revealing as regards relations between the Community and our friends in European countries outside the Community. We have for some time been aware of a certain development, a favourable development, in these relations.

In accordance with our true and sincere aims, we have never at any stage either in the establishment of the Communities or in their operation regarded our work as the exclusive appanage of the Community States. Nor do we want others to look upon them as such.

At the beginning, our efforts encountered a certain reserve, scepticism and, occasionally, overt distrust. But far be it from us to bear a grudge on that account against anyone in Europe outside the Community. The changes brought about by the establishment of the Community are considerable and necessitate adjustments which are difficult for all concerned—both inside and outside the Community.

We have been struck by the reactions of sympathy and concern which the crisis has provoked in responsible circles in all European countries outside the Community. Not that we were afraid that anyone would gloat over our misfortunes—we did not expect that at all. But the reactions we have noticed are far removed from the cool and perhaps aloof attitude of intellectually interested observers. They reveal a measure of sympathy and inner identification with our Community—so far limited to Six member States—which is highly gratifying to us.

The fact that I can say this today gives me an opportunity to thank all those who, in these difficult times, have given us the feeling that we are not alone in our anxiety over the development of our Community in Europe. (*Applause.*)

The Chairman (*N*). — I call Mr. Del Bo.

Mr. Del Bo, *President of the High Authority of ECSC* (*I*). — Mr. Chairman, Ladies and Gentlemen, every time matters relating

to trade policy come under discussion, and still more, when the matters in question directly concern the trade policy of the six member countries of the Community *vis-à-vis* Eastern Europe, the High Authority has to remind, first itself, and then the general public that, unlike the situation in the European Economic Community, the Coal and Steel Treaty denies its executive body powers to take independent action on trade policy.

It would appear most appropriate to recall, at this juncture, that, notwithstanding this major gap in the Treaty of Paris in a sector whose importance has continued to grow markedly from 1952 to the present day, the High Authority has succeeded in appealing to the community spirit of the member States, thereby achieving, with their help, a truly united policy.

This seems to us worth remembering at a time when dark clouds weigh on the position of the Community, especially where the future of economic integration is concerned. What in our view needs to be seriously stressed here is that, could this Community spirit but renew itself now and become even firmer and keener than before, the High Authority would once again be in a position to call on the Community spirit of the member States and induce them to pursue common trade policies in the sectors that come within its province.

The subject under discussion, that of the relationship between the six countries of the Coal and Steel Community and Eastern Europe, is a very good case in point. For it was this very attitude, this truly Community approach on the part of the member States which, at a given moment, made it possible to mount the operation whereby the Community's market was protected against the export policies of the European socialist bloc.

I think it worth while adding that the means which proved so effective in bringing about this very considerable result was a characteristically Paris Treaty instrument, to be found nowhere else except in our Community. Being both characteristic of, and exclusive to our Community, it also partakes of the special

supranational character of our Executive, to whose soundness long experience bears testimony. What I have in mind is the system for giving publicity to prices, which compels coal and steel producers to publish details of all their price adjustment operations. The result of this is that list prices are subject to certain reductions to allow for lower-priced goods from third countries and, in the present instance, East European countries.

From 1962-63 onwards, in particular, prices caused more concern than output, threatening as they did to become unremunerative to the producers. This situation would in the long run have had the most serious effect on the ability of the Community's steel production to compete, as it would inevitably have acted as a brake on producers' investment policies, and might even have halted them completely, and this, in an industry such as steel, in which investment is the prime requisite to overcome competition from the large industrial countries outside the Community.

The High Authority accordingly appealed to the Community spirit of member States, and asked them to accept a sort of voluntary quota system of a provisional nature, in no way incompatible with the principle of freedom of action followed by the High Authority in its trade relations with other countries, which was absolutely essential if the Community's steel production, so important politically and for the independence of member States, was to be safeguarded and, above all, prevented from dispersing itself.

The following steps were taken: first, the Netherlands and Italy decided to cease the liberalisation measures which they were still applying. Secondly, the member States of the Community undertook, in their dealings with Eastern Europe, not to exceed the quantities previously laid down in trade agreements with those countries. Lastly, an element of flexibility was introduced into the Community's trade relations with Eastern Europe with regard to steel production, by a unanimous decision to build up a certain reserve, so that at the right moment, steel imports from the countries of Eastern Europe might be increased

without constituting an outright commitment on the part of Community States *vis-à-vis* those countries. Gratifying results were at once evident from these measures, proposed by the High Authority and unanimously accepted by member States.

Steel imports in 1963-64 were immediately stabilised, and by 1964-65 steel and cast iron imports from Eastern Europe did not rise above 1,100,000 tons.

Taking these voluntary quota measures as our starting-point, our next step was to establish the principle that trade relations with East European countries in regard to steel products would not be crystallised by these measures, but were destined to increase gradually in step with overall trade policies between EEC countries and Eastern Europe.

The voluntary quota system also brought with it a further requirement, prohibiting economic planners from adjusting their prices to those of East European steel products. As a consequence, steel imports from Eastern Europe no longer faced the competition of Community economics. While, on the one hand, Eastern Europe may have found itself exporting less quantitatively, albeit temporarily, on the other, it was able to obtain appreciably higher prices.

This satisfactory situation would, of course, have been jeopardised if individual Community Members contracted new bilateral agreements, under which they accepted a larger import quota than that allowed under the agreements just concluded.

It was accordingly also decided that member States would keep steel import quotas from Eastern Europe pegged to 1963 figures. Further, by virtue of Article 75 of its Treaty, the High Authority declared that it would have recourse to the legal instrument of the recommendation, should any Member fail to observe its solemn undertaking. In the event, however, thanks in part to the continuing process of consultation between the High Authority and EEC, we have succeeded in maintaining the levels already referred to, and, above all, in ensuring that no

member State has accepted, under a bilateral agreement with an East European country, higher quotas than those fixed in 1963.

As I have already said, this does not mean that we want to freeze trade in steel products between the Community and Eastern Europe at the present level. The very fact of having created the reserve already referred to, ready for use at the economically opportune moment, is in itself a sufficient guarantee that the liberal principles, which the High Authority always endeavours to follow in its trade relations with third countries, are maintained in regard to the countries of Eastern Europe.

It is surely particularly important to note that in fixing and allocating this reserve, a unanimous decision of the member States of the Community is required. And, as we mentioned at the beginning, to note also that in such a very delicate and complex situation as that of a common steel market, which for political and economic reasons needs constantly to be defended, the High Authority was able to tap the united Community spirit of the member States; that is a spirit which we mean not only to preserve to the full but to strengthen and render more effective still.

The High Authority's achievements to date in regard to trade relations with Eastern Europe is of course in the main confined to the sector falling within the scope of the Executive over which I have the honour to preside.

In our view, it is desirable to keep the measures of which I have been speaking in force for a time, even though they were originally introduced to meet a certain situation. For, although steel transactions have become more profitable, the steel situation as a whole cannot yet be considered satisfactory. It is also our view that this situation should remain until such time as the Executives are merged, until such time as one Authority assumes responsibility for the trade policy of all member States, with power to lay down the lines of such a policy independently, for all sectors including coal and steel.

None the less, I feel that the High Authority's achievements to date, based though they are upon a Treaty which in present circumstances may be regarded as anachronistic, are on balance distinctly positive.

If we consider that it has been possible—and not only through official relations with Eastern Europe—to improve the Community's market position and, above all, to maintain viable prices; and that in the GATT negotiations at present going on—an even more delicate and complex question, and one to which I hope a solution is not far off—the High Authority has succeeded in persuading member States to move from a joint external tariff which was simply harmonised to a common external tariff which our partners were able to lay before GATT as a basis for negotiation; here is clear testimony to the credit side of a balance in the sector I have been discussing. Here are clear pointers to the work which it behoves us to accomplish between now and the next meeting of the Executive, with the continuing support of this Parliament. (*Applause.*)

The Chairman (N). — I call Mr. Colonna di Paliano, member of the EEC Commission.

Mr. Colonna di Paliano, member of the EEC Commission (I). — Mr. Chairman, Ladies and Gentlemen, in response to the invitation recently extended by Mr. Hallstein, I should like to say a few words on behalf of the EEC Commission about the specific question which is to be debated in this House today.

The problem of East-West trade relations has been engaging our attention for years because of the particular characteristics conferred on it by the State-trading system of the East European countries and because of the difficulties arising from the primacy given to non-economic over purely foreign trade in those countries. The matter, nevertheless, continues to be of current interest. Indeed, it has progressively acquired more importance and urgency as relations between East and West generally have developed and as profound changes have taken place in the situations and attitudes of both sides. It is legitimate and

reasonable to hope that in the not too distant future all will recognise the need to seek a solution to political problems by methods proper to a stable and civilized international society. When that time comes, the more purely economic content of the problem of East-West trade can be treated in more concrete terms and in a climate more conducive to trust: in a climate in which the natural convergence of the economic interests of both sides may more effectively offset the divergences which exist on the political and doctrinal planes.

The wide-ranging debate on which we are now embarking is thus highly topical: I would even say it is an urgent necessity. It is a fact that the importance of trade with the West for the development of the economics of the East European countries, the extent to which such trade should be expanded, and the manner in which it must be organised, are problems which are being considered today by the Eastern-bloc countries in a very different spirit from that of a score of years ago.

This development of economic thinking in the East has been made possible by the kind of balance of military power which has come into being in the world, a balance which naturally tends to become permanent because of the catastrophic consequences of destroying it by violent means; this situation at the same time lessens the traditional fears of external threats and sets a limit to the equally traditional dreams of expansion. In the climate created by this equilibrium, the absolute subordination of the whole of the Eastern-bloc countries' economies to building up armaments seems—in the present state of affairs—increasingly less in keeping with their real interests.

The result has been a fresh impetus to production in the civilian sectors and, in particular, that of consumer goods on which the satisfaction of the growing domestic demand depends. It may be hoped, if no new factors intervene to upset the present tendencies, that the gradual movement of the Eastern bloc's economies towards greater diversification will necessarily continue and will increase the influence of purely economic considerations on the political leanings of the authorities.

Countries that surpass a certain level of industrial development cannot, whatever their underlying ideology, escape the laws of economics. These countries can no longer afford wastage and imbalances, which at an earlier stage could be accepted as sacrifices inevitable to the attainment of general objectives. This is true of the individual East European countries and of the COMECON member countries as a whole, where, too, serious problems are raised by any imbalances between one member country and another as their individual economies develop.

That such hopes, for those who ardently desire a return to normal in East-West relations, are not without foundation has been strikingly demonstrated by the new tendencies in the management of economic activity which have arisen over the last few years in both the USSR and the other people's democracies. These tendencies—and this is a significant point—assign to the profit motive a determining influence in official decisions and options. The logic of these developments should lead to the progressive replacement of the systems of rigid planning, that is, the bureaucratic centralisation of all control levers of the economy, by more flexible patterns corresponding more closely to the special situations of the various sectors and areas. Even more important, this logic should lead to the recognition in practice of the advantages offered the East European economies by the international division of labour even outside trade between the socialist countries. Indeed it may be said that the theory according to which the world is divided into two parallel and independent markets, into two non-communicating vessels, has now been abandoned. This trend should eventually become irreversible once a certain level of industrial development has been attained. Today already, trade with non-socialist countries no longer represents a marginal element for the popular democracies but is an important sector of their national economies.

The attitude of the West also has a considerable influence on this development. One day historians will examine which of the two groups of States, in the alternating interplay of action and reaction that has marked their relationship in the past twenty years, has contributed more to steering such relations towards a

degree of stability and normality, and thus towards the service of the permanent interests of humanity.

It seems to me certain that there could be no talk of a balance of power in the world and of its beneficial effects favouring a gradual but continuous easing of tension, if the Atlantic Alliance, despite all the difficulties it has had to face, had not existed and did not still exist.

Similarly, the trend of our Eastern contemporaries towards forms of economic thought nearer our own cannot but be encouraged by the success of the efforts made in the West to integrate Europe's markets. What has happened in Western Europe between 1950 and today on the economic and social planes is bound to have shaken the belief of the leaders of the Eastern bloc in the imminent and inevitable economic crisis that should have overturned the foundations of our Western civilisation. We have proof of this, moreover, in the opinions nowadays expressed in the East European countries on the Community's integration process; opinions which, while reflecting the basic political attitudes of these countries, are striking because their tone and content are so different from those of only a few years ago. It is a fact that the economic basis of the integration process as an instrument of rapid and steady expansion, its contribution to the social progress of the peoples participating in it, its favourable impact on the development of international trade in general, and the increased resources made available also for the developing countries, are all elements which seem to have been understood in the East and the lasting nature of which has been recognised. It is certain that in the Eastern bloc a current of political thought is developing in favour of trade relations with the West, taking account henceforth of our practical achievements. A Community which has become the leading trading power in the world cannot be ignored by its immediate neighbours at a time when they are about to enter on the decisive stages in their economic development. And we have proof of this, too, in tendencies which are more favourable to the conclusion of long-term agreements and in attempts, of modest scope as yet, but nevertheless important, to arrive at a more

active participation of the East European countries in the West's efforts to promote the development of world trade.

Even Mainland China, despite the special position it has adopted towards the COMECON countries, and perhaps because of this position, finds itself obliged to recognise the importance of what the West has to offer it and, consequently, to cultivate its trade relations with the countries of the West. This tendency recently manifested itself in particularly outstanding fashion following the serious agricultural crisis that hit China two years ago. Although it would be unwise to expect that this will have an influence in the short term on China's political appreciation of the integration process in Europe, nevertheless not even China can ignore the beneficial effects that it may expect from the existence of the Community.

As for the Western countries, and in particular the European countries, there can be no doubt of their interest in expanding trade relations with the East; nor is there any doubt that this interest is destined to increase concurrently with the industrial development of the countries of each group and with the new requirements it entails.

Be that as it may, it is clear that the interests of the two groups are quite naturally converging on the intensification of their mutual trade.

This convergence, is, moreover, already reflected by the facts. The member countries of OECD, excluding Yugoslavia, increased the volume of their trade with the East European countries by 87.7% between 1958 and 1964. In this trend the Community countries lead the field with a trade growth rate of 95% in terms of absolute value.

This advance is even faster than the very rapid rate of growth of Community trade with non-member countries as a whole. Nevertheless, Community trade with the East European countries continues to be of marginal importance by comparison with the whole of the six countries' trade with non-member

countries, of which it still represents only 5%. We should therefore be persuaded that there is plenty of room for further development.

But, apart from any other consideration, the increase in the volume of East-West trade depends on the capacity of the East European countries to obtain, through their exports, the means of paying for their imports.

On this point experts often wonder what possible effects the Community's agricultural policy may have on the volume of such trade. Over a quarter of the Community's imports from Eastern Europe consists of agricultural and food products.

Here it must be pointed out that, while it is true that the Community's imports from the Eastern-bloc countries of products subject to agricultural policy regulations diminished from 1963 to 1964 by 12%, the Community's total imports from abroad increased by 8%. This shows that the progressive entry into force of the common agricultural policy has not had the restrictive effects on international trade feared by some and that, given the non-discriminatory nature of Community agricultural regulations, the reduction of agricultural exports from the Eastern countries is not to be imputed to the Community. The reduction is due first and foremost to the shrinking of Soviet sales abroad of agricultural products, of which cereals always amounted to over 90%; this shrinking was caused, as is common knowledge, by a number of poor harvests. If the USSR is left aside, it will be seen, on the contrary, that the Eastern-bloc's sales of arm products, whether or not subject to Community regulations, have registered a slight increase.

While it cannot be denied that, for certain products such as pigment, eggs and butter, the drop in exports from Eastern Europe from 1963 to 1964 was considerable, exports of prepared and preserved pigment products, on the contrary, have tended to rise.

The tendencies, moreover, in one direction or the other according to the country are too uneven to allow final conclusions

to be drawn. For instance, there have been considerable reductions in exports of pigmeat to the Community from Hungary, Rumania and Bulgaria, while Poland increased its exports in the same period, from 1963 to 1964, by over 9 million dollars to 14 million dollars, and Czechoslovakia, the Soviet Zone of Germany, and the USSR also improved their positions. Likewise, while there has been a sharp decrease in exports of beef from Hungary, Poland has shown an increase.

One is inclined to think that the East European economies would, on the whole, be capable of taking the implications of the Community's agricultural policy in their stride, provided that their situation as producers is healthy, that their production is suitably orientated with a view to the possible markets and that their commercial organisation is sufficiently flexible.

The East European countries, furthermore, could improve their positions if they agreed to take part in negotiations to conclude international agreements product by product. It must be recognised, too, that the period in which the majority of East European countries formed the Continent's granary and supplied Western Europe almost exclusively with farm products is now over, and this for a variety of reasons which are common knowledge.

From this observation, however, positive conclusions may be drawn. A study of the progress of world trade points to the vitality of trade between countries at more or less the same economic level. A proof of this vitality is provided by the fact, which I have just mentioned, that the development of the Community's external trade, the result of the extraordinary economic expansion from which the six Community countries have benefited in the last eight years, has been concentrated for the most part in the highly industrialised areas of the West. Trade between countries with complementary economies is not only less regular, but is limited by the restricted markets in the less developed countries and by the lack of variety in what they can supply.

Consequently, at a moment when there is an important change in the trend of the Community's external trade—for the Community, besides continuing as always to import raw materials and primary products, is now also importing manufactured goods to a growing degree—it is interesting to observe the trend of industrial imports from the Eastern countries. In 1964 there was an increase of over 20% in imports of chemical products and of 19% in the Community's purchases of machinery and transport equipment from East Europe. This demonstrates that the development of the Community's economy and its gradual opening to outside competition are circumstances that benefit the Eastern countries on condition that they are capable of supplying industrial products which are competitive in price and quality and of organising their sales services on modern lines, and that they are ready to accept suitable forms of technical co-operation wherever advisable and possible.

Lastly, I come to what the Community's policy in this sector should be, and to the common approach that the responsible authorities on both sides should adopt if the natural convergence of interests is to come about with all its potential benefits.

There can be no doubt that the countries which have accepted the common objectives written into the Treaty of Rome must adopt a common approach. East-West trade will long continue to be influenced by the various aspects of the general policy followed by the Eastern countries. This poses the problem of commercial co-operation between countries with a market economy and others that are at liberty, if they so wish, to ignore the rules of free competition.

It was because the Commission of the European Economic Community had realised these prospects that it formulated as early as February last year proposals to implement, ahead of the time-table set out by the Treaty, a common commercial policy *vis-à-vis* the State-trading countries.

These proposals were debated fully in the European Parliament when Mr. Lohr presented his report. They have now been

set out in detail and with great clarity in Mr. Achenbach's report. I shall therefore be excused if I do not refer to the proposals item by item.

I shall limit myself to stating that a common commercial policy *vis-à-vis* the East European countries must take into account the following points: first, trade with these countries is of such importance from the political and economic angles that measures must be taken to create conditions favourable to its expansion; and, secondly, such trade, moreover, possesses special characteristics, by which it differs from all other trade flows, and this renders it absolutely necessary to make special administrative arrangements.

There remains an element of risk in trade relations with the Eastern-bloc countries since in those countries commerce continues to be the expression and instrument of their general policy; non-economic considerations may once again suddenly become the predominant influence and it is obviously necessary to guard against such a risk.

With these general aims in mind, the Commission has endeavoured in its proposals to make it easier for the majority of products from the East European countries to enter Community markets. For a number of products the Commission suggested that certain controls be retained.

A cautious attitude is advisable in respect of the latter class of products; but if they were subjected to an identical control system in all the Community member States this would have an encouraging effect on trade. Uniform arrangements would prevent the risk of deflection of trade within the Community market. The result would be the integral application by the member States of the principle of free circulation of goods and this would allow the countries of the East to enjoy in practice the advantages of such a market.

Various experiments are being tried out by the Western countries to supervise foreign purchases in a satisfactory manner

and in accordance with the present circumstances; I am thinking in particular of the arrangements recently introduced in the United Kingdom. Comparison between the systems of the various countries can only help in finding the best solutions.

This being said, it is clear that an essential condition for arriving at satisfactory solutions is the existence in all the Western States concerned of a common political determination to harmonise the interests and viewpoints of each in order to achieve a uniform approach. Without this political determination the efforts of the experts will unfortunately be of no avail.

This leads me to mention a problem on which I cannot dwell because it merits separate discussion. I refer to the fact that the Western countries continue to maintain different attitudes to the matter of export credits for trade with the East European countries. These differences take the practical form of actual competition between the Western countries for advantageous positions *vis-à-vis* Eastern markets. Such competition may prove dangerous for the Western economies, and, so far as the Community is concerned, can hardly be reconciled with the irreversible commitments which the member States are obliged under the Treaty to assume reciprocally in all sectors of their economies.

Furthermore, excessive credit concessions for the Eastern countries would inevitably reduce the West's available resources for meeting the urgent needs of the developing countries.

It may be deduced from these considerations without risk of exaggeration that, at least as far as the Community is concerned, the desirable development of East-West trade is largely dependent on the degree of solidarity which the member countries succeed in achieving in all the sectors without exception to which the Treaty of Rome applies.

This development also depends upon the good will of our trading partners in the East. Consequently, the Commission has recommended the adoption of a more flexible import system than

the present one, combined moreover with safeguard clauses on the basis of which trade would be carried on in accordance with the prices current on Western markets, with the possibility of temporarily or permanently ceasing imports should they cause disturbances. If such a policy is to be entirely satisfactory it would have to be approved by the Eastern countries concerned.

As for tariff matters, the idea is gaining ground in Western Europe that, in order to obtain substantial concessions from the Western countries, the East European countries, within the framework of the Government's monopolistic control of foreign trade in those countries, should assume firm commitments in respect of an increase of their purchases from the West. This idea, of course, can by no means be considered as universally accepted. Some countries in the East maintain polemical and dogmatic positions which can be summed up as a claim that the countries in the East of Europe should benefit from all tariff concessions agreed upon among the Western countries without having to make any contribution themselves. An indication, however, of the progress towards a more reasonable attitude was shown when the experts from the East had to admit, during the work of the *ad hoc* Working Party set up by the United Nations Economic Commission for Europe, that customs duties play different roles in Western and in Eastern Europe; hence a certain movement in favour of seeking true reciprocity of advantages despite the inevitable disparity of concessions and commitments.

The Western countries' action must clearly aim at consolidating any natural convergence, tending to develop their trade, of the economic interests of the countries belonging to the two groups. Some of the Eastern countries not only wish to improve their trade relations with the Community and to obtain easier access to its markets, but also to place commercial relations with us on a more stable juridical basis. This, no doubt, is also our aim.

Since it would not be realistic in the present state of affairs to expect that these countries will be able to assume the obligations of GATT, as these obligations were conceived for trade

between market-economy countries, it seems that both sides should seek to formulate specific commitments: these commitments should take into account the particular characteristics of East-West trade, without of course being incompatible with the traditional norms of world trade. It is a matter of finding ways of ensuring a balance of advantages, in relations to the application to such trade of the most-favoured-nation clause, of the principle of healthy and fair competition, and with the object of a progressive reciprocal opening of the markets. Clearly we must tread such ground with great wariness, leaning heavily on our experience, and, if necessary, amending formulas and methods as we go along.

The Commission, for its part, has always tried to show its interest and understanding in examining all the specific solutions suggested by one or other of the East European countries during the Kennedy negotiations and the technical conversations which took place there with some of those countries.

While the particular circumstances proper to one or other country probably cannot be ignored in defining specific rules, above all at the advanced stage of development of the Eastern economies, it would seem that it is on the whole in the framework of a policy of general application that these particular circumstances ought, where appropriate, to be taken into account. This seems a possible way of promoting most efficiently the natural and healthy development of East-West trade and of securing the beneficial effects of such development on general relations between the two groups of countries. (*Applause.*)

The Chairman (*N*). — I call Mr. Van Offelen.

Mr. Van Offelen (*F*). — Mr. Chairman, Ladies and Gentlemen, I have listened with great attention and interest to the excellent speeches by Mr. Achenbach, Mr. Hagnell and Mr. Nessler on the problem of East-West trade. But I was equally interested in the second part of Mr. Achenbach's written report, the main part of it, in fact, since it covers pages 10 to 78 and deals with problems with which this House is closely concerned, namely, the very life of the Community of the Six.

If you will allow me, Mr. Chairman, I want to concentrate on that point. Dr. Hallstein, in fact, set me an excellent example a few moments ago.

Unfortunately, the Joint Meeting of our two Assemblies is taking place—as we have to admit—at a moment of crisis for the Common Market of the Six. That is why in the normal course of events we should be dealing with this problem in our debates and considering methods of solving it.

I would say to our friends who are not Members of the Community that this crisis is important to both our Assemblies because it was, in fact, the Common Market which took the first step towards European unification. It is thanks to the Six—I apologise for saying this to the Seven—that there is a Seven, and that the Seven have got together with the praiseworthy object of negotiating with the Six. It is thus the Six who were responsible for creating the European Free Trade Association, and we are all concerned with the success of these two groups.

So far as the present crisis is concerned, there are just a few points I want to make.

The first is that, in spite of the anxieties the establishment of the Common Market is causing us at the moment, we must not forget what has been achieved during the last few years. It is in times of difficulty that we are best able to appreciate how much has been done, which in this case, fortunately, appears to be irreversible.

In the case of the Six, I might remind you that customs duties have been cut by 70% and are now no more than 30% of what they were previously. This already represents a considerable reduction. The great market hoped for by all good Europeans is thus largely realised and many commercial operations which were previously impossible have become possible today. This has led to large-scale investment which is still continuing.

In the case of the Seven who belong to the European Free Trade Association, there has been the same kind of development. In their desire for parallel progress with the Six, the countries of the little free trade area have also reduced their customs duties by 70%, in spite of some very real difficulties in that the Seven are far more dispersed geographically than the Six, and have also to deal with the problems resulting from deflection of trade that are inherent in establishing a free trade area in which each country preserves its tariff freedom. In spite of these difficulties the Seven, like the Six, have taken this very important step of reducing their customs duties by 70%.

And so, Ladies and Gentlemen, we can take satisfaction in remembering that, at the time this crisis broke, our old Europe had a twofold progress to record: progress by the Six and progress by the Seven. Each group has created a larger economic living-space for itself. It is obvious that, ideally, they should have done it together, but it is none the less true that the result is vastly preferable to the economic balkanisation of former days.

All that is irreversible. It is quite impossible to imagine going back on it. In the Common Market, in particular, no Government would dare take the responsibility of breaking off an industrial and agricultural drive which is obviously destined to continue. For one country or for several, to go back on what has already been achieved would spell economic decline. That is the first thing I wanted to say. It concerns the past and what has been achieved.

My second remark is that, given this achievement in the past, we now have to consider what we can do today. I am not talking of tomorrow or even, at the moment, of the months to come, but of today, of the period between now and the end of this year.

The Common Market Commission issued a very satisfactory *communiqué* on this subject when they stated that they had discussed and decided on their work programmes for the next

few months, in particular in the agricultural sector. They said that in carrying out the functions conferred on them by the Rome Treaty they would make such proposals to the Council of Ministers as they deemed useful. They added that where time-limits had been fixed for certain work, the time-table would be respected. Thus they are carrying on with their work quite imperturbably, and I think that is a good thing.

These statements by the Commission were a timely reminder of their desire to continue action reflecting the intentions of all the signatories of the Rome Treaty. In the difficult times we are passing through as a result of the events which took place in June, and of a certain Press Conference, we must obviously guard what cannot be contested, the strict application of the Treaty. Certain automatic decisions—or decisions which, at least in my view, should be automatic—have to be taken on 1st January 1966, one of which is the further reduction of customs duties by 10%, bringing the total reduction to 80%. That is particularly important because it is a step towards a Customs Union.

I am convinced that parallel with what the Common Market will do—for in this Hall there are representatives not only of the union of the Six but also of the whole of free Europe—the Seven in the European Free Trade Association will also continue reducing their customs duties.

I have before me their report, published in September 1965, where they mention the 70% reduction already made in customs duties and add that the remaining 30% will be abolished in two stages, a reduction of 10% on 31st December 1965, and the removal of the last 20% at the end of December 1966.

We can therefore await with calm confidence further progress at the end of this year towards the achievement of free trade in the two European economic groups.

So much for the immediate future.

Now for the third and last point. Although we are entitled to hope that the advance towards a European Customs Union will continue, there are many more problems for the more distant future. There is still the agricultural problem, and the transition to the third stage in the application of the Rome Treaty.

In the case of agriculture, a continuation of the negotiations broken off last June would obviously enable agreement to be reached. Theoretically at least, it should be possible, from a technical point of view, to bring this about in the next few months if we have the political will to do so. It would clearly be to the interest of the countries concerned and particularly those with a large agricultural output who want to find a market for it with their neighbours.

Regarding transition to the third stage of the Rome Treaty, namely to that of the famous qualified majority, there can be no major objections if we are prepared to look at the facts as they are. It is no more likely in the third stage than in the preceding ones that five countries would impose their will on the sixth if that country thought some major disadvantage to its fundamental economic interests was involved.

I believe the Treaty can be applied without any disadvantages resulting for the national interests of any country. By the usual diplomatic channels and by contacts between Governments, each of the countries should therefore be led to state as soon as possible the line it wishes to take. I cannot imagine any other line being taken than that of applying the treaties to which all have subscribed. The will to do this should therefore be clearly re-stated and any disagreement frankly discussed.

That is why we should express our wish for representatives of all the countries of the Six to meet at all levels, as in the past, and to state clearly how they envisage the application of the Treaty in the next few months.

To sum up, Ladies and Gentlemen, in this time of uncertainty, we should repeat that great progress has already been

made. We should declare that the application of the Rome Treaty must continue uninterruptedly in the immediate future and that the Commission must continue its work. So far as the more distant future is concerned, we should emphasise that there is no technical obstacle to the solution of the agricultural problems or to the transition to the third stage of the Treaty, but that it is urgent for contacts to be resumed between the Six at all levels.

Above all, Ladies and Gentlemen, in this period we should avoid taking sides as between the European partners. Turning to the family of the Six, I would beg them to talk among themselves as little as possible about the Five, for that may imply that after a certain time certain positions may have crystallised. We must avoid talking about the attitude of some Members of the Common Market to another one. We are still the Six, and as the Six we must seek the solution of our present difficulties.

As to the Seven in the European Free Trade Association, I would ask them to regard the problems of the Six as of close concern to them. I have already said that it is thanks to the Six that the Seven exist, and it is thanks to the Common Market that the European Free Trade Association was set up, the final aim of which, after all, is to negotiate with the Common Market. Any difficulty experienced by the Six is therefore a set-back for the Seven. If the Six failed today, the Seven would be threatened tomorrow.

We shall build Europe together, or we shall not build it at all. (*Applause.*)

The Chairman (*N*). — Thank you, Mr. Van Offelen.

I call Lord Grantchester.

Lord Grantchester. — I should like to begin with an expression of thanks and appreciation to the European Parliament and, in particular, to its Rapporteur, Dr. Achenbach, for

the informative report on its activities and thinking in recent sessions. I should also like to thank the members of the Commission who this afternoon have given us the benefit of their views.

I hope that I shall be forgiven if, like Mr. Van Offelen, I make only a very brief direct reference to the section on East-West trade, the special subject selected as the main topic for debate in this Joint Session. If I must make an excuse, I would plead that East-West trade development is dependent on bringing Eastern countries into closer and more friendly relationship with Western Europe, and this needs a common peace policy in Western Europe.

Dr. Achenbach hinted in his remarks at the political considerations in the background, and Mr. Nessler plunged straight into them on the first page of his report. The Council of Europe may be able to play a preliminary role, as Mr. Nessler suggests, by working on a cultural approach but the establishment of peace from the Atlantic to the Urals and the development of trade in this area require common executive action at the highest level in all Western European nations.

The direct reference which I should like to make on the report of the work of the European Parliament is to support strongly the conclusions with which Dr. Achenbach ends his study of East-West trade. In these days, when so much of the life of every citizen is subject to *dictat* it is refreshing to read that commerce between the Economic Community and the East bloc should be based on the original motive for all trade—the buyers' and sellers' own interests and advantage; that only by eschewing ulterior motives can trade help rather than hinder political understanding in the interests of world peace.

Mr. Chairman, I wish now to make a few observations bearing upon the unity of Europe and the influence of Europe in the world, a subject with which both the European Parliament and the Council of Europe are chiefly and rightly obsessed. As 130 pages out of the 150 pages of the report before us from the

European Parliament are concerned with just this, our overriding concern is obvious. From the debates which are summarised within the report of the European Parliament and from the debates to which I have listened in the Council of Europe, I have come to the conclusion, with great regret, that the time does not seem to have come when it is possible to formulate even a minimum transfer of executive powers to a representative assembly, even if agreement could be reached on how such an assembly should be constituted.

The most natural start of a transfer of powers would be with questions of the common security of all Members. Rather ironically, those holding the strongest federal views are the most opposed to such a step. The least controversy appears to be raised over cultural co-operation. I say "appears" because even in this field students are less free to move about individually, in spite of all the talk of integration and federalism, than at the time when I was a boy when no national Government expected a student (or for that matter anyone else) to carry either a passport or an identity card (unless visiting some countries rather inaccessible at that time) and with unrestricted, stable and freely convertible currencies. So, Mr. Chairman, some of us are getting rather tired of waiting for what is called, rather unpleasantly I think, some form of functional co-operation. National Governments could, possibly without overstrain, agree on some things they would not do—some things they would not require in these supposedly enlightened days, even if they could not agree on very positive new actions.

Today motorcars are moved about with internationally accepted documents and internationally valid certificates of insurance—because Governments did not dare to step in and make difficulties—so motorcars are moved more freely than their owners can move.

To what absurdities can we go? It is clear that we cannot force each other in Europe, nor do we desire to force each other in Europe, to accept majority decisions against our will. But need that prevent some of us or most of us agreeing on some

important common actions? Could we not try another line of approach in that "working together" which we know in our hearts is necessary? Could every country, for example, get together a small body of sensible men and women—I will not call them "experts" or "wise men"—who would say: "It is ridiculous to be doing this or that under present conditions, which are forcing us together all the time?" If every country prepared a list of the restrictions and obstacles it should be possible mutually to eliminate a great many of these hindrances to unity.

Could we get for *bona fide* university students a pass — renewable annually, if you like—valid for moving freely in all our countries? Could the arrangements in the Nordic countries, or some of them, be extended to some other European countries? Could membership of the Council of Europe or of Western European Union be made to mean something to the ordinary individual citizens of our member countries?

I see no reason why the Governments of the Six or of the Nine, or more, should not agree to meet regularly, at Foreign Minister level, without any institutional arrangement or voting determination, to discuss an agenda prepared from suggestions made by each Member, like a board meeting of a corporation.

I could conclude with a final item on the agenda of "any other business". At such meetings, Foreign Ministers would discuss their ideas on policy and try to co-ordinate policies. It would be a start.

I see no reason why Governments, or some of them, should not meet also at Defence Minister level and try to compose their differences so as to be able to talk over such problems collectively with the United States of America. No doubt this is a more clumsy arrangement than having one supranational authority; but if it is the only practical way, why not try it? No country would be giving anything away and it might work better than we dare to think at the moment.

I would not presume to go into details of the current difficulties in the Community. We, outside the Community, expect and wish these difficulties to be resolved, because we have always been thinking in terms of building upon a cohesive and strong Economic Community.

Presumably, the first matter to be regulated relates to the agricultural sector. With the adroitness and diplomacy which we have seen exercised in the past in the Community, I cannot but believe that a satisfactory agreement will be reached without undue delay. After that, I hope and believe that a unanimous vote will enable the European Economic Community to proceed to the final stage of the transitional period under the Treaty.

Should, however, the passing to majority decisions on certain matters be felt premature by some Members, for reasons similar to those which I have mentioned earlier, I should not feel it to be a disaster, but rather an act of realism, if this change was deferred for annual review until greater confidence in working together prevails. Such a modification of the procedure envisaged would not be wholly without compensating advantages because, as the President of the French Republic has said, it might make easier the adhesion of additional European countries to the European Economic Community.

Gradual integration in the economic field by unanimous decisions seems to be serving the Economic Community well. In foreign policy and defence, it seems to me that continuous discussion with the purpose of achieving common decisions could bring important results, not least on a common policy on East-West trade and relations, if pursued with determination without waiting for the setting up of any elaborate machinery. It is for such a development that I would press today without prejudice to, or impingement upon, the interests of the Economic Community in the economic field or of the extension of the Common Market in industrial goods and agriculture which, with very few exceptions, I believe we would like to see at the earliest possible date.

Thank you, Mr. Chairman. (*Applause.*)

The Chairman (*N*). — I call Mr. Kriedemann.

Mr. Kriedemann (*G*). — Mr. Chairman, as a member of the Socialist Group in the European Parliament, I should like to say, both on behalf of my friends and on my own behalf, how very much we appreciated the dispassionate tenor of the reports at present under discussion. They represent a courageous and forthright departure from the many arguments which, in our view, have already taken up far too much time and let slip too many opportunities. It is our sincere hope that the facts, or realisations if I may so term them, which are voiced there, will be carried over into the political field. For there indeed they are still lacking. Trade is after all no tool in the game of power politics, so that we should not mind so much having to abandon the belief that we can tackle the problems with which present-day Communism confronts us armed with economic weapons and trade sanctions.

Fortunately, that policy has in any case proved unworkable, and it may be that our discussions here today will lead up to more rational approach.

Trade policy is unquestionably part and parcel of policy in general, but it can have sense and purpose only if it is made to serve the cause of understanding and it is this spirit of understanding which the world most badly needs today. In this context, the expansion of East-West trade most surely has a contribution to make.

For this reason we view with some alarm a development which would tend in no small measure to curtail our markets. It is no consolation to a trade partner who has lost his share of the market in, say, eggs or poultry, to know that in exchange some other country has been able to increase its cereal imports. This development is, of course, partly the result of Community policy, and I feel that in our enthusiasm at the success of the Community's work, we have failed to give it the attention it deserves. This state of affairs is by no means confined to the agricultural sector. Our Eastern neighbours cannot live either

by exporting agricultural produce alone, and we must accordingly expect them to offer other products on our markets—the products of their industry and skilled trades—and be prepared to open those markets to them.

Implicit in any understanding is the determination to help and to serve. Our pride in our economic strength carries with it a duty toward those who, through no fault of their own—or only partly of their own—are somewhat or in many cases very much worse off than we are. We must measure up to this obligation. We accordingly regret that the Council of Ministers has still not seen its way to acting on the Committees' proposals and the recommendations of the European Parliament, either by working out a joint trade policy, or at least beginning to do so.

We have never taken the view that a joint trade policy is a power tool, in the sense of economic power. No other Group has stressed more often than we of the Socialist Party have done, that to our way of thinking, the Community is pointless unless it contributes to a solution of world problems and does more than merely benefit its own Members. So there is no reason to fear that, faced with a united front on the part of the Six, others will feel compelled to draw any closer to one another than they really wish. I should like to say in the strongest terms that I regard it as a severe blow to the credibility of our sincerest declarations that one can still hear implied, and even openly expressed, the view that the object of trade policies is to buy friends whom one cannot acquire in any other way.

That should surely not be the object of a trade policy. But I do believe that a Community—whatever its size—must be in good working order if it is to find the strength to carry out its allotted tasks and give effective expression to its desire for an entente. May I say here that when we speak of a Community in this House we do not always mean the Community of the Six. We are only too painfully aware that our six countries are only a part of Europe, that they represent merely a beginning, with which we have no intention of contenting ourselves.

In the last analysis, the aim of the Community is to jettison the ballast that was the inevitable outcome of policies based on national requirements alone, and which we must get rid of if we are to achieve what is expected of us.

To repeat, we accordingly very much regret that the Council of Ministers has not come forward with any plan in this field worthy of note.

May we take this opportunity of endorsing everything that was said by this House in the debate on Mr. Löhr's report, about trade with State-trading countries—that is with the Communist countries of the Eastern bloc—and which we are very glad to find again so fully expounded in Mr. Achenbach's report. (*Applause.*)

4. Closure of the Sitting

The Chairman (*N*). — We shall now adjourn proceedings and resume at 10 a.m. tomorrow, Saturday, 25th September 1965.

The Sitting is closed.

(The Sitting was closed at 5.45 p.m.)

SECOND SITTING
SATURDAY, 25th SEPTEMBER 1965

IN THE CHAIR: Mr. PFLIMLIN

**President of the Consultative Assembly
of the Council of Europe**

(The Sitting was opened at 10 a.m.)

The Chairman (F). — The Sitting is open.

1. *Activities of the European Parliament*
(Resumed Debate)

The Chairman (F). — We shall now resume the discussion between the members of the Consultative Assembly of the Council of Europe and the members of the European Parliament on the latter's progress report and on East-West trade.

I would ask members of both Assemblies wishing to take part in the debate to be kind enough to put down their names in Room A 46 before 11 a.m.

I call the first speaker for this morning, Mr. Federspiel.

Mr. Federspiel. — The subject of this debate is East-West trade, and the instrument that we have is the admirable report of our friend, Mr. Achenbach. I believe that the members of the Liberal Group of the Consultative Assembly, on behalf of whom I have the honour to address the meeting, will, broadly speaking, agree with the conclusions of Mr. Achenbach's report, particularly the point which he put so clearly, that trade between Western and Eastern Europe should be guided by the basic motive of all commerce, that an exchange of goods and services must be in the interests of both buyer and seller.

It goes without saying that there may be political motives which require us to provide incentives to trade in some particular direction, but such incentives should be aimed at creating conditions in which free trade can develop. Free trade carried on in an atmosphere of mutual confidence may well open up channels of political understanding, but any trade which is developed artificially for political ends solely is more likely to create suspicion and political animosity than the good will which it was intended to create. We have numerous examples of this in the relations between the developing countries and the wealthy nations. There is no reason to believe that our experiences would be different in relation to the highly developed Eastern European countries if we resorted to unnatural means of developing trade.

Yesterday, Mr. Colonna, speaking on behalf of the EEC Commission, called attention to the dangers of extending unnaturally long credits to the Eastern countries. This is undoubtedly one of the examples which illustrate the risks of unnatural trade, but I wonder whether this matter is not slightly exaggerated, particularly when the Commission makes the comparison between credits extended to Eastern European countries and credits extended to developing countries. I understood the point to be that there was a risk in extending long-term credits to Eastern countries, and that these might unfavourably influence the credits to be granted to developing countries.

I believe that these credits, as they work under our existing export credit schemes, must be viewed on their own merits; in

other words, must be viewed entirely from the commercial angle. I would point out that by "commercial angle" I mean not entirely the interests of individual exporters but the interests of the national economy to which these export credits apply.

Mr. Achenbach calls for a common trade policy. This brings me to my second point. We would agree that as long as you operate on the simple formula that the freeing of trade will always benefit both parties and will always contribute to creating a better political climate, all is well and good. But we have to accept that in this particular relationship trade is carried on between two different economic systems. We cannot be sure that the price structures, particularly the export price structures, of the Eastern countries are based on the same economic rules as those on which we work—that is, largely the relation of supply and demand. Other considerations enter into the exporting interests of the Eastern countries.

I shall not here speak about the difficulties of balancing the trade because the demand for Western goods is presumably greater in the Eastern countries than the demand for Eastern European goods in the Western countries. That should present no difficulty provided we accept the principle that trade must be free and that there must be freedom for exchanges. But we have to face the fact that there are other considerations and, consequently, that we must safeguard ourselves against such practices as dumping and exports for purposes other than entirely commercial ones.

But how are we to set up, even within the Community of the Six, a common trading policy with the East when we are unable to establish a common trading policy among ourselves?

I cannot let the debate pass without making, on behalf of a number of Liberal friends, some comment on the general political situation against the background of which we are discussing this question of East-West trade. Since this report was written several severe shocks have been dealt to the policy to which we all adhere, the policy of European integration. Yet it may, perhaps,

not be vital or fatal that on 30th June the development of the European Economic Community was brought to a standstill.

A number of members of this Assembly have, either in this hall or outside, expressed a certain amount of optimism that the standstill due to the failure to reach agreement on the establishment of agricultural markets is a temporary phenomenon; that it is likely to be open to negotiation, that it is likely that there were wrongs on both sides and that these would have to be thrashed out between the French Government on the one side and the other five Governments on the other side. But I believe, Mr. Chairman, that since the Press Conference of the Head of the French State on 9th September there is very little justification for this optimism, at least in the short term.

I shall not go into the details of the impressive text of General de Gaulle's statement which we have no doubt all read but I would call attention to certain developments to which it gives expression. In 1963 some of the member States of the Council of Europe were hoping to negotiate their entry into the Common Market. These hopes were shattered; and they were shattered on the ground that the United Kingdom and, therefore, presumably also the Scandinavian countries negotiating their entry were unfit to accept the full responsibilities of the Community. That means that they were unable to live up to every term of the Rome Treaty.

At that time we were given to understand that it was the policy of the French Government to apply the Rome Treaty strictly in every word of its text and every word of its meaning, and that other countries of Europe wishing to use the instrument of the Rome Treaty as the means of further integration of the countries would have to wait. Today, in September 1965,—two and a half years later—there is no desire on the part of the French Government to adhere strictly to the terms of the Rome Treaty. Many of us have at times hoped that the criticism which was levelled from time to time against the Community, against the development of the Rome Treaty, by the French Government would lead to new and constructive proposals which would enable

the Community to enlarge its scope, to take in new Members and ultimately to achieve our object of a united Europe. The theme of the Press Conference of 9th September was different. It was a denial of the provisions of the Rome Treaty.

Those who are still optimists may think this is an invitation to reopen negotiations on the Rome Treaty and there might be flimsy legal justification for this in connection with the merger of the Executives. But there is no such proposal. There is a distant hope that the Community idea will ultimately prevail. It is not altogether a rejection. But what we find is a return to the thinking of earlier generations, not the thinking of Colonel Harding and President Wilson after the first world war—a “return to normalcy.” No, this is a jump even further back, a leap back to the nineteenth century to the ideas of the Vienna Congress, the idea of great Powers determining the future of Europe; and mark you, Mr. Chairman, among these great Powers you will find Communist China.

It is difficult to follow this line of thinking and how it ties up with the denial of entry of new Members in 1963 on the grounds that the terms of the Rome Treaty were not acceptable in every respect to them. What many of us fought for in the dark years of our history, from 1940 to 1945, was not a return to the politics of the nineteenth century and to nationalistic rivalries. We fought for the freedom and the self-determination of our peoples, all these ideas which have found expression in the statute of the Council of Europe and the Rome Treaty. Are we to accept that these ideas should no longer prevail in our efforts to establish a united Europe? And in the meantime, while we are in this fluid situation, while there are no constructive proposals from the one Government requiring the Treaty of Rome to be revised, the rest of Europe—and by that I mean not only the other Five (and it is not for me to solve their problem) but the whole of Europe—is in a state of expectation and uncertainty. This is not merely political uncertainty. There are businessmen, labour unions, employers' organisations and financiers, and, not least agricultural producers and exporters, waiting to see how the future markets of Europe are to develop and what will be the

future economies on which they have to base their existence. They are today at a complete loss to know how they are to adjust their business for the future to the political conditions prevailing after the situation in September 1963.

What are we to hope for? Can we hope that the initiative of Mr. Spaak, which I believe should be welcomed by us all—that a government conference among the Six should be held as early as possible—will lead to an adjustment of the Treaty? But, Mr. Chairman, Ladies and Gentlemen, what is the political background to this? The political background is that we have a monumental statement by the Head of the French State setting out his objections to the Rome Treaty and his objections to practically every aspect of European policy which we have followed so far; and there is no constructive proposal to replace them. What do we have on the other side? A proposal by Mr. Spaak and certain statements of disagreement from one or other of the European Governments. It is true that there have been political uncertainties. The elections in Germany are only just over. But what we from the outer periphery must look for is that the Governments in the other five countries take up this challenge and make their position clear.

I do not believe that a conference called merely to discuss the present situation, without clear and previously stated policies by Governments other than that of France, will have any chance of leading to conclusions. I have never known an international conference to lead to any results merely by people sitting round a table without having prepared and stated their case well ahead of that conference.

In that period, many of your countries, many of those represented in this joint Assembly—in this Assembly which, I suppose, in the terminology of General de Gaulle, would be called a configuration of Parliaments, just as the European Parliament was described as a figuration of a legislature and the European Commission as a *figuration d'Exécutif*; in this configuration, many of us are looking for the door to open.

We accept, as we did in 1961, that it is the Community of the Six which must lead the way to European unity. We are, however, deeply disappointed that the Community of the Six has come to a halt without being able to find progress, in spite of obstacles which might well have been foreseen and which are certainly not so grave that they could not have been resolved by negotiation.

For us—and we are no small part of Europe—it is essential that the Six resolve their problems, that they resolve the question of how to progress with the Community even in a changed form and that we are not thrown about from one situation to another, in 1963 being informed that we were incapable of accepting the principles of the European Community and in 1965 hearing that another Community should be created in which both Great Britain and Spain, who happen to be the nearest neighbours to the country speaking, should be invited to join. What about the rest of us?

It is high time that on all these questions, and not merely the question of our relations with the East, the six countries of Europe should find their policy and find a policy which is not, as is now threatening, entirely inward-looking but which takes into account the interests of the rest of Europe, without which the Six will ultimately be unable to live as the nucleus of a great, prosperous and flourishing Europe.

Thank you, Mr. Chairman. (*Applause.*)

The Chairman (F). — I call Mr. Duncan Sandys.

Mr. Duncan Sandys. — I propose, like Mr. Federspiel, to say a very few words about the crisis which confronts the Community. It is, of course, not for me, as an Englishman, to suggest how it should be resolved; that is the responsibility of the Six. I thought, however, that you might like me to say something about the reactions to this crisis in my own country, Britain.

In his speech yesterday, Professor Hallstein remarked that other European countries outside the Community had shown great sympathy and understanding. That certainly is true about the feelings in my country. We regard Britain as an integral part of Europe, and we look forward to the day when she will be a Member of EEC. Anything that happens to the Community, for good or for ill, is, in consequence, of great concern to us.

Our attitude toward EEC is, I fear, not always fully understood on the Continent. It is widely believed that the British strongly dislike the supranational institutions of the Community and that we would be prepared to sign the Treaty of Rome only with the very greatest reluctance.

It is, of course, true that we in Britain were not so quick as some of your countries to realise the limitations of national sovereignty. Perhaps this was due to the fact that we did not go through the same shattering experience of being conquered or liberated. Today, however, the majority of thinking people in Britain recognise that we need something more than the mere abolition of tariffs. Europe must have a common economic policy, and to achieve this there must be common institutions, endowed with the power to take and to implement joint decisions.

Also, I do not think that it is sufficiently realised on the Continent that we in Britain are as much interested in the long-term political aspects of European union as we are in the more immediate commercial benefits. We want to play our part in restoring Europe's position and influence in the world.

It is too soon now to try to decide what form our political association should take. It will probably have to be evolved by stages. But it is quite clear that any new political organisation must arise out of the European Economic Community.

Some people say that it is no good planning to build anything on the foundations of the EEC since its whole constitution is going to be radically changed. That is a matter for the Six to decide. However, I think it right to point out that the

kind of Community which we in Britain have been wanting to join is the Community envisaged in the Treaty of Rome and not some quite different organisation.

It should not be assumed that Britain, as a potential future Member, would like the supranational character of the Community to be watered down or its powers to be whittled away. Whatever views may have been held in the past, all that we have observed in the last few years, and especially in recent months, has confirmed the necessity for effective decision-making machinery.

If you will forgive me for saying so, I do not think that we in Britain would be particularly enthusiastic to join an association in which any one Government could at all times hold up all action by its veto. We should have grave doubts about the usefulness of an emasculated Community, which was nothing more than a forum for intergovernmental discussion and disagreement and which would be incapable of taking collective decisions.

That is why I whole-heartedly welcome the resolution passed yesterday by the European Parliament. In a dynamic movement of this kind the momentum must be maintained. Either you go forward or you slip back. You cannot stand still. The Treaty of Rome cannot be put into cold storage. (*Applause.*)

The Chairman (F). — I call Mr. Hahn.

Mr. Hahn (G). — Mr. Chairman, Ladies and Gentlemen, I shall begin by speaking on behalf of the Christian Democratic Party. It is a privilege as well as a duty to thank the Rapporteur on behalf of my political associates for having, in the course of his report, supplied the material for a debate on the most topical political issues of the day. I should also like to thank the representatives of the Commission for the way in which their spokesmen here explained EEC's attitude to and action on the various aspects of trade policy.

I should like, if I may, to make an introductory remark. The reports we have had presented to us have not, contrary to the usual practice been drawn up in our institutions, that is to say by the relevant Committees or in plenary session; they appear to me to strike an essentially personal note. It is therefore more than ever the aim and task of our parliamentary debate to analyse and thrash out the views and opinions they contain.

I was unfortunately prevented from discussing with my political associates the attitude I should adopt to the individual questions at issue. The views I shall express on a number of questions will therefore be primarily my own. I would ask you to allow me to do this and to treat my words accordingly.

My first remarks refer to the introduction to Mr. Hagnell's report on behalf of the Economic Committee.

I feel sure that my colleagues, especially those of the External Trade Committee in the European Parliament, welcomed the objective way in which some very important and specific aspects of a common commercial policy were dealt with.

In his speech, Mr. Hagnell stated that the trend towards centralised planning in the West was bringing it closer to Eastern Europe which has a wholly planned economy. With your permission, I shall treat this assertion as a question, for, so far as I am concerned, the conclusion which the Rapporteur has drawn is unwarranted; for the consequences of drawing that conclusion and basing trade policy upon it could be exceedingly perilous.

Why? It is my belief, speaking as a member of the External Trade Committee of the European Parliament, responsible for trade policy within EEC, that when we speak of planning, we mean something quite different in aim and character from the approach of the planned economies of the Eastern bloc.

I should like to make it quite plain, with I am sure widespread agreement at least from the Christian Democratic

side, that this is an essential premise for all trade policies, indeed for policy in general. It is bound up with the principle of complete respect for private property, of total freedom for private enterprise and planning and also—an absolutely decisive point—of a readiness to take risks.

The representative of the Commission sounded this same note during his speech yesterday. So too did Mr. Federspiel, in a different context. The very bases of our economic policies are radically different. Our aim is a competitive market economy, whereas on the other side, State hegemony in economic matters is absolute.

From this point of view, and with these basic principles in mind, many of the ideas and statements we heard yesterday are seen in a different light and lose much of their relevance to a practical trade policy.

I particularly appreciated Mr. Hagnell's demand, at once so lucidly and unequivocally expressed, that all the Western countries should offer the same credit terms. He went so far as to advocate an international agreement on the subject. I was most gratified to hear this. The same thought is also very clearly expressed in the report of the External Trade Committee of the European Parliament report on trade relations with Eastern-bloc countries. I think I may say that it is also the view of the European Parliament. We should not think of credit policies primarily in terms of trade. Credit policies *vis-à-vis* the Eastern bloc and *vis-à-vis* Moscow carry politically decisive overtones, indirectly affecting our political endeavours on the one hand, and, on the other, the use to which the Eastern-bloc countries can put their resources in the developing countries. I merely mention this in passing, though for me it is of capital importance.

A few brief comments next on the report of our esteemed colleague, Mr. Achenbach. To start with, on the written report, and then on Mr. Achenbach's introduction which I note he expressly presents as his own personal opinion. I should like to

make my own position clear with regard to both. To take points 5 and 6 in the report: in point 6, Mr. Achenbach argues against the view which would condemn East-West trade of any kind. Here we agree with him, on the grounds that such a stand is no longer realistic. The extreme position of those who would have no truck with the East is no longer tenable, and I am bound to agree with the Rapporteur on this.

For me, however, the decisive questions are where to draw the line, what the real possibilities are, and when and where external trade becomes a truly determining political factor. In relation to these points I find myself in disagreement with the conclusions reached by Mr. Achenbach and put forward in point 5.

The great majority, if not all of my Christian Democratic friends will, I feel sure, support me when I say that trade policy can neither be considered or carried out in isolation. For trade policy is a decisive factor in foreign policy and in politics in general.

In his report, and again in his introduction, Mr. Achenbach argues that trade, that is, foreign trade, must have no strings attached. This is a happy thought. If I may say so, were that only possible, we should be living in an ideal world. May I ask, however, whether the other parties we have to deal with, the representatives of the Eastern bloc, trade with the outside world in the same disinterested spirit?

One of our number, giving his views on the reports in question yesterday, said that economic policy was not an instrument of power. That would be so nice too, if I may say so, if only it were true. But the truth is that we know the Communist States employ and exploit economic policy ruthlessly in the service of power politics. As long as this is so, Ladies and Gentlemen, it is unreasonable to ask us not to regard economic policy as a tool of power politics. So far as I can see, this is a plain and undeniable fact, and we should treat it as a premise in all our policy-making.

Mr. Achenbach said he earnestly hoped that more attention would be paid in future to trade with the countries of the Eastern bloc. But there is a straightforward practical question which will face trade policy experts in the national Parliaments when they come to conclude treaties and fix quotas. Some of the countries of the Eastern bloc, and especially those with which we ought really to promote trade as much as possible—Rumania, Bulgaria, Yugoslavia, Hungary—have for some time been saying very emphatically that they would like to raise their wine quotas. I invite Mr. Achenbach and his former friends to confer with his group in the *Bundestag*, to see how willing they are to follow up these ideas. Such are the practical obstacles to be overcome by trade experts like us. It was pointed out several times yesterday to the Commission's representatives, and in debate, that the very fact that agricultural products account for a sizeable proportion of Eastern-bloc exports involves us in difficulties of a special kind, both because of our market organisation and because of circumstances peculiar to those countries.

This brings me to my second observation, a personal one this time, which I do not claim is that of my political group. Mr. Achenbach made a personal statement—for which I respect him, since in the report itself it was barely a whisper—to the effect that we must make our peace with the Eastern States and with Russia. He appealed to us all in warm, almost passionate terms to do something about this. I ask you, Ladies and Gentlemen, which of us does not ardently desire this great and final peace? Please do not take it amiss, but bear with me if I too speak with some passion, for I shall be expressing my innermost conviction. I shall do my best to exercise moderation, but what I have to say on the subject is this: we must realise that the only form of peace which we can accept is one in which our freedom and security are assured. (*Applause.*)

This is where we part company. As to our final aims and our desire for peace once and for all in the full legal sense, I am entirely at one with Mr. Achenbach. But the argument he advances here seems to me fraught with danger. We must never lose sight of the fact that if we allow the Western, that is Atlantic

alliance and NATO to be undermined, to be sapped in its foundations, or even broken up entirely, we shall have thrown away any chance of peace for the world or security for ourselves. (*Applause.*)

We have no right to separate economic policy (which is at present under debate) from foreign or defence policy, or—I hope you will excuse the strong terms—to isolate it and deal with it in a complete vacuum. It is this which trade experts like us should never lose sight of—and the whole debate hinges on the question of trade policy. We should never allow purely trade or economic questions to fill our field of vision.

It is absolutely essential, and I appeal to Mr. Achenbach and my German fellow-members, speaking as a German delegate to the European Parliament, to concede the fact, to which I shall return again later, that it is essential that any peace treaty negotiations should be solely on the basis of the Potsdam Agreement, that is, on a four-Power basis; for there is no other way of solving to the satisfaction of the Western world all the problems which affect us as Germans and touch us so deeply. So much for the personal part of Mr. Achenbach's statement.

I come next to Mr. Nessler's report. I had to persuade myself to say what I have to say, since it represents a very personal attitude. But I shall also be speaking as a German member of the European Parliament, and a member of the *Bundestag* party which has been in power since 1949—I add this and hope you will understand why. I shall try to be as polite about it as the complete antithesis of our points of view will allow.

1. Mr. Nessler bases his presentation of the practical problems of East-West trade in his report upon a Europeanised view of the German question, taking the division of Germany broadly as his starting point. For all practical purposes, the Eastern-bloc States and the Soviet occupied zone are for him on the same footing. His references to the Federal Government's motivation in questions of inter-zone trade are balanced by quotations from critics of the Federal Government's positions or statements by

the Soviet zone itself. Obviously there is a gulf between the Rapporteur's attitude and our own. You will understand that this is a point which calls for plain speaking.

2. The report unfortunately fails to give a really convincing account of the basic differences between the Soviet occupied zone and the Eastern-bloc countries. You will look in vain for any mention of the political or historical unity of the German nation, for example. The Soviet zone is not a State as recognised by international law. Neither will you find any mention of the responsibility of the four Powers for German reunification. I have already spoken of the Potsdam Agreement. Legally speaking, reunification is the responsibility of the four Powers. You will forgive me for speaking so emphatically.

3. The report does not show conclusively that zone trade is German internal trade. Such trade is now only about 5% of what it could be expected to be in a unified Germany as between the present Soviet occupied territory and that of the present German Federal Republic.

4. The report makes no mention of the fact that the complete political orientation of trade in the East compels the West to contemplate politically-orientated economic action as a counter-measure.

In our view, therefore, we should seek to avoid a situation in which, no doubt involuntarily, the Western countries, by an increase in trade with the Soviet zone, enable the Pankow regime to side-step inter-zone trade. Now we are dealing with statements contained in a published document, a document, Mr. Chairman, published by this distinguished Assembly. And this would deprive the Federal Government and the West of a powerful political lever for the prevention of critical situations arising from interference with communications with Berlin.

5. The impression is given in what is said on page 17 that the German Federal Republic had set the pace in NATO for an embargo policy *vis-à-vis* the Communist bloc. It is indeed true

that the Federal Government endeavours to observe the strategic embargo list scrupulously. Nevertheless, she is one of the States which, though having pledged themselves to observe these provisions, have advocated their relaxation in certain respects. The reference that the Rapporteur chooses to make to the embargo on tubes—an instance which is indeed most topical, in my opinion—needs amplifying by the remark that the initiative came, as is well known, from the USA and not from the Federal Republic of Germany.

6. The account given of inter-zone trade also requires rectifying, since in the agreement on inter-zone trade there is no clause dealing specifically with Berlin, that agreement being applicable to the Eastern Mark area and the Western Mark area, which automatically includes Berlin. Hence this formula and this definition of "Eastern and Western D-Mark currency areas."

7. On pages 12 and 13, the report alludes to forces in Germany, mainly but not exclusively groups of refugees, as disturbing the favourable climate for an improvement in East-West trade by their political attitudes. Unfortunately such allusions encourage a stereotyped picture of "good" and "bad" Germans.

This is the moment to refer, Mr. Chairman, to the recent German parliamentary elections. Once again they have demonstrated, and even more clearly than before, that such stereotypes simply do not exist. No one is more delighted than the parties represented in the *Bundestag*—on this point we all agree—that the elections held in West Germany last week left no doubt as to the political feelings of the German people with regard to these problems.

Here I shall end my factual remarks on the report. Mr. Chairman, this Assembly will, I hope, allow me to state in conclusion that it cannot be the object of such a report to take up a position, even indirectly, on the establishment of diplomatic relations between EEC member countries or the Council of Europe on the one hand and the Soviet occupied zone on the other. This is not

said in so many words in the report, but one has the impression that this was what the Rapporteur had in mind.

Ladies and Gentlemen, I have stated my views. I ask your indulgence and understanding if I have done so in somewhat passionate terms, but they are determined by and stamped with our political preoccupations and our whole political approach. (*Applause.*)

The Chairman (F). — I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — Mr. Chairman, this debate may be on East-West trade, but, of course, Mr. Federspiel was right: we cannot ignore the recent political events inside the Six. Mr. Duncan Sandys of the British Conservative Party spoke of the great sympathy and understanding in Britain in regard to the recent problems of the Six. As a member of the British Labour Party, I also assure you of our great sympathy and understanding. During the last two days since I have been here as a member coming from the largest country in EFTA, I have been asked several times what I thought the EFTA countries should do. I have said, as I say now, that we should not seek in any way to take advantage of the present problems of the Six and, in particular, we should not seek to dilute the spirit of the Community.

I am grateful to the Rapporteurs who have laid the firm basis for this debate on East-West trade; to Mr. Achenbach, Mr. Hagnell and Mr. Nessler. In Britain, as most people realise, we depend greatly on external trade for our standard of living, so it is very important in our own interests to increase our trade with Eastern countries. We buy from them raw materials and foodstuffs and we sell them manufactured goods, especially capital equipment. Of course, we also believe that it is in the interest of the West as a whole to extend our contacts with the Communist countries and that if we trade more with them there will be more such contacts.

Our trade is chiefly conducted within the framework of a series of bilateral trade agreements. This is not our wish but

we have to adjust ourselves to trade with Eastern countries in the way they want us to trade with them.

Here I must comment briefly on pages 26 and 27 of Mr. Nessler's report. We seek to promote increased trade with Eastern Europe and we favour multilateral trading. The report gives a different impression. It is the East European countries which up to now have preferred bilateral trading relations.

Incidentally, there are two other points on page 26 of the report on which I must comment. Our views in the United Kingdom are not so rigid that we demand—I quote—"that every pound sterling earned by Eastern countries should be spent in Britain." Our attitude is not so rigid as that. However we do think it reasonable that the Eastern European countries concerned should try to spend in Britain the additional sterling which they obtain through liberalisation of trade with Britain. The second point is that Bulgaria is now one of the countries which has accepted the British liberalisation offer.

Our trade with the Communist countries has doubled in the last six years, but it is still a very small proportion of our total external trade. Our exports to them are less than 3% of our total exports. That compares with a figure of 4 1/2% to Sweden alone. Mr. Federspiel referred to the balance of trade between East and West Europe. With us it is somewhat different from what I understood him to be worried about, because we buy approximately twice as much in value from the Communist countries as we sell to them.

What are the prospects for Britain increasing trade with the Communist countries? For the foreseeable future there are limits to the amounts of raw material and foodstuffs that we can import from them, and I do not see how they can compete for a very long time, with us or with any other Western countries, in consumer goods. Their design and performance are very poor by Western standards.

My constituents in the town of Kettering, in England, make shoes which are sold on the Italian market, and in the shops in

my constituency I can buy shoes made in Italy. The British industry and the Italian industry are both very efficient and there is keen competition. Italian shoes are exported to Britain and British shoes are exported to Italy and the consumer benefits. He has a choice. Even if the Eastern countries had the exchange to buy the shoes that my constituents make, there is no Eastern country which could produce shoes which could possibly compete in the British market, not only with British shoes, but with, say, Italian shoes.

Mr. Hahn referred to the difficulties caused by our Western market economy and the different practices in the East. One of the most interesting developments is the changing industrial organisation in these Communist countries. In particular, the greatest change is that they are adopting more and more a market economy. This will make it easier for us in the West to trade with them. We have to remember that the Soviet Union today is listening more and more to the discreet apostle of the mixed economy, Professor Liebermann. However Marxist-sounding the Professor's vocabulary may be, what he preaches is a modified form of the profit motive and the necessity for more competition. Under such influence the USSR and Eastern Europe generally must become an easier and more flexible trading ground.

Ten years ago, when I went to the Leipzig trade fair, my Government frowned at me very much. Of course, all this has changed and there is now less suspicion, greater trade and many more contacts. We have high hopes of the Poznan and other fairs. Over the past six years particularly our trade, both export and import, has doubled, but it is still a tiny fraction of our external trade.

What of the future? It is tempting to think that as the standard of living of people in Eastern European countries rises they will provide a big market for our consumer goods. I refer again to the boot and shoe industry, which is the one in which my constituents earn their living.

There is a saying in my constituency that when the boot and shoe industry has a new salesman it tries him out in a developing

country of Africa. The people at home send him out to Africa and await his first telegram. If the telegram reads "Everybody goes bare-foot. No possibility of trade", they sack him. If it reads "Everybody goes bare-foot. Excellent possibilities of trade", they promote him. The fact is that it is difficult to see how the Eastern European countries, which we are talking about, will be able to afford our consumer goods even if their economic policies allow them to be imported in large quantities.

However, there is a field in which we in the West can pay more attention, and that is subcontracting by Western manufacturers to Eastern countries. This subcontracting could develop extensively in the next few years especially for those countries, such as Britain, which suffer from a shortage of manpower in industry. I understand that German firms have subcontracted to Polish industry, and at least one Italian firm has subcontracted to Yugoslavia. I visualise this practice spreading.

The East European country working through its State foreign trade organisation would contract to supply the Western firms with certain goods at a definite fixed price over a specified period. It would be in the interests of both the Western country and the Eastern country. The advantage to the West would be a guaranteed source of supply. The advantage to the East would be an export market and—which is very important in the case of Poland—employment at home. It would also give Eastern countries access to Western industrial experience.

So far I have not referred except in passing to the broad political consequences of increased trade with the East. We all know that the more contacts there are, the more the countries of the East begin to see themselves as part of the great European family. Since Stalin's death we know that people in Eastern Europe feel much greater security and that the conditions of life have improved; the rigidity of doctrine has been relaxed and there is more personal freedom, especially freedom of speech. We in the West can help this process.

But we must recognize this dilemma: how are we to assert a positive influence without strengthening politically the Com-

munist regimes? Every friendly contact with a Communist Government carries a certain measure of recognition and, perhaps, even of approval. However, we must not let this deter us from friendly contacts. What we must not do is look the other way when there is a violation of human rights. We must not compromise ourselves to that extent. For instance, if we believe that in the Soviet Union there is ill treatment of minorities—of Rumanians in Bessarabia or wherever it may be alleged at the time—we must not turn away from it. We must speak out.

This is not the time to discuss in detail the expansion of our cultural contacts with the East, but we should regularly debate those cultural contacts, just as we should regularly debate East-West trade. The Council of Europe exists because we recognize that Europe is more than six countries. I want us at all times to remind ourselves that Europe is also more than eighteen countries. It is very much bigger. (*Applause.*)

The Chairman (*F*). — Ladies and Gentlemen, I announced at the beginning of the Sitting that the list of speakers would close at 11 a.m.

It is now 11.10 and I therefore declare the list of speakers closed.

I call Mr. Radoux.

Mr. Radoux (*F*). — Mr. Chairman, Ladies and Gentlemen, this is the first time I have spoken before members of the Consultative Assembly because I have been a member of it only since this morning.

What I have to say will deal first with East-West relations, of which Mr. Achenbach has spoken very weightily, as we would expect of him, from the political angle and Mr. Hagnell very ably from the economic angle. There should be some point at which these two lines of thought meet. In the first place, the fact that the European Parliament and the Council of Europe have the question of East-West trade relations on both their

agendas at the same time obviously means that such relations are considered of great importance and considerable value, and that both their economic and their political aspects are consequently involved.

Regarding the economic aspect, I would remind you of what Mr. Hagnell said about the Western countries according credit to the Eastern ones. Like him, I believe that the Berne Union Conventions, which in any case have been contravened by many countries, are out of date, and that new agreements will have to be made in order to harmonise credit policies and stop Western European countries trying to outbid each other.

Such harmonisation has become necessary because the structure of trade is changing. Exports to Eastern European countries consist increasingly of heavy equipment, of what, in the Community, we call "key-in-hand" factories, and that form of trade by its very nature justifies the granting of long-term credits. On such items I am definitely in favour of prolonging credit terms.

I also agree with Mr. Hagnell when he says the EEC and EFTA countries should get together and co-ordinate their policy in relation to the countries of Eastern Europe. The best contribution the Six could make to this would be to continue along the lines so ably laid down by Mr. Achenbach, by organising a common trade policy among the Six.

I stress this because, as Sir Geoffrey de Freitas said so well just now, Europe is not only the Europe of the Six; it is the Europe of the Six and the Seven. So we are all interested in seeking ways and means together of organising the West better for trading with the East.

My third and last observation from the economic point of view is that we should try to change our relations between East and West and not limit that trade to a sort of barter. We are no longer in the Middle Ages; countries are becoming industrialised. That is certainly true of the West, and it is equally so

of the East. I am thinking here of countries like Poland and Czechoslovakia, and others will obviously follow.

We should therefore seek to advance our trading relations and make a great effort in the West to reduce the quantitative restrictions which limit imports from the East. In return, the East should try not to upset prices in the internal markets of West European countries. We could achieve all this by means of consultation between the Eastern and Western countries, which I personally would prefer to be multilateral rather than bilateral. What I am thinking of is a system of multilateral discussions between Western Europe as a whole on the one side and the countries of Eastern Europe as a whole, on the other.

As we have not much time, Mr. Chairman, I shall turn now to what I call the political aspect of Mr. Achenbach's speech.

Whether we like it or not, it is obvious that when we talk about East-West trade or cultural relations, the underlying question is first and foremost a political one. The Eastern countries are certainly developing very fast. I told a meeting of the European Parliament last June that we had noticed how much the countries with a Communist economy had developed in their understanding of what was going on, for instance, in the Europe of the Six. I also mentioned the meetings of the World Relations Institute in Moscow and the arrangements made at a meeting of the eighteen Communist countries in Prague, when the existence of the Common Market was recognised *de facto* and the Eastern countries declared their readiness, in spite of the difference in our economies, to acknowledge the importance of what was going on in the West and the very considerable changes that had taken place in our economies since the end of the second world war.

What I want to stress is that although all of us in the Consultative Assembly and the European Parliament certainly agree about the principle of what we call peaceful co-existence, we may disagree on what to do about it. It is perhaps on method that our ideas differ.

I myself am in favour of peaceful co-existence, but against passive co-existence. I am therefore a supporter of active co-existence. I believe we should insinuate the thin end of the wedge wherever we can to open up relations between East and West. Thus we may logically begin by seizing every opportunity that presents itself in the cultural field, for example.

But today we can also make the most of trade relations. We must recognise that opportunities exist and seize them. We must not be content simply to say that we are in favour of co-existence in principle; we must also prove by our deeds that we are working for it. But obviously it takes two to create real co-existence, and we can speak only for the West. The countries of the East must be filled with the same feeling and the same desire.

To sum up, both in trade and in cultural affairs, I believe that there are greater opportunities now of establishing such relations than there were five years ago, and certainly much greater than there were ten years ago. I would remind Mr. Hagnell, who spoke about countries with a State-controlled economy, that the very fact that trade questions are dealt with in the East not by industrialists, as with us, but by what he called bureaucrats, may perhaps at the moment be a good thing, because the whole of the Eastern economy and trade is thus ruled by a single political concept, which is not the case in the West. Therefore, if we see a change of policy in the East, we should seize upon it because, with economics subordinated to politics, new opportunities will certainly be offered us in the economic field when there is a change of policy.

That is all I wish to say about East-West relations, Mr. Chairman, but I do not want to sit down without adding a few words about the excellent speeches we have heard from Mr. Duncan Sandys and my political friend Sir Geoffrey de Freitas, on the position of the Europe of the Six.

Professor Hallstein explained to us in his talk yesterday why he had not been able to make the speech we might have expected

from him in such a debate. He was right in emphasising that not only within the Europe of the Six, but also outside it, what was happening in the Common Market was viewed with much sadness and, I am sure, with a certain amount of anxiety.

As a Member of Parliament and also as a democrat, I can assure the Chairman of the Commission that the majority of the Parliaments of our six countries are still supporters of the European Economic Community and are even behind the Commission, as the European Parliament showed in the resolution it passed yesterday. The majority of the Parliaments of the Six remain convinced that only through community action can we solve the problems which face us.

I hope Professor Hallstein and the Commission will very soon be able to come and tell the European Parliament or this Joint Meeting that the coach has been extricated from the mud and that we are starting off again.

As I have just stated, I very much appreciated what was said by our two British friends, particularly when Mr. Sandys told us that it was not only because of the short-term commercial benefits that Britain was interested in what the Six were doing, but also because of the long-term aspect, because of those long-term political aims which, let us remember, are the final objective of the Rome Treaties.

We can never repeat often enough that our economic endeavours are a means to an end, but that the end of every European activity is itself a political one. In this dialogue between East and West, the greatest contribution the Europe of the Six can make to an improvement in their relations is precisely to continue along the community line and to ensure that Western Europe may provide a ready-made nucleus which is more united than the other one. We must also hope—and I want to say this very strongly—that this nucleus may be enlarged as quickly as possible.

There was a second point in the speeches of our two British colleagues which seems to me an important one, and that is the

question of the veto. What it amounts to is that each of our countries shall be free—forgive me for using this somewhat childish expression—to say “Won’t play” whenever they like because they think something has been done to the detriment of their so-called essential interests.

In some of the military agreements which certain of our countries concluded after the war or more recently, there is a clause which is known as the overriding national interests clause. Our British friends are very familiar with it. It is in fact, I believe, the subject of Article 6 of the Nassau Treaty between Britain and America.

It should not worry us, Ladies and Gentlemen, if, in military agreements on nuclear matters, certain States declare that they are ready to sign a treaty but wish to remain completely free to use their nuclear force if the overriding interest of their country so demands. In the atomic age we should not be disturbed by such a clause, because I am quite convinced that the overriding interest of France or of Britain, if danger arose, would also be the overriding interest of Benelux or the Federal Republic of Germany. It does not worry me in the least, therefore, to see such a clause inserted in military treaties.

But it would be a very different matter if the question of a veto in economic or political matters arose again. In particular as the representative of a small country, I would say that all our hopes since the end of the second world war have been pinned to a system of weighted voting as opposed to the veto system which, before the second world war, led us to where we found ourselves.

The creation of a community system spells the end of the veto, and I was particularly happy to hear one of the British Representatives say that, in his view, we should never return to the veto system but should continue along community lines.

In spite of what is happening now, in spite of the position within the Six which is quite rightly causing anxiety to the

whole of Europe, we must be and we must remain optimistic. If we are not optimistic we cannot be convincing, and we must be convincing if we want to succeed in our community enterprise.

Long ago already, the Abbé de Saint-Pierre, in some treaty, I think, foresaw the possibility of pooling sovereignty. We can do just that. What the Community does is not contrary to the interests of any one of us, but gives each of us greater opportunities and more ample resources.

And so we must be optimists. We have to succeed, Mr. Chairman, Ladies and Gentlemen, because, for us in the West, success is what History expects of us. (*Applause.*)

The Chairman (*F*). — I call Lord Winterbottom.

Lord Winterbottom. — I hope you will not think it presumptuous, Mr. Chairman, if I venture to rise on my second day among you to address this Assembly. May I take the opportunity of saying how very glad I am to be among you.

I have ventured to rise today because the subject which you have chosen for debate is something which has concerned me personally over the last four or five years. I have felt the impact of East-West trade directly on my skin and not through the columns of statistical tables.

I think that our Rapporteurs have quite rightly set our discussion of this trade within a political framework, because that is why it is a matter of such fascination and importance. Russia, having tried to build an impervious wall round her satellite system, has endeavoured to keep out dangerous ideas which might come from the West, and it is only through this extension and growth of trading that we are able to break into this society and start a dialogue with the various members of it. I think that this dialogue is very important, because only by talking to these people can we influence them.

I say straight away that I feel it is wrong to think of this area as a single bloc. It is certainly not that. Within it are a number of member nations struggling to regain their identity. It is really through trade that we must try to influence this development and growth. We must in this dialogue not necessarily attempt to force our ideas upon them, but what is really important is to enable them to develop their own ideas, for that is how growth will come.

My colleague, Sir Geoffrey de Freitas, has rightly pointed out that the trading methods which we in the United Kingdom have used are not strictly bilateral. And they are not strictly bilateral, in part, for very good political reasons. A large proportion of our trade is, in fact, carried out under open general licence, which means that the British buyer is free to buy as much as he requires without the hampering effects of quota systems. The result of that is that many Eastern European countries run a very favourable trade surplus with the United Kingdom.

Poland is a case in point, and this favourable balance which they have enables them to have much greater freedom of manoeuvre in forming and directing their own economic policy. Though this unfavourable balance we run with these Eastern countries is often an economic disadvantage and embarrassment to us, nevertheless it is a very important feature which we have retained and intend to develop. This is really the political basis of the British liberalisation policy, and no one can deny that freedom of movement in trade policies leads to freedom of movement in political policies as well.

The most interesting developments we have seen recently in Eastern Europe have been in Rumania, and Rumania has the greatest freedom of all the Eastern European countries for the simple reason that she has economic freedom to manoeuvre. She has an exportable surplus of food and of oil and oil products and an open door to the sea. She cannot be blocked in. Following this freedom of manoeuvre in the economic field, we are now seeing much greater freedom allowed to intellectuals and thinkers of

that country. Freedom of thought has been granted to the Rumanian people, and that could not have come unless Rumania had first had freedom of trade. Of course, this particular development has in no way pleased the Russians. They do not wish to see this loosening up of the system they have created, and since an attempt to hold the system together by force of arms has proved, to say the least, politically foolish, Russia has turned to the creation of a common market with common institutions to try to control and restrain the Members of the Eastern European Community.

I am referring to COMECON. The Russian intention was that this should again reinforce barriers against thought and movement and prevent the breaking away of individual States. But one may intend one thing and achieve something quite different. The Russian intention in the creation of COMECON is to create a bloc autarchy. All who have dealt with East European countries and attempted to introduce new products to them will have found that they run up against an extraordinary committee called the Import Prevention Committee, a committee set up specifically to, if possible, substitute East European products for Western products.

This particular use of COMECON is something thoroughly distasteful to the individual Members of that economic community. I believe it was Mr. Nessler who said yesterday that COMECON was breaking up. I would not agree with that. COMECON is certainly creaking, but the individual Members of it are starting to use the organisation created by the Russians for their own ends. The COMECON of today will not be the same COMECON in five years' time, just as we know that the European Economic Community of today will not be the EEC of five years' time. When we consider the developments in these countries in relation to all this we must not be too deeply concerned. We are starting to push against a number of half open doors. Doors are not slammed against us, they are slowly opening, and I believe that this is very helpful and that we can use the developments that are taking place there.

The first of these developments is the move towards multilateralism that we have heard discussed in this Chamber today and yesterday. This is obviously desirable. We all want it but I do not think we are going to achieve it by persuading the Eastern European countries to give up their system of planned economy.

The planning methods may evolve, but for some time to come all these economies will remain straightforward planned economies. But I believe multilateral trading will come when the transferable rouble of COMECON becomes convertible. At the moment this idea is anathema to the Russians. Nevertheless the transferable rouble within COMECON is becoming such an important currency that it cannot be long before it appears in the world currency markets; that is something that is also wished by the Members of COMECON. I know it will not have escaped notice that both the Czech and the Polish Finance Ministers are already pressing the COMECON authorities to make the transferable rouble convertible. When that happens we shall move quickly to an ability to trade multilaterally with Eastern European countries. The Poles wish to see that the roubles earned in trading with Russia can be spent in the West to buy from us. When that day comes a great measure of liberalisation will spread through the whole economic system of COMECON.

Turning to a point made yesterday by Mr. Hagnell in his report, the other important development we are seeing is the fact that the end user is now starting to determine what is bought by the various State-buying organisations. The State-buying organisations in Eastern Europe may offer the end user France and indicate that the State would prefer him to buy from France because France is today a most favoured nation, or may say that a particular plant from Britain is cheaper. But ultimately the decision will lie not with the politically most desirable offer but with the technically most satisfactory offer. The State-trading organisations are being set up simply as the buying departments of various industrial undertakings in the Eastern bloc, and this, too, is a move towards the normalisation of commercial methods

which will enable us to develop our links and trading methods with these Eastern European countries.

The whole of the system is evolving in the right direction, and I believe that it is our function to enable these various trading nations in Eastern Europe to develop their own policies, because in the long run if they can get their way I believe we shall be able to reach agreement with them individually in spite of the wishes and policy that Russia will seek to press upon them.

Before I close, I should like to bring this remark into the context of what has been said by our German colleagues, Mr. Achenbach yesterday and Mr. Hahn this morning. We, certainly in Britain, appreciate the concern which Germany feels about the divided state of her country.

We support entirely the German attitude towards the legal starting point of the negotiations which must one day take place. It will not, I am certain, have escaped their notice that this support has been expressed formally by Mr. Stewart in Warsaw recently. At the same time, however, although holding firmly to the legal starting point of any negotiations about the reunification of Germany, we should not neglect the opportunities which will be offered to us when the satellite countries once again become true, independent nations within a COMECON Common Market and when they are able to follow political policies of their own.

The shortest distance between the political points is not always a straight line. We may have to achieve our ends by going a long way round. Nevertheless, I believe that we are progressing in the right direction and, provided that we can assist the Eastern European countries to achieve their own political evolutions, mainly in the field of trade, I am very hopeful that we will all attain our political objectives in the long run. (*Applause.*)

The Chairman (*F*). — I call Mr. Struye.

Mr. Struye. (*F*). — Mr. Chairman, Ladies and Gentlemen, I have nothing to add to the very full and factual statement

already made on East-West agreements by the Rapporteur of the Political Committee of the Council of Europe, over which I have the honour to preside. Nor, I think, has there been any basic disagreement during this debate.

I want to point out on behalf of the Political Committee that although the Rapporteur emphasised that East-West trade relations could, at the present moment, be improved by bilateral methods and contacts, he in no way meant that multilateral relations and agreements should be excluded. They will, on the contrary, be normal procedure in the future.

But as the debate has taken a rather broader turn and has dealt mainly with Common Market difficulties, and since some remarkable speeches have been made by our British colleagues among others and by the former President of the Assembly, Mr. Federspiel, to whom we always listen with respect and profit, if the Chair will so allow me I, too, would like to say a few brief words on this subject.

Contrary to what we hear almost everywhere, I do not share the pessimism which is now rife in so many European quarters. (*Applause from various parts of the House.*)

Thank you. (*Laughter.*) I am of a more optimistic disposition, and I must say that, thank Heaven, up to now it has stood me in good stead.

How often, Ladies and Gentlemen, have we been told here and elsewhere in international circles, with weeping and wailing in Cassandra-like accents, that the worst is about to happen? If we had taken all these Jonahs at their face value every time they gave vent to their despair, there would long ago have been no European institutions and we would certainly have been faced with two, three or even four more wars.

But none of that happened. We should really preserve a sense of proportion and, where the Common Market is concerned, avoid especially the too facile tendency to make a mountain out of a molehill, a disaster out of the smallest crisis.

We must be realists and understand that the European institutions are young, after all, and naturally have their growing pains, as the oldest of us can see in the case of our own children and grandchildren. But let us also realise that these growing pains do not necessarily presage an untimely death.

Having said that, I want to add how interested I, too, was in the speeches by our British colleagues, Mr. Duncan Sandys and Sir Geoffrey de Freitas. I am extremely grateful to them for their sympathetic understanding of the Common Market and its difficulties. And I do not think I am wrong in saying that, in spite of appearances to the contrary, in the Council of Europe at any rate some slight rapprochement between the Six and the Seven is beginning slowly but surely to appear on the horizon. Both sides are becoming more and more firmly convinced that the future lies in rapprochement, and some day in fusion, between the Six and the Seven, and that in any case our present duty is to do everything we can to prevent the gap becoming wider and to bridge it as quickly as possible.

I have to admit, however, to being a little perplexed by something Mr. Duncan Sandys said. If I understood him aright, he feared that the Community of the Six might be "emasculated", to use his own term. In fact, he was urging it not to give up any of its trends towards supranationalism or any of its supranational aspects. I must admit that up to now I have always believed that the main difficulty in the way of Britain entering the Common Market was that it was too supranational. Now I am left wondering whether on the contrary the difficulty was not that it was too little so. (*Laughter.*) This is one of the paradoxes of political life, one of its normal developments, perhaps, but one which I think is worth mentioning.

But far more than this apparent contradiction, what remains in my mind is the lively sympathy for the Six that was so agreeably manifest in the speeches of our two British colleagues and also in the very down-to-earth and clear-sighted words of Mr. Federspiel.

How should we regard the Common Market's present difficulties? In my humble opinion, we should regard them with a great deal of understanding and a wish to reconcile the various points of view. We must try not to oppose bluster with bluster. In my public and professional life, I have always tried to cling to the factors which unite, rather than to those which divide.

In actual fact, the crux of the argument is that one of the Six is afraid of finding itself in a minority, is afraid that at some given moment the qualified majority provided for in the Treaties may compromise its fundamental interests.

Let me say straight away that that fear seems to me exaggerated, in fact completely unfounded. Why? Because I have learnt from experience that European and international organisations do not in general tend to abuse the powers conferred on them, and I know hardly any exceptions.

Look at the Coal and Steel Community. ECSC has a High Authority with more supranational powers than the Executive of the European Economic Community. But can it really be said that the High Authority of ECSC has abused its powers? Is it not far more usual to hear it reproached for not using its supranational powers enough, rather than for using them too much?

How has that come about? After all, the people composing the executive organs of these Communities or groups can hardly be called ignorant, biased or anti-European. In the nature of things and by reason of their very functions, these men gradually become imbued with the European character of the part they have to play. They realise that it is impossible, whatever the Treaties may say, to force the hand or upset the interests of one of the participating countries without risking a total breakdown.

In other words, I shall take the liberty of telling my French friends in the most friendly way possible that they should at least have a minimum of confidence in institutions and individ-

uals, particularly in institutions which they themselves have created or helped to create. Obviously it cannot be blind or uncritical confidence, but some confidence is essential.

Some humorist—obviously British, for we know that all humorists, or nearly all, are British—once said that if one did not have at least a minimum of confidence in one's chef or in one's cook, one would never eat anything for breakfast, lunch or dinner for fear of being poisoned. The same thing is true of everything in private, family or political life.

But to get back to something with which we are more closely concerned, the question of parliamentary democracy, naturally there is a risk of the majority vote being abused. Obviously a parliamentary majority could regard the minority as having no rights at all, make life impossible for it, treat it badly, I might say even illtreat it, be guilty of excess or abuse of power by preventing it from carrying out its functions, from holding any posts at all, or from participating in the slightest way in public life. That is a danger, of course, but it is a theoretical one. Can it be said that in our own properly organised parliamentary democracies the majority abuses the powers conferred upon it? Obviously, it arrives at some sort of balance and practises moderation.

The same is true of the international organisations. That is why I cannot understand this panic about a qualified majority seriously compromising certain interests. Neither can I understand the obstinate refusal to allow any discussion on attenuating or regulating the use by a qualified majority of certain rights which might upset some people.

I do not know whether what I am going to say may appear theoretical or presumptuous, but I believe that the qualified majority is not a real problem. It is not a real problem, because those who fear that the use of such a qualified majority might provoke a drama or a disaster should know that the danger is practically non-existent, and because on the other hand those who are going all out to retain in the Treaties, without any

watering-down whatever, the right to vote by qualified majority, have made up their minds in advance never to abuse it. The problem is thus more a theoretical than a practical one.

One statesman, who is a well-known European, has come to the conclusion, if we can believe what the Press has told us recently, that it should not be impossible to reconcile the two points of view.

You have seen, Ladies and Gentlemen, that certain proposals have been made for convening a meeting of a Council of Ministers of the six Members of the Community which might dispel some of the fears of one of the partners. Even if a colleague's apprehensions seem somewhat excessive, it is in the general interest to do everything possible to remove them.

I am completely convinced that the apprehensions could be dispelled without any revision of the Treaties. A member of the European Parliament said yesterday that the Treaties should be implemented in full. It would be dangerous and undesirable from every point of view to undertake to revise them, with all the difficulties and consequences this might involve. But it should not be impossible to arrive at a gentlemen's agreement whereby this qualified majority would be reserved for cases where the fundamental interests of certain countries or of one of the countries of the Community would not be compromised.

The Treaty itself provides an example. Article 75 provides that in the case of the Dutch harbour installations, an exception can always be made to the qualified majority rule if the Netherlands consider their interests to be gravely compromised. Why, in fact, should it be impossible for the Six—without touching the texts, and maintaining the essential part of the Treaties which, as the President of the European Parliament has so rightly said, cannot be dismembered—simply, in a spirit of co-operation and the sincere desire to reconcile the two points of view, to give certain assurance which would merely confirm what everyone has decided to do where the use of these Treaties is concerned?

That is all I wanted to say to you today, Ladies and Gentlemen. I think moderation should prevail and a balance be maintained between the two points of view, Mr. Sandys said that a veto that "could at all times hold up all action" would not be acceptable, and he was right. No reasonable person would want the whole future administration of the Common Market to be threatened by a veto which could really paralyse that organisation. But I think there is a vast difference between that and saying that the qualified majority rule must always operate, i.e. that no one Member will ever be able to put forward views which might possibly gain the support of the majority of the others.

To put it in a nutshell, in my view there can be no question of putting the Rome Treaty into cold storage, as one of the previous speakers suggested. The Rome Treaty and the Community it created represent an achievement to which—it would appear from the interesting speeches I have just mentioned—not only the Members of the Community cling, but even those who revolve nimbly round it in the hope, nevertheless, of one day being able to join.

That Community must continue. It is a sort of lighthouse in the darkness or semi-darkness which still surrounds the development of national relations in Europe. But I believe that, with full confidence in the future and with both sides making up their minds to show a minimum of imagination and good will, we should be able, we shall be able, to resolve these difficulties and to widen the doorway of a Community which must one day open to admit Britain. For in reply to the very friendly and cordial words of our British colleagues, I want to assure them here that I think we are unanimous in believing that we can never speak of a real Europe so long as Britain remains outside. (*Applause.*)

The Chairman (*F*). — I call Mr. Czernetz.

Mr. Czernetz. (*G*). — Mr. Chairman, whilst East-West trade may be the main topic under discussion at this Joint

Meeting, the main problem is nevertheless the present crisis in European integration. Trade with the East, which has been dealt with in a series of highly interesting documents and has also been considerably to the fore in our discussions, although not so much as was intended, varies in importance from one country to the other.

General statistics show that trade with Eastern European countries accounts for about 4% of the foreign trade of Western Europe.

I myself am from a country in which trade with Eastern Europe has now assumed much greater importance, although not so great as formerly. Whereas some 30% of our pre-war foreign trade was conducted with Eastern European countries, present figures are approximately 10% of imports and 15% of exports. The essence of the problem is, I think, revealed by these last two figures.

We have never considered trade with Eastern countries as an ideological problem in Austria, but always and primarily as an economic one. We have found in our dealings with these countries that, in spite of the most determined efforts to expand and improve trade relations, there are certain limits which it is impossible to exceed. These limits are set by the delivery capacity of the Eastern European countries or by their readiness—not their ability—to pay. The Soviet Union has abundant means at its disposal with which to pay for essential imports such as wheat. But the question is what commodities are to be thus paid for in gold.

And so we have experienced certain difficulties over the years. Nevertheless, we are ready to intensify our trade with the East wherever economic circumstances permit.

As I said, trade with the East has no ideological implications for us, but it has undoubted political implications for both sides.

Perhaps some clarification is necessary in this regard. All the Eastern European countries are in favour of extending their

trade with the West because such extension would be greatly in their interests economically without being dangerous for them politically.

The remarks of my colleague, Mr. Hahn, therefore call for comment. He said that the Eastern countries were using trade as an instrument of power-politics, that the Communists regarded everything as a means to this end. But I doubt whether trade totalling 4% of Western Europe's total foreign trade can be of great value as an instrument of power-politics. Not even *vis-à-vis* Austria can trade be made an instrument of power-politics. But the Eastern countries know that such trade presents no danger for them.

Consequently, I would warn against harbouring illusions, Communism can never be weakened or undermined by expanding trade. It cannot be "bought" by consumer goods. That is out of the question.

We rightly look upon trade with the East as useful wherever it can be conducted on a rational, economic basis. I would go so far as to say that intensification of trade with the East might help to improve the political atmosphere. There is no guarantee that it will do so, but it may. Hence, there is everything to be said for exploiting all possibilities to this end.

Mr. Nessler points out in his report that trade with the East must be developed bilaterally. That is undoubtedly true at the present moment; it cannot be done in any other way. Mr. Nessler merely raises, in his report, the problem of what I might call the philosophy of bilateralism, about which I shall say something presently.

It seems to me important, however, that Western countries, realising that trade cannot be developed except on a bilateral basis, should consult together and, if possible, co-operate with one another to the greatest possible extent so that everything may not be lost in the jungle of bilateralism that we are continually hearing about in this House.

Mr. Chairman, as I mentioned earlier, the philosophy of bilateralism figures prominently in Mr. Nessler's report. This leads me to the main problem which, while it preoccupies us all, cannot be adequately dealt with here in the absence of the prerequisites for an exhaustive discussion.

The philosophy of bilateralism underlying Mr. Nessler's report is, to my mind, closely bound up with the present crisis in European integration. I was profoundly moved by President Hallstein's words yesterday, when he thanked the citizens of States which are not Members of the six-country Community for their solicitude. In our concern for European solidarity, we can, each one of us, whatever our native country, whether it be an EFTA country or any other country which is not a Member of EEC, say this: We do not feel in the least like gloating; our reaction to this grave crisis is rather one of deep sympathy and keen regret.

Mr. Struye confessed a moment ago to a youthful optimism which I cannot but marvel at. But inclined though some of us may be to optimism, I think we must ask ourselves whether, throughout the history of European successes and failures, when we have suffered setbacks or been beset with obstacles, the causes have not always been the same, always rooted in the philosophy of bilateralism, if I may so express it; this applies equally to the creation of the large free trade area and to subsequent attempts to throw the much-desired bridge between the Six and the Seven. Was it not always a case of some Power sliding back into obsolete political hegemony? Is it not antiquated nationalism we are up against, nationalism which, if it were not so dangerous, would be merely laughable?

Here I should like to issue a solemn warning. I feel entitled to do so because there is no likelihood of my country or my people ever constituting a danger. An outmoded nationalism could very easily spread like an infection in Europe today. Such things are not to be taken lightly.

We are at present in the doldrums and it is to be hoped that we may come safely through. We know that the fundamental

issues are neither technical, economic, nor agricultural. They are, as in the past, political. All will depend on whether some form of political solution can be found.

Mr. Struye showed us very convincingly just now that we must have a certain measure of confidence. Would that his convincing words could penetrate to those solitary high places where the decisions are taken which affect us all so nearly! For that, unfortunately, is the crucial factor.

But I think we can say with satisfaction that there has grown up among us—among most of us, at any rate—a stronger conviction than ever before of the need for a common front. Relations between the Six and the Seven at this crucial juncture have improved; I trust the improvement will persist when, as we hope, the crisis has been surmounted. I warmly endorse Mr. Struye's view that it is essential not only to overcome the present difficulties, but also to find some way of merging the Six and the Seven and the remaining countries.

In conclusion, Mr. Chairman, most of us feel, I believe, that in view of the tense world situation, we ought to talk less about the Europe of the Europeans and do more to preserve the first modest foundations of European unity. (*Applause.*)

The Chairman (F). — I call Mr. Dodds-Parker.

Mr. Dodds-Parker. — I am very grateful for the opportunity of saying a few words this morning. I apologise to the Assembly for being late, but I am one of those who have been to Luxembourg and I arrived only last night, after, but not because of, the hospitality which we enjoyed from Mr. Schaus and his colleagues there. I should like to take this chance of thanking the Luxembourg officials and the Government for what they did to make our visit not only so enjoyable but so interesting. Perhaps in that Committee one was able to see one of the most vital aspects of European "growing together", on agricultural policies, which are of such vital importance to all of us.

My colleagues, Sir Geoffrey de Freitas, Mr. Sandys and Lord Winterbottom have covered many aspects of this topic which I should like to have covered in some detail myself. I am therefore going to keep my remarks as brief as possible. Nothing that I say goes outside the obligations of our country under NATO and under other treaties which we have undertaken for rebuilding Western Europe over the last twenty years and in defending ourselves in the free world, but, like Lord Winterbottom, I speak from certain commercial experience that I have had of East-West trade in the last few years.

I want to put my remarks within the context of what my colleagues have said on the wider issues but to speak on the somewhat narrow issue of the practical side of East-West trade. When I have gone to Eastern European countries I have always found the greatest friendliness, and I do not believe that any of us who have been there would deny that—despite being for the most part a commercial seller who is not always as popular as a buyer. But I would recall to the Assembly some aspects which lie behind the topic we are discussing.

Eastern Europe is part of Europe. Often in reading articles and listening to speakers one feels they are referring to it as if it were another continent, but the people there feel, from my own observation, that they are essentially part of Europe. Poland, in particular, is a country of great interest especially to the United Kingdom because, as I may perhaps recall to the Assembly without prejudice, it was to defend our joint interests that we entered the war in 1939; and many of us feel that we have a duty, and a right, to help restore the prosperity of our Polish friends and allies. This is an additional political reason for us, in Britain, to wish to work with that country.

Another factor lies behind this question of trade: despite certain changes, upon some of which Lord Winterbottom touched in detail, let us not forget that regimes are still solidly based on Marxist-Leninism, though they are moving towards more liberal policies and practices in their domestic as well as overseas trading relations. I hope it is not too esoteric a point to make in this

Assembly that it was more than three years ago that an important Communist official said to me, "We are more interested today in Marks and Spencer than we are in Marx and Engels." For those who have not been fortunate enough to go there, I should tell the Assembly that Marks and Spencer is one of our more important retail outlets in the United Kingdom. I believe that that is an exaggeration of the point; but I do think that one can find in the approach to these domestic issues such as retail trade a great change in the last few years.

I am quite certain also that no one I met in the East or the West wants war again. That is quite obvious. One might adopt the saying of President Roosevelt many years ago, namely, that the thing we have to fear most is fear itself. I think it is the suspicion that one finds in East and Western Europe that needs more attention than ever.

Earlier this year I was in semi-official conferences both in Eastern Europe and in Germany where I found people whose approach to the problems was identical and yet they had the greatest suspicion of each other. It is encouraging to find in Eastern Europe that our German allies and friends are about as acceptable as the rest of us. Our French friends have probably always been more acceptable there, certainly more than the British, and though they are commercial rivals I still welcome their interest in and practical application to the problems of this important part of the world.

In considering this aspect of any problem, I myself always like to see if there is anything we can do about improving relations between ourselves and Eastern Europe. There are the two topics of trade and, in broad terms, culture.

It is the first which we are discussing here today. A number of speakers have mentioned that there is considerable difficulty in reconciling a market economy with a planned economy, and although the planned economies have been adjusted more than our market economies have been in the last few years there is still a long way to go. The problems of currencies and their

value, and of "dumping", are matters which have to be looked at with the greatest attention. We in the West have obligations under GATT, but Czechoslovakia is a Member of GATT and Poland has for some time been an observer. My colleague, Lord Winterbottom, referred to the question of the convertibility of transferable roubles. The day when that comes about will be a most important day in the history of international trade.

My colleague, Sir Geoffrey de Freitas, mentioned in general terms the improvement of our relations with Eastern Europe and made an important point about subcontracting which might be used as one means of improving the flow of trade between both sides. I agree very much with him that this can be further explored. It is again—he will, I know, forgive my saying so—encouraging to find a Socialist pointing out the benefits that other Socialists might get from further acceptance of the profit motive.

Beyond that, however, there is always behind international trade the question of what it amounts to. Trade is an exchange of goods and services. When one looks at what Eastern Europe in particular wishes to have from the West in foodstuffs and raw materials, and above all in capital goods, the market is enormous. What the West wants, in broad terms, from the East is relatively much smaller. How we reconcile these two in due course is a matter of great concern. Credits can only be granted to the extent that they are needed, when there is some political settlement of the disagreements between us.

Therefore it will be, I regret to say, a long time ahead before we can really expect to have the tremendous development in investment and trade which the circumstances would allow in Eastern Europe, where so many of the people have the industrial and commercial skills which could be put to the benefit not only of themselves, but of the whole world.

Not knowing that this matter was to be raised today, I have not, I regret to say, had time to study in detail the volume of reading matter which I have received during the last month or so

although I have, nevertheless, done my best to read it. On page 26, however, of Document No. 1961 by Mr. Nessler, he points out that the British approach to trade is pragmatic; and my experience both in Government and in commerce is that this is true.

Sometimes, our critics say that we do not have a consistent policy. I believe, however, that we have done our best to liberalise trade between Britain and the countries of Eastern Europe. For example, with Poland we had a quota, to which we held, largely for pig meat, against the wishes of many of our friends—for example, Mr. Federspiel, to whom I have listened with advantage to me in other organisations outside the Council of Europe. Our Danish friends, our Commonwealth friends and our home producers wish to produce the pig meat which our Polish friends have sold to us for a number of years. In exchange in general terms, we hope and believe that the Poles will buy from the United Kingdom; but they wish to buy many sterling area raw materials which they need urgently for their own people. Thus there is always a dialogue between the British authorities and Poland concerning the expenditure of their earnings from this quota. This has worked out well in the interest of both sides in the past few years, but this does not mean that as a country we are not in favour of the multilateral approach to trade with Eastern Europe.

That brings me to a point on what might be called culture-tourism: but in the modern world this is regarded as a matter of trade. In this, from small beginnings, we might find a considerable benefit to the peoples of Eastern Europe. It would be helpful if they would study the history of tourism in, for example, Yugoslavia during the last ten years, from its small beginnings. It is now possible to get a visa at the frontier instead of having to send one's passport for two weeks ahead to be visa-ed before setting out on a holiday; where one now sees the introduction of camping sites and chalet-type hotels, instead of the big de luxe hotels which many people seem to think that we require. Of course, the climate in Europe does not allow quite what that wonderful Illyrian coast allows. I believe, how-

ever, that there is in Eastern Europe a great area for development of this trade, which would considerably benefit their earnings of currency from Western Europe.

There are present at this Assembly today individuals whom I remember meeting in 1959 at the Inter-Parliamentary Union Conference in Warsaw. On that occasion, we had a sort of Monte Carlo Rally which took us across Czechoslovakia, Hungary and Poland to Warsaw, taking us back home through East Germany, Berlin and West Germany. I look forward to the day when we will have a meeting of the Council of Europe in Eastern Europe, of which those countries are a part. I know that the point has often been mentioned before that we might have empty chairs for the countries of Eastern Europe. They will be empty at the start, but I hope that in my lifetime at least, we will be able to see those chairs filled by individuals who will look upon the political world in the way that we do in freedom in the West.

Until that happy day arrives, however, we can press on through the tourist trade, through personal contacts and by the removal of suspicion and fear. As Mr. Czernetz made so clear at the end of his speech, before, from frustration, nationalism again rises in Europe, we must bring Europe together again in concert from the Urals to the Atlantic, remembering that the Atlantic includes Britain. (*Applause.*)

The Chairman (F). — I call Mr. Webster.

Mr. David Webster. — I apologise for being the fifth British representative to speak today, but I do so not so much as a member of the British delegation but as a member of the Economic Committee; and it is traditional in this debate for you to extend to the Economic Committee the courtesy to make comments and to take advantage of the presence of members of the High Authority and the Euratom Commission.

It is not apposite to apologise for brevity before lunchtime, but I should like to make this apology. The Commission has

produced a very long report and if I am brief in dealing with it, it is not because I disrespect the report. It is a massive document in its French edition, and I should like to keep to one or two points which are now becoming critical.

I congratulate the High Authority on the progress which it has made since I visited it for the first time six years ago and since I visited ECSC and also the coalmines in the Borinage and later the Euratom headquarters. I should like also to thank the High Authority for the co-operation and kindness that it gave me when I was producing a report upon smokeless fuel.

One of the things that I discovered in the report is that the figures were so misleading that it was difficult to get a comparison between standards and conditions in Europe and in the United Kingdom. We have the same problem when one reads the massive report of the Euratom Commission, which, unfortunately for me, has not yet been published in English but as yet is available only in French. Again, we have the difficulty of getting comparative costing figures.

In any great organisation like this, it is extremely difficult to get down to costs, because the problems regarding costs vary considerably in matters of interest rates, amortisation, the size of plant and the load factor. It is significant that in the last two reports before the present one, the Commission has stated that it would attempt to produce equivalent costings of the production of nuclear power. This time, however—perhaps my inadequate French is at fault—the costings do not seem to have much reference to relative costs in this massive report. I do not wish to be too critical, but I hope that in the next report the Commission will be able to give us more information about this. In the meantime, however, I should like to ask a number of questions.

It is unfortunate that the Commission has left this out, particularly as my friend Mr. Ridley, on this specific subject in his report of last year, on which I congratulate him, refers at page 38, paragraph 94, to the fact that the Magnox reactor was becoming nearly competitive and that the cost had come down from 1.21d.

per kWh to 0.67 d. per kWh. This was a considerable change in six years, the years being from 1962 to an estimate for 1968.

It is now three years since the first nuclear reactor in Europe became critical. For that reason, I must be critical of the Commission that it has not referred to costs, because we are now in a much better position to do this. I am disappointed in the Commission's reticence, particularly after the 7th general report of Euratom on this specific point.

There are many ways in which nuclear power stations are comparable. Most of them are located either in estuarial water or maritime sites, as is the case with three of the four French stations (the exceptions being Chinon, which is on a lake), the three Italian, and the nine United Kingdom nuclear power stations. Most of these use similar fuel, 0.7% uranium 235 and 99.3% uranium 238. We have to conjecture, looking to the future, what the requirements are going to be. It has been estimated today that the increased demand for electrical supply will be about 7% per annum for the next ten years, almost doubling during that period; but in several countries there have been estimates made of forward costing and supply, both for coal and for nuclear fuel, and these estimates look extremely stupid when we have the benefit of hindsight, so that it is possible that the Commission has been very cautious.

At the beginning of the development of the use of atomic power for peaceful purposes there was a great shortage of uranium, and on that account many of the old gold mines in South Africa were kept in action. Today, however, there is a surplus of uranium, but we need not necessarily predict that in ten years' time this will still be so, and one wonders whether certain countries which want to keep old gold mines going for political and economic reasons may not wish to continue to be able to keep these redundant gold mines in action.

There is also the sudden development of natural gas, of methane, which is again bringing down costs with another supply of fuel. That has happened in the Netherlands and in

Algeria, and it looks as though it might happen almost at commercial levels off the coast of the United Kingdom. We shall be very glad if this does happen, but many of us are trying to conjecture what our requirements will be for nuclear and other forms of power. I would here refer to the recommendation which my friend Mr. Ridley made in his Document 1815, published on 21st October of last year. This specifically recommends to the Committee of Ministers that they should urge the member Governments to take as a matter of urgency the initiative within the framework of OECD of drawing up common criteria on which cost estimates for nuclear power in Western Europe can be assumed to be based, unless there are specific indications to the contrary.

After this we have had Euratom's report, where for the first time for three years there is very little reference to the point made by Mr. Ridley. I should therefore like to put certain questions to the member of the Commission who is present. We are very grateful for his presence today, and I should like him to be good enough to answer three specific questions.

First, what is the present position with regard to the study referred to and when can we hope that the Euratom Commission will be able to publish figures for the different nuclear power stations of the Community on a comparable basis?

Secondly, can we be told how many nuclear power stations of at least 400 MW capacity are now building in the countries of Euratom and also how many nuclear power stations of at least this size it is estimated will be in service in five years' time?

Thirdly, is any nuclear power station now operating in Europe in competitive terms, even for meeting base loads, in comparison with the latest and most up-to-date conventional fuel stations?

In conclusion, if I have seemed critical it is simply that in dealing with this massive report one tends to concentrate on those points on which one has been seeking for information and would be grateful to have it now.

I welcome the observations that the member of the Commission who is here may present. I welcome the co-operation between Euratom and the United Kingdom and within Euratom. I welcome both types of co-operation at a time when there have been political difficulties in both directions. I hope also that this co-operation will be increased and added to under the future united Executive.

I think that this shows, as often happens, that politicians talk about unity but technicians are often able to achieve it with much greater skill; the politicians talk about it and technicians do it. I thank the member of the Commission who is here for his attendance and shall be grateful for answers to these questions. (*Applause.*)

The Chairman (*F*). — I call Mr. Jannuzzi.

Mr. Jannuzzi (*I*). — Mr. Chairman, Ladies and Gentlemen, as we are reaching the end of this debate, and as you, Mr. Chairman, have asked us to be brief, I wish to say just a word about East-West economic and trade relations to stress the political importance of developing them.

I agree with the Rapporteur that what matters in such economic relations is the interest of the parties concerned, the buyer and the seller. But we should look a little further than this and also consider the political interest which are bound up with the economic ones. In this connection, it can never be emphasised sufficiently that the peace of the world and the relaxation of tension between nations are closely linked with the development of trade, economic, cultural and human relations between their peoples.

When Mr. Fanfani was installed recently as President of the United Nations General Assembly, the Secretary General, U Thant, surveyed the work done by that great international organisation and honestly and openly added that the United Nations had failed in one of their main tasks, that of exercising an influence on the causes of the existing world situation.

Among these, a fundamental cause is that, in some sectors, economic and cultural relations are insufficiently developed. The whole problem of world peace is one of economic imbalance. The situation in China, which is causing mankind so much anxiety at this moment, is brought about by economic imbalance which governs the fate of some 600 million souls living in conditions unfit for human beings.

Having said that, I do not propose, in deference to the wish of the Chairman, to add anything else. But I would appeal most earnestly to democratic France to overcome the economic obstacles which, when all is said and done, are of only a particular nature compared with the general problems of the relaxation of tension and world peace.

In conclusion, I would add that I will support any initiative and share in any gesture that will help to establish economic and commercial relations between East and West where these do not yet exist and to advance them where they do, because I am convinced that they are a sure pledge of future peace in the world. (*Applause.*)

The Chairman (F). — Does any representative of the executive bodies wish to speak?

I call Mr. Margulies.

Mr. Margulies, member of the Euratom Commission (G). — Mr. Chairman, I had not expected the debate on East-West trade to extend to the matter of production costs of atomic energy plant so I have no particulars with me. I hope you will forgive and bear with me, therefore, if I attempt to reply to the questions raised speaking from memory alone.

I have been asked for an estimate of what it costs a present-day atomic plant to produce electricity. The member who asked the question complained that some member States omitted these particulars in making their returns, and that accordingly there is no basis for comparisons. Obviously I cannot fill in these gaps from memory; but I would remind you that although we

have been building houses for at least 500 years, no one knows in advance, even today, exactly what a house will cost to build. Estimates are regularly exceeded for houses and naturally also for atomic plant, and this is very understandable in view of the fact that, at the present stage, each single undertaking calls for countless preliminary tests, each detail of which, down to the combustion elements, must be largely worked by hand. Precise calculations are, therefore, out of the question for the time being. Not until a plant is completed is it possible to say how much it has cost.

This brings me to the second question: how many plants are in existence. First of all there are two Italian plants which are already in operation. A third is soon to start up. These plants provide somewhere between 250 and 300 MW of electricity. There are also some reactors in France, but they are smaller. Two larger ones, also of between 250 and 300 MW are under construction. Three plants are also under construction in the German Federal Republic, and these too will be of about 250 to 300 MW. Thus the only practical experience to be obtained is from the two Italian plants, planned as power reactors, which are already in operation. But there has not been enough time to collect all the necessary data.

A further point: no one inspecting the figures at present available can be sure of the part played by such factors as subsidies, special allocations, low interest rates and so forth. People are occasionally very surprised at decisions based on estimates which anyone with experience of such matters would be bound to view somewhat askance. We have not yet reached the stage of truly competitive pricing.

We have no 500 MW plant in the Community so far. The first such plant is planned as a joint Franco-German effort, to be sited very near Strasbourg. I hope a start will soon be made on it.

To my knowledge, there are as yet no truly competitive atomic plants in Europe, by which I mean completely unsub-

sidised by the State. There are certainly none in the Community. All the power reactors built so far have enjoyed some form of State subsidy. It should be borne in mind that we are still in the prototype stage, and that the attendant risks entirely rule out any possibility of employing purely private enterprise methods.

I hope I have answered the questions raised. I should like to conclude by saying that in view of the close collaboration between Euratom and the United Kingdom, which he mentioned, our colleague could, if he wished, submit the questions again in writing. In which case I should be delighted to give a more detailed and exact answer than I can here and now. (*Applause.*)

The Chairman (*E*). — Thank you, Mr. Margulies, for being so kind as to reply to these questions, although, as the speaker himself said, they are not exactly relevant to our present debate.

Does one of the Rapporteurs wish to speak? . . .

I call Mr. Achenbach.

Mr. Achenbach (*Rapporteur of the European Parliament*) (*G*). — Mr. Chairman, Ladies and Gentlemen, there is no point in lengthening the debate by recapitulating all that has been said. I should, however, like to express my sincerest thanks to all who have taken part in it. I am sure that no one will mind my saying how pleased I was to see that by far the majority of the conclusions drawn by the speakers are fundamentally similar to those reached in the report.

There was really only one difference of opinion of any note, and that was between two German members, Mr. Hahn and myself. Unfortunately Mr. Hahn is not present at the moment, so I shall refrain from going any further into the controversy. All I should like to do, however, is to make it quite clear that I stand by my assertions and regard his as false. His argument that trade is still and should remain the instrument of power

that it once was is one which I believe the rest of his party in Germany to have discarded; and furthermore, it does not correspond with the facts. He himself referred to the tube embargo. We know now, beyond doubt, that this was a serious political error. There is no need, then, for me to revert to this argument. As I said, Mr. Hahn is not present, so I do not wish to continue the discussion.

Once again allow me to thank all those who have taken part in the debate which has led to an affirmation of the principle of a more rational East-West trade policy. (*Applause.*)

2. Address by the Chairman

The Chairman (*F*). — We have now, Ladies and Gentlemen, reached the end of this exchange of views which was to be the object of our Joint Meeting.

Allow me in my turn to thank all those who have been so good as to take part.

First let me thank, in the person of Mr. Margulies, all members of executive bodies who have attended this debate and made a most valuable contribution to it.

I thank also the Rapporteurs, who have given us ample material on which to reflect, and all members of the Assemblies who have taken part in this debate.

I believe that this 12th Joint Meeting has once again shown the value of holding discussions which can be attended by representatives of the Six and by representatives of what is sometimes called greater Europe, who meet in the Council of Europe, an organisation which now has eighteen member States.

I am personally grateful to Mr. Duvieusart for allowing a topical matter of interest to members of both Assemblies to take pride of place in the debate, even over the traditional presentation of the progress report of the European Parliament.

We are not able to end these deliberations by voting on a text. They must therefore remain without official, formal conclusion. But you will perhaps allow me, as Chairman of your Sitting, to try and bring out, purely as my own view and without committing anyone but myself, the most important conclusions which seem to have emerged.

In the first place, developments in the Communist countries, the wish shown by several of them to regain, at least in economic matters, some degree of autonomy, the revision to which the Soviet Union itself has been forced through its conflict with China — all this offers possibilities, such as were unknown at the time of the cold war, for the development of East-West trade.

The Western countries have an interest in turning these developments to good account, if only because of the economic advantages which they can obtain therefrom, but also and above all because of the contribution that the development of trade could make to relaxation of international tension.

Secondly, the trade problem is not only economic; it is essentially political in character. For the Communist countries, where foreign trade is a State monopoly, commercial options will always be largely political options. For the Western countries, the development of trade with the East, if it were one day to exceed certain limits, would also represent a political choice, a stake in the final consolidation of peaceful coexistence, perhaps even in the possibility of such co-operation as would give real meaning to the formula "from the Atlantic to the Urals."

Thirdly, with these prospects, it seems necessary for Western Europe to follow a concerted policy towards the East. Trade agreements will no doubt necessarily take a bilateral form; in present circumstances, moreover, this has the evident advantage of encouraging Moscow's satellites in their groping for independence. It is no less essential, however, to prepare, in accordance with the provisions of the Treaty of Rome, the Com-

munity's common trade policy, the scope of which would be seriously reduced if it did not cover trade with the East.

Other West European countries have good reason to work with the Six towards jointly defining certain objectives and certain rules. It was said during the debate that the rules of the Berne Agreement were perhaps outdated and should be revised, otherwise trade with the East would give rise to immoderate competition, which could seriously prejudice Western solidarity. A weakening of the Eastern monoliths would in no sense justify a general stampede in the West.

On the contrary, in order to make the best use, in the interest of peace, of the development evident in the Communist world, it is more than ever necessary that the West should possess a common outlook and a common policy.

To save the Community and to define a common policy for free Europe—these are today the imperatives which, in my opinion, should guide us in what we do. (*Applause.*)

3. Closure of the Joint Meeting

The Chairman (F). — I declare the 12th Joint Meeting of the Consultative Assembly of the Council of Europe and the European Parliament closed.

The Sitting is closed.

(The Sitting was closed at 12.50 p.m.)