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EUROPEAN PARLIAMENT

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This publication deals with problems relating to the progress of European integration: it analyses noteworthy attitudes taken and articles written on these issues. It also reports on the efforts pursued by the European Parliament, the Parliaments of the Six Member States and by other European parliamentary bodies with a view to achieving the aim of uniting Europe.

For further information on some of the problems tackled by the European Communities and, in particular, on the work of the Executives, readers are referred to the following official publications :

Bulletin of the European Coal and Steel Community
Bulletin of the European Economic Community
Euratom-Bulletin of the European Atomic Energy Community

The Council of Ministers issues a press release at the close of its sessions. Its activities, however, are also covered in the Community Bulletins.

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Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. Mr. Couve de Murville and the common agricultural policy

Speaking on French television on 13 May, Mr. Couve de Murville, French Foreign Minister, stated, with reference to the results of the Brussels negotiations on financing the common agricultural policy: "If in June 1965 we had accepted the situation then obtaining, we should not have achieved the result we have now arrived at. For we have not only finalized the financing regulation for European agriculture, we have also really set the Common Market in motion once again." In his view, "the major differences" between France and her partners on many international problems had had no effect on the discussions in Brussels. He thought that internationally speaking, everything in the world at large and in Europe in particular was at present in a phase of evolution. France, he added, was moving in the direction of this evolution and what she was doing simply amounted to recognizing this evolution and, on occasion, accelerating it.

"In other words," Mr. Couve de Murville went on to say, "we are proceeding in the direction of history and this is why I do not believe that any political differences that may exist between France and her European partners at the present time will, in the long term, have an adverse effect on the Common Market because it seems to me inevitable that these differences will become attenuated and that they will not necessarily become attenuated in a way that clashes with French policy."

Referring to the crisis of 30 June 1965, Mr. Couve de Murville stated: "At the time when the crisis came to a head, it was clear that we were tending to sink down into a state of powerlessness because, in a fairly comprehensible way, our partners were hesitating and even appeared to be refusing to commit themselves to Community-level

undertakings, i.e. to accept the financing of agriculture, and because there was a certain tendency to resuscitate chimeras and to inveigle us into a course where we should very quickly have found ourselves unable to act, even though the situation might have been papered over by some very fine speeches on European policy." (Le Monde, 15-16 May 1966)

2. Dutch-Italian talks on Europe

On 19-21 June Mr. Luns, Dutch Foreign Minister, paid an official visit to Rome where he met Mr. Moro, President of the Council, and Mr. Fanfani, his Italian counterpart. At the close of the visit a joint statement was issued on the talks between the two Foreign Ministers. In referring to NATO, it expressed "the faith placed by Italy and the Netherlands in an integrated defence system and the intention to continue to investigate and prepare the way for a solution of the political and defence problems of the Alliance."

As regards Europe, the two Ministers reaffirmed the will of Italy and of the Netherlands to encourage the further steady development of the European Communities, stressing the fact that European collaboration, in which both their countries participated to the full, was aimed at the creation of a united Europe, democratic, outward-looking and determined to sustain progress among all peoples.

Shortly before leaving Rome, Minister Luns made a statement to the press. Referring to European questions he said: "I am very glad to find that my friends in the Italian Government share the attitude of the Dutch both in a general way and on the specific problems now facing Member States of the European Community in Brussels." (Il Popolo, 22 June 1966)

3. The visit of Mr. Moro, Italian Prime Minister, to the Federal Republic

Mr. Aldo Moro, Italian Prime Minister, was in Bonn for political talks from 27 to 28 June. The focal points of

the political discussions were European issues and the NATO problem.

The talks opened with a half-hour discussion between the two Heads of Government. In the discussions on European issues, personnel questions, including the composition of the new EEC Commission, were also touched upon. German proposals concerning the nomination of the former EEC President, Walter Hallstein, as President of the merged Executives found acceptance on the Italian side. Bonn and Rome would, therefore, take a common line at the forthcoming discussions on the EEC Council of Ministers.

Similarly, with reference to reshaping NATO and the possibility of surmounting the NATO crisis caused by France, the two sides reached a common viewpoint in the talks. Other points discussed were the Italian request for German investment to improve the economic structure of Southern Italy, Italian manpower in the Federal Republic, problems of foreign policy with regard to the EEC and the Kennedy Round and co-operation between two countries in the sphere of armaments.

In the joint official communiqué, both Governments were in favour of an integrated defence and advocated that every opportunity should be turned to advantage to ease tension in Europe. They emphasized however that the strategic power relationship should not thereby be modified and that at the same time political progress had to be made, inter alia, on the re-unification of Germany. At the bilateral level, Italy and the Federal Republic had agreed to increase trade and cultural exchanges. Mr. Moro later emphasized that he had also discussed with Chancellor Erhard the proposal for a peace conference put forward by Mr. Gromyko, the Soviet Foreign Minister, and both sides were agreed that such a Conference was a very critical subject. In reply to a journalist as to whether a conference on security would be feasible if the USA did not take part, Mr. Moro replied that the USA was an important factor in European security. He further felt that a European summit conference would at this juncture be premature. Asked whether Italy favoured Spain's association with the EEC, he replied that he had also discussed with Chancellor Erhard the desirability of enlarging the Community. (Die Welt, 28 June 1966; Saarbrücker Zeitung, 29 June 1966; Frankfurter Allgemeine Zeitung, 30 June 1966)

4. Dr. Adenauer puts the case for a political union of Europe

In an article which appeared in the political journal "Europa", Dr. Adenauer put the case for forming a political union of Europe in the near future.

"Europe must be united for this would serve the interests not only of Europe itself but also those of the whole world. This is absolutely necessary for all European countries in view of the world's present political pattern. To solve Europe's problems, by creating a free united Europe, would help considerably to restore stable and peaceful relations in the world. We need to be quite clear in our own minds how the world political order has changed in relatively few years. A few decades ago Germany was the strongest power on land in the world. England was the strongest sea power in the world. Today there is no single state in Europe that has the stature of a great power. But in the world at large, super-powers have come into being - the Soviet Union, the United States of America - and in the background stands Red China.

The European powers are in danger of being crushed in the clash between these two super-powers. The countries of Europe can only maintain their political independence if they come together. Political independence is a precondition for economic freedom as it is, indeed, a prerequisite for any cultural development. Recognizing this, the USA has been a friend and promoter of European co-operation.

And on what terms have we, the European countries, responded to this great responsibility and this great danger? The excellent atmosphere, so conducive to European togetherness, so propitious for Europe, that prevailed after the war is something that we have only exploited in part. We made a start and then stood still. Of course we have the European Economic Community, we have the Council of Europe, we have Euratom; what is lacking and what is absolutely necessary we have not got: we have no political union and consequently we have no common foreign policy ... if not all the Six are ready to co-operate on this, as of now, then the Five at least should go it alone." ("Europa", 6 June 1966, p. 30)

5. "Confidence or wariness?" Mr. Jean Lecanuet speaks of Europe

Mr. Jean Lecanuet, President of the French Democratic Centre Party, addressed the Parliamentary Council of the European Movement in Bonn on 15 June. He gave his views on NATO, East-West relations and the re-unification of Europe.

He began by endeavouring to show that the French people sought the unification of Europe; they had understood that "independence and freedom become meaningful only when coupled with power" and that "the only power to which we can possibly attain lies in and through Europe." This was, he said, a genuine opinion trend, the decisive factor which had obliged the French Government to return to the EEC.

"It is," he said, "impossible to merge economies on a lasting basis if political differences are allowed to subsist." Political union was the true ultimate objective of an economic community; unfortunately the road to a political Europe was at present closed; it was not simply that progress here lagged behind that being made in the economic Europe; it was not only "bogged down"; there had in fact been a regression. This, he felt, had come as the logical conclusion to a deep-seated difference of opinion; two schools of thought were at loggerheads; two generations of thought were in conflict. On the one hand, there was the traditional though archaic thread of nationalist diplomacy; "such an attitude", he said, "is the negation of Europe ... it was because we failed to unite Europe that war ensued; if we unite Europe now, we shall have peace, we shall be strong and we shall be respected. If we remain separated, we shall have no more than an illusion of power and freedom. The great danger threatening us today is that there should be a return to nationalism." In contrast, he said, was the idea of a community Europe "which consists neither in denying nor in destroying any nation but in transcending the national State."

Speaking of the problems now facing the Atlantic Alliance, Mr. Lecanuet said that Western Europe was part of the Atlantic world. "It is impossible to suppose that Europe should regard itself as being on a par with what some people call the two hegemonies; that it should become a neutral third force. We know of only one hegemony. That of the East." Relations between Europe and the United States had evolved since 1957: "an association

between partners enjoying equal rights and, ultimately, parity of power, must replace the relationship of protector and protected ... the Alliance must hold up its head and go forward ... Such an association must be based on two pillars, the USA and a united Europe, the two coming gradually to enjoy equal rights, to share equal responsibilities and, later, the same resources." But this objective was still far off, if one considered the imbalance in terms of economic potential which had touched off the present crisis. Mr. Lecanuet added: "It is not the Atlantic pact, it is their own weakness which has deprived the States of Europe of their former independence. It is, therefore, up to them to put an end to this by accelerating their unification. Herein lies the contradiction in terms inherent in a certain French policy that calls for independence but which rejects the Community Europe, which is the prerequisite for real independence; it is a policy of wanting the end but rejecting the means of attaining it ... reforming NATO, bringing about a change in the decision-taking machinery so that Europe and the USA gradually come to share the nuclear responsibility ... this is no doubt essential; yet it cannot be done unless there is a political Europe soon ... If Europe had been able to negotiate on the basis of a common position, it would certainly have been able to secure - from the Americans - far-reaching changes in the NATO structure." He was convinced that it was essential for the French forces stationed in Germany to remain there; indeed it was vital if Western influence in settling the German question were not to be weakened.

Mr. Lecanuet then discussed relations between the Europe of the Six and the East European countries. The Communist bloc, he noted, was evolving and this evolution found expression in the schism between the USSR and China and an easing of Soviet pressure on the East European countries. "It is the Atlantic Alliance which is responsible for this easing of tension," he said. "To destroy the Alliance would jeopardize this. We must uphold the Alliance and initiate talks with the East. But in doing so, all the countries in the Alliance must act together ... after all, I think that France on her own is only of interest to the USSR in so far as French action may help shake the unity of the Atlantic world."

The key to peace in Europe was the German problem. And this could only be solved with the help of Washington. "The Europe of the Six should demonstrate its political and diplomatic unity to preclude any new Yalta and to ensure that it does not become a passive stake in the confrontation between the Russians and the Americans." If

one opted for bilateral negotiations with the USSR it would involve nothing but risks. He added: "It follows with the idea of a European Europe - which means an end to the American presence here - or that of a Europe from the Atlantic to the Urals, that is if this is not purely imaginary ... if the East and West European countries were to be united, Europe would become a Eurasia in which the Russians would be the overlords."

Mr. Lecanuet concluded by stating: "For the foreseeable future the only political system possible in Europe that is really European will be confined to the West." The problem of German unity was not likely to be solved quickly; it was first of all necessary "to seek an institutional liberalization of East Germany", the chances of which had in fact been improved by progress towards easing tension between East and West. Lastly, he recalled the political concept of Robert Schuman who said: "France's greatness will not lie in acting as guide or in claiming privileges for herself. Its true greatness is to merge with other peoples and to show them the peaceful, constructive and reassuring course that is that of a Community." (Bulletin du Centre d'Informations Internationales, No. 29, 24 June 1966)

6. Statement by Mr. Spaak on the development of European unity

In a statement made to the periodical "Le 20e siècle", Mr. P.H. Spaak went back over the milestones in the growth of the European Communities and told of his reactions to the crisis of 30 June 1965 and the agreement reached in Luxembourg in January 1966.

"First of all," he said, "it has been demonstrated once and for all that one cannot integrate countries economically unless the countries concerned agree in principle to form a political union at an early date. Like all the pioneers of the European idea in the immediate post-war period, like all the promoters of the Coal and Steel Pool, like all the signatories of the Treaty of Rome, I never regarded the progress that we were making other than as a series of stages on the road to political union. This led me, on several occasions, to ask myself whether my Dutch colleague Mr. Luns and I were right in rejecting the Fouchet Plan - which reflected the Gaullist views on political union. I confess I have sometimes

wondered if I was not wrong. I no longer have any doubts and it is without hesitation that I am now able to declare that we were not mistaken.

It was the attitude subsequently adopted by the French Government which justified our earlier hesitation and proved us right. Let me give three examples: France refused to include in the treaty on political union then being envisaged the slightest reference to NATO and consequently we feared that this might impair Atlantic solidarity. We were also afraid the new political organization envisaged might be used as a means of curtailing the supranational powers of the institutions of the Coal and Steel Pool and the EEC. Lastly, our view was that the treaty represented a caricature of political power for meetings to be held three or four times a year between heads of governments and ministers, who, once they returned to their respective capitals, would only give effect to decisions taken if they so desired.

Our fears on the first two points were borne out by the accusations levelled at the Hallstein Commission and by the way relations between the Atlantic allies developed. Even had they not done so, the conclusions one can draw about the Franco-German Treaty, which was based on the principles of the Fouchet Plan, after its first two years are enough in themselves to prove that the arrangements originally proposed were both ineffective and out of date. Hence we were absolutely right to say 'no'."

Mr. Spaak then asked if the common agricultural policy adopted by the Six was a good one and whether it was consistent with the realities of farming. It was true that substantial progress had been made in this sphere; but "the arrangements envisaged will involve the expenditure of millions of French francs; to meet the cost the taxpayers in several countries will have to make sacrifices and they will find them hard to accept if what they obtain in exchange - the advantages of a concerted general policy - cannot be proved to them. At a time when many parts of the old continent are threatened with inflation and when the EEC Commission is giving the governments some very sound advice on the need for caution, it seems contradictory that we should be induced, by raising the prices of certain agricultural products, to increase the cost of living."

Lastly Mr. Spaak had a third general observation: "Is it possible to imagine that the Common Market can, not simply exist but go forward if some of the partners disagree fundamentally on political and military issues?"

I have been voicing my concern on this subject for more than a year now. Without wishing to underestimate the European crisis of 30 June 1965, I should say that it was less serious than that which has resulted from the attitude of the French Government towards the USA and towards the Atlantic Alliance."

Mr. Spaak concluded by expressing his feelings on developments towards European unity. "The idea of Europe is solidly anchored in the minds of the general public in this old continent, both in France and in the other five countries. The militant federalists must do all they can to keep this feeling alive and, if possible to help it grow. At all costs we must avoid any renaissance of the nationalist virus in Germany, especially among the younger generation, which has no knowledge either of nazism or of the horrors of war.

The Luxembourg agreement certainly confirmed that the Six do not all envisage the development of the Common Market in the same way. But although confidence cannot be said to have been restored, further progress is still possible. We shall certainly encounter difficulties on the agricultural policy which may even mean that certain aspects of it may be called into question. We are still far from a political union and this is why I do not see at present how the powers of the European Parliament can be increased until it becomes possible to elect its members by universal suffrage, so that they will at least be answerable, at long last, to the electorate.

Economic Europe can thus resume its forward progress. But it will not be able to make any real strides without a political impetus which will only be conceivable if the Six do not clash on diplomatic issues and on the means whereby their defence can be secured. The crisis in Europe is thus inseparable from the NATO crisis and the latter requires our vigilant attention and our ardent resolve." (Le 20e siècle, May 1966)

7. International Socialist Congress calls for greater European unity

At the 10th International Socialist Congress held on 2-8 May 1966 at Stockholm, delegates called for greater European unity and for the opening up of a dialogue between the EEC and EFTA.

A resolution on European co-operation adopted by the Congress states:

"The 10th International Socialist Congress stresses the need to close without delay the economic gap that still exists between the two European blocs of democratic countries.

It is fully alive to the immense benefits to be gained from real progress on the road to greater European unity, not only for the stability and prosperity of Europe but also for the greater scope this would provide for aiding the economies of the developing countries.

The necessary dialogue should be started up as soon as possible between the EEC and EFTA.

The success of the Kennedy Round is essential for economic growth throughout the entire world."

Mr. George Brown, Deputy British Prime Minister and Secretary of State for Economic Affairs, stated that Britain was ready in principle to join the Common Market. He specified three conditions for entry:

- 1) Safeguards for Britain's Commonwealth trade;
- 2) Adequate protection for Britain's EFTA partners;
- 3) Consideration of the special position of British agriculture with its subsidies and duty-free imports from Australia, New Zealand and Canada.

Mr. Brown felt sure that these problems could be solved on a practical basis in the present international situation in Europe. He felt that a Europe that was united economically could provide more help to the developing countries than a divided Europe. The United Kingdom, which considered itself to belong to Europe, could do useful work in this respect through its traditional world-wide connexions. (Europa, Nachrichten der SPD-Fraktion aus Bundestag, Europäischem Parlament und Europarat, No. 14/66, 16 May 1966)

8. Council of European Local Authorities and the political situation in Europe

The Assembly of delegates of the Council of European Local Authorities met at Como on 26-27 May. The business transacted, in which members of the European Parliament - among them Mr. Poher, President - and of the national Governments took part as delegates, centred mainly on a review of the political situation in Europe, with special emphasis on the rôle of the European Communities. The meeting closed with the adoption by the Assembly of a political resolution stressing the impetus given to European unity by the EEC Commission, and deploring the economic and political nationalism "that has precipitated one crisis after the other, held up the necessary solutions, and imposed questionable compromises."

The resolution goes on to say that a spirit of mutual trust can only be restored among the Six through (i) loyal application of the European Treaties, (ii) the merger and improvement of the European institutions already in existence, and their remodelling on democratic lines, (iii) the widening of the powers of the European Parliament, and (iv) a new drive for the establishment of a European political union. According to the Assembly, "the world needs democratic unity in Europe both to preserve peace and to combat hunger and underdevelopment effectively." In this spirit - the resolution continues - the Assembly hopes that negotiations will be resumed with the United Kingdom and other European countries which have expressed the desire to join the Community of the Six.

The resolution notes with satisfaction that, in spite of the crisis, the EEC Commission has published its initial recommendations on a European regional policy, after consulting the Council of the European Local Authorities and proposing to the Governments that representatives of the local authorities should be directly called in for the framing and application of such a policy. In the study of the local and regional aspects of the building of Europe, the local authorities are assisted by the European Parliament and the Council of Europe.

Finally, in view of the dangers that threaten the European cause, the resolution draws the attention of all local and regional administrators in free Europe to their responsibilities. For this purpose they must (i) fight the resurgence of nationalism and foster the community spirit in Europe, redoubling regional efforts and, in

particular, inter-municipal exchanges and "pairings"; (ii) staunchly support the action taken by the European Parliament, the Council of Europe, European organizations and, above all, the Economic Commission in Brussels, arranging large-scale gatherings at local, regional and inter-regional level; (iii) insist that the work carried out by them receives ample backing and that the Treaties are applied in their entirety; (iv) call for Community-based political union and for the resumption of the negotiations for the enlargement of the Europe of the Six; (v) make an appeal to this end to the national Parliaments and Governments; (vi) enlighten the public as to the disastrous consequences for the freedom, prosperity and peace of the peoples that would result from the collapse of the high hopes aroused fifteen years ago by the historic initiative of Robert Schuman.

9. European Federalist Movement and France's European policy

The Central Committee of the European Federalist Movement met in Paris at the beginning of June under the chairmanship of Mr. E. Hirsch. A press release was issued in which it was repeated that "only a European Federation could talk to the United States of America on an equal footing. The policy of the Government of the Fifth Republic is liable to make France's partners even more dependent on the USA, for lack of any credible alternative; it could encourage Europe purely and simply to give up peaceful co-existence, liberalization in the East European countries and effective aid to the "third world". The French Government's policy could also enhance the danger of Germany being tempted to work out its own purely national policy having no other choice between two equally dangerous roads that led nowhere: an unconditional Atlanticism which would in fact degenerate into a Washington-Bonn axis or a new understanding between Germany and Russia. In neither case would the end in view - the re-unification of Germany - be obtained but the prospects of easing tension between East and West would be jeopardized by the rebirth of mutual distrust and a return of Europe to a deadly "balkanization".

The European Federalist Movement calls upon every citizen in Europe ceaselessly to demand the Federal Union of Europe through the medium of universal European suffrage and the endowment of the representatives, thus legally

and democratically elected, with the right freely to work out, within a suitable framework, the future of a Community from which none of our countries can now withdraw without condemning itself to a position of powerlessness and increasing dependence." (Le Monde, 10 June 1966)

10. Mr. Giscard d'Estaing suggests the setting up of a European Bank and a European Senate

Mr. Giscard d'Estaing, former Finance Minister, gave his views on the unification of Europe in two speeches he made in Metz; the first was at a meeting of members of the Independent Republican Party from Lorraine and the second was to the local Rotary Club. He found himself, he said, in a "position of compromise" somewhere between the supranationalists and the "patriots". He said: "The Europe that we have to build should be neither a super-state nor simply a juxtaposition of states; it should be the Europe of the Communities". For him there was something degrading in wishing radically to suppress the contribution in history of the various European nations; such a suppression would, moreover, be unrealizable in the near future because Europe had no definite frontier to the East; it had no common language nor was Europe sufficiently aware of having a common future. Europe's desire for independence, furthermore, which should mean common foreign and defence policies was not equally strong throughout the continent.

Mr. Giscard d'Estaing thought that the first step towards the Europe of the Communities should consist in keeping Europe in motion. There were three essentials if this end was to be achieved; first of all there had to be a rapprochement of domestic economic policies; secondly, the fiscal and social burdens had gradually to be harmonized so that taxation frontiers could be removed in 1972; thirdly, a European currency had to be brought in in gradual stages. With this in mind the speaker suggested that a European bank should be created before 1 July 1966 when the "merchant" Europe would come into being. The economic Europe would not be finalized by that date and a European bank would make a useful contribution to that end. If there was such a bank a monetary policy could be implemented and charges shared; the central banks of the Six could deposit approximately 20 per cent of their reserves in the European bank and this could gradually create the conditions for the issue of a common

currency.

Mr. Giscard d'Estaing added: "It is at present politically unrealistic to think in terms of a real European Parliament; on the other hand one could suggest a kind of European senate elected by universal suffrage." Each state would retain its national assembly but any act of law, whether commercial or fiscal, having a European application, would be submitted to the senate for a first and second reading although the national assemblies would still have the last word. He was not in favour of elections by proportional representation but of a system of constituencies on the regional scale on the same pattern as the Senate of the United States. (Le Figaro, 6 June 1966; Combat, 6 June 1966; Le Monde, 7 June 1966)

11. Mr. E. Faure and the difficulties involved in uniting Europe

Speaking in Besançon on 14 May, Mr. E. Faure, French Minister for Agriculture, dealt with matters relating to the Common Market. He observed that the problems varied according to whether farmers or industrialists were involved. "I am well aware that there has been some concern among industrialists because we have agreed to bring forward some of the time-limits; but any undertaking involves risks and we have to accept these. We have to remember, too, that if the enterprises did not accept the cut in customs duties in 1968 they would certainly be no more willing to accept them in 1970. The stabilization plan too has caused some discontent but this is not an exclusively French phenomenon. The United Kingdom is obliged to support its currency in the same way that one holds up a person who is drowning. Germany, after a boom period, has begun to experience certain monetary worries. We for our part have got over this stage. Expansion must now come into its own!"

Addressing the farmers, Mr. E. Faure stated: "We cannot ask that Italian or Belgian agriculture should be ruined. We had to reach the stage of standardizing prices and this was not easy. For cereals, this will be done in stages. For meat, the margin has become very slim. But there is still a lot to be done. We must find compensatory machinery and here, in this imaginative system, the financial regulation will have to act as a brake."

Speaking in more general terms he went on to say: "I am not against the election of a President of the United States of Europe by universal suffrage; nor am I against the election of members, but such elections would place France in the minority, for too many of her interests still clash with those of her partners. And, indeed, this kind of formula would not have solved the problem of fruit and vegetables; a parliament would not have been able to solve the concrete problems which cause even the experts to blanch. We must above all make it our concern to combat two mental attitudes, to wit, those of systematic contradiction and systematic pessimism." (Le Monde, 17 May 1966)

12. Mrs. Käte Strobel on the decisions of the EEC Council of Ministers of 11 May 1966

In an address delivered at Strasbourg on 12 May 1966, Mrs. Strobel, Member of the Bundestag and Chairman of the Socialist Group of the European Parliament, made the following comments on the decisions taken on 11 May 1966 by the EEC Council of Ministers on the financing of agriculture and customs dismantlement in the Common Market:

"The Socialist Group deeply regrets that the agreement reached in Brussels appears to represent the limit of what can be achieved under existing conditions. We have become so used to disappointments, crises and dramatic situations in the EEC that the first reaction even to the partial results achieved in Brussels was one of relief.

The extensive timetable agreed upon for the progressive establishment of the common agricultural market and the complete abolition of customs duties as from 1 July 1968 clearly indicates that this agreement was reached under extremely difficult conditions and that certain Governments gave their assent only subject to certain delays - for example in the case of the mandate for the Kennedy Round. This clearly shows that the basis of trust necessary for the continued development of the Community has not yet been restored. Nevertheless the Governments appear to be willing, in spite of the political burden imposed by the NATO crisis on the Economic Community, to forge ahead with the Common Market.

However, the view that all the institutions of the Community will now again play the full rôle assigned to them

by the Treaty arouses in us a deep-rooted scepticism. We should have been delighted if the Commission had won back its full authority vis-à-vis the Council. As yet we see no sign that the spirit underlying the attempts to narrow down the Commission's rôle has been defeated. As in the past, we look forward to a Commission that will fully exercise its rights, and discharge its obligations, under the Treaty. We very much hope that it will then display in its proposals, and in the observations it makes, the courage it once showed in tackling a great number of problems.

We should like to record our appreciation of the work done by the Commission during this particularly difficult period.

We are very unsatisfied with the way the European Parliament has been ignored. What has now been decided is far removed from the Commission's proposals on which the Parliament would be consulted. That we should have been presented with the fait accompli and only then been asked for our comments is hardly consonant with the rights and duties of a parliamentary democracy. We also have the impression that the need for widening the powers of the European Parliament and securing its democratic collaboration has not been stressed on any side. Difficulty has been met from only one partner, one that knows how to obstruct any move to preserve parliamentary democracy in the Community. For these relations between the Commission and the Parliament we must therefore spare no effort to find a solution that establishes trust and gives a wider say to the Parliament. The Socialist Group is at this very moment preparing a motion for a resolution concerning the difficult relationship existing between the institutions of the Community as regards consultation of the European Parliament.

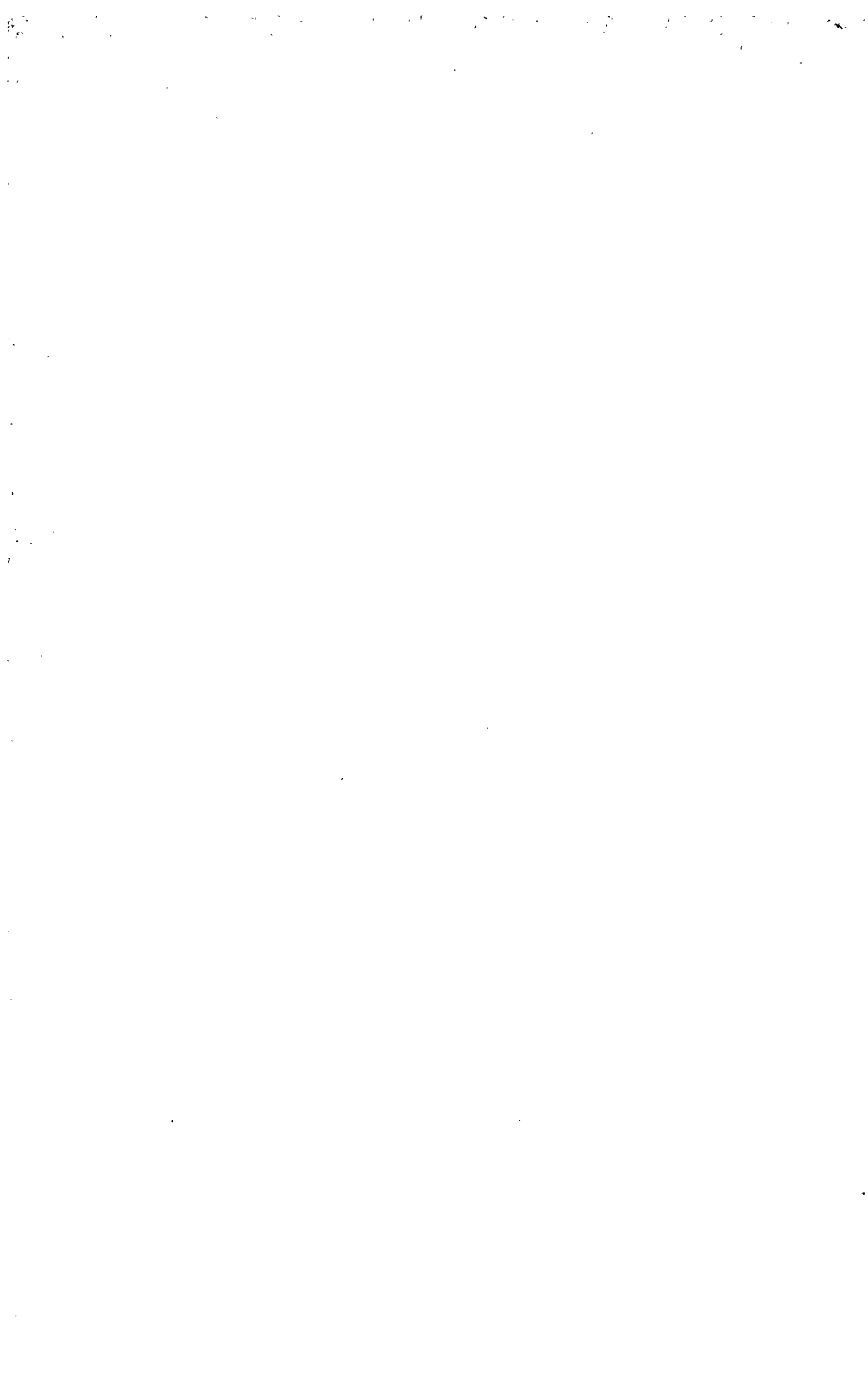
Even following the Brussels decisions there is still no immediate prospect of balanced progress towards European integration. This applies with particular force to the adaptation of the institutional structure to the political objectives aimed at with the signing of the Treaties of Paris and Rome by the peoples of our Community. Since the Luxembourg Conference the emphasis has shifted even further from popular representation.

The Socialist Group is alive to the danger inherent in an exclusively material and technical development of the Community. We are not prepared, however, to disclaim for ourselves or for the Governments political responsibility

for the future of Europe. We shall come back to this question of responsibility and to the consequences arising therefrom.

We would ask the Commission to submit, as speedily as possible, the written documents on which the decisions were based, so as to ensure an adequate chance of a political debate on the subject during the forthcoming June session." (1)

(1) Europa, Nachrichten der SPD-Fraktion aus Bundestag, Europäischem Parlament und Europarat, No. 14/66, 16 May 1966.



II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The CFTC Federation of Miners and the High Authority's Memorandum on Coal Policy

"L'écho des mines" the journal of the federation of CFTC (French Confederation of Christian Workers) miners discusses the first reactions of the federation and their representatives on the Consultative Committee, to the Coal Policy Memorandum which was examined by the Consultative Committee.

Representatives of the federation on the Consultative Committee noted that the High Authority had provided an excellent basis for discussion in that it had not restricted itself to setting a coal production objective but had also suggested a certain number of ways in which this coal policy objective could be achieved. The CFTC (the French Confederation of Christian Workers) noted with satisfaction that the High Authority had endeavoured to assess the social implications of the attainment of the economic objectives. Such a method would culminate in making social aims part and parcel of the economic objectives themselves.

The CFTC considered that in order to set the postulated production figure of 140 M tons in its proper perspective it was necessary to see what this represented for each of the Community coalfields: "in the case of each coalfield it is necessary to assess the employment position not only in the mines but also at the regional level because it is well known that manpower reductions can assume quite a different aspect depending on whether the colliery is surrounded by other industries or on whether it is itself the only industry in the region. It is therefore a matter of assessing what redevelopment measures are called for where there are reductions in production and manpower."

As regards the coal policy measures advocated by the High Authority, the CFTC representatives on the Consultative Committee felt that they were on the whole on the right lines. But they stressed "the transport problem deserves looking into for it is anomalous that imported products should, as is often the case, be transported from port to the consumer point at lower rates than those applicable for Community products carried over the same

distance."

On one point, however, the CFTC representatives had the most definite reservations and disagreed with the High Authority. "The High Authority is opposed to tariff protection measures i.e. customs duties; it would prefer to subsidize certain consumers to avoid an all round increase in prices; it should be noted however that such subsidies would represent a heavy burden."

The CFTC considered that "absolutely no means should be ruled out, and especially not customs duties or taxes on energy products; for if the necessary subsidies are heavy, who is to pay them? And is it not an easy way out simply to speak of "subsidy" and let the national Parliaments, for example, shoulder the responsibility for finding the funds? It is easy indeed to gauge what would be the reaction of the Parliament in such a case."

This is why the CFTC says "if subsidies are necessary, it has at the same time to be worked out how they are to be financed and appropriate guarantees have to be given; it would be quite reasonable for the funds in question to be raised by compensatory operations as between the different sources of energy. The reduction in the share of coal in total energy coverage should mean that the taxes or customs duties concerned ought not to be unduly high.

Would it not, furthermore, be reasonable for those responsible for the difficulties to bear the attendant costs? One cannot let the substitution of oil products for coal, completely ruin whole regions without any attempt being made to find alternative solutions. And it would be quite reasonable for the new sources of energy to contribute towards financing such alternative solutions. It would be true to say that the process by which one energy source replaces another might as a result be held back, especially in the case of oil products replacing coal, but is this not the end in view, if economic expansion is to go forward at a pace acceptable to the workers?

It is thus not a question of sacrificing the consumer. It is simply a question of finding the wherewithal for a coherent development policy for the different sources of energy, while respecting the rights of the workers and the miners in particular and the interests of the different regions."

(L'écho des mines, 1 - 15 May 1966)

2. UNICE critical of amended EEC Commission proposal on tariff-bracket rates

The Union of Industries of the European Community (UNICE) studied the amended EEC Commission proposal on the introduction of a tariff-bracket system against the background of the Council of Ministers' decision of 22 June 1965. This brought about a great many criticisms on the part of the UNICE.

The UNICE stressed that it did not share the EEC Commission's fears about the introduction of reference tariffs which would guarantee greater freedom in rate-making. During the first (three-year) stage, these reference tariffs would apply only to international transport by navigable waterway. In the second stage (to expire on 31 December 1972) the reference tariff system would become applicable, pursuant to the Council decision, to the domestic and international transport of goods in bulk and to domestic transport in cases to be specified by each of the Member States.

The UNICE considered that Article 10 whereby the reference tariff system could provisionally be replaced by a tariff bracket system, should be implemented only in exceptional cases, when serious difficulties arose on the transport market.

The UNICE felt the EEC Commission was wrong to cut back, from 30 to 20 per cent, the margin between maximum and minimum tariffs that it had originally proposed, because reference tariffs were to be introduced side by side with the tariff bracket system.

Amendments

In a series of concrete amendments, the UNICE attempted to introduce an element of flexibility with regard to the amended EEC Commission proposal, to make them more consistent with the spirit and the letter of the Council's decision of 22 June 1965. It paid special attention to private contracts. The unrestricted right, under the reference tariff system, to conclude contracts where rates might range within and beyond the stipulated maximum and minimum had already brought about a considerable

improvement. The compulsory tariff bracket system would also allow for contracts to be concluded, although any transport rate falling outside the bracket would have to be justified a posteriori. The principle of prior approval stipulated in the original EEC Commission proposal was therefore no longer necessary.

Failure to take current practice into account

The amended proposal took too little account of current practice. Article 9 for example stipulated that if a transport contract did not fulfil the necessary conditions, the responsible authorities could quite simply prohibit the application of the transport tariffs thereby agreed. The other provisions of the contract would remain applicable it being understood that the minimum rate had to be respected. The UNICE considered that it would be better to leave it to the transport undertaking and the user to rewrite the contract because it is quite possible that a rate below the stated minimum could after all be authorized. If the authorities were none the less to prohibit the application of the agreed rate, the parties to the contract should retain the option to cancel it. With regard to the transport of goods in bulk, the UNICE stresses that a limit of 200 tons - the minimum quantity for one contract and one traffic relation - was unacceptable because it would involve distortions as between the various forms of transport and might prejudice some transport users. Then again, the restricted list of goods in bulk specified by the Commission was obviously inadequate. (This list may be obtained by interested parties from the EVO at The Hague). The UNICE asked that representatives of industry should be allowed to take part in a thorough re-examination of this list. It took exception to the fact that a section of the Council's decision had been left out; this had stipulated that during the second stage, each Member State could apply the reference rate system to certain domestic transport operations formerly subject to the tariff bracket system. It felt that this option should be kept in.

Lastly the UNICE felt that transport users ought also to have the right of appeal against decisions by the national authorities with respect to rate-making. It trusted that when the transition period ended on 1 January 1973 the rate system would be made more flexible still by extending

the scope of the reference rate system.

It should be noted that the UNICE agreed in principle with the decision of the Council of Ministers of 22 June, 1965; although this only went part of the way to meeting the wishes of Dutch users, it was none the less a useful start towards organizing transport in the Community.

(De Nederlandse Industrie, No. 11, 1 June 1966)

3. Dutch sugar-beet farmers against the EEC Commission's supplementary proposals which are described as "Strikingly advantageous to the French growers"

The EEC Commission's supplementary proposals in the matter of a Community market organization for sugar would set a limit, during a ten-year transition period, on the quantity of sugar in respect of which the Community price shall be applicable, thereby forestalling any undue increase in production.

The grievance of the Dutch sugar refining industry and sugar beet growers is not strictly against the system so much as against the way in which the Commission would calculate production quotas and spread losses resulting from excess production. The calculation of production quotas on the basis of yields during the years 1961-62 to 1965-66 means, in the view of the interested parties, a strong advantage to France and Belgium who, in these years, produced respectively 52 and 23 per cent more than they consumed nationally and a prejudice to the Netherlands who, in these years, produced an average of 8 per cent less than it consumed in order to be able to offload at least part of the 1960-61 glut onto the Dutch market. The sugar beet growers also levelled criticisms against the fact that the responsibility for the losses resulting from over-production in the final five years of the transition period will gradually be transferred from off the shoulders of the "surplus-producers" onto those of all refiners and growers together.

The Dutch producers consider that the French sugar beet farmers are being given a distinct advantage. They will receive a very high basic quota (around one and a half times French domestic consumption); the common price proposed by the EEC Commission will mean, for them, an in-

crease in price of 26 per cent for this basic quota; they will, moreover, be able to produce, at the current price, an additional 35 per cent. Another disadvantage of the small Dutch quota will be an increase in the per-ton overhead costs of the refineries even though the Dutch yields per hectare are 20 per cent above the French and despite the fact that their refineries are well-equipped.

The EEC Commission's proposals therefore are regarded as putting a "damper" on technical progress in the Netherlands and give rise to the fear that, in the years ahead, the partner countries will gain a lead disastrous to Dutch producers.

Viewpoint of the "Landbouwschap"

In a note on this subject, the Arable-Farming Division of the Dutch Agricultural Council ("Landbouwschap") adopted a different attitude on some points from that of the sugar beet farmers. It had already pledged its support for a moderate (guaranteed-price) quota system. Similarly, it was able to endorse a regulation whereby losses incurred from surpluses would, during the final stage, be spread among all producers equally even if by that time policies are not harmonized with respect to subsidies, taxation, wages and social security benefits. The Agricultural Council considered, however, that during the transition period, the financial risks of surpluses should be borne by those producing surpluses and that, at the same time, past production should not be the only factor taken into consideration but also available markets. It pointed out that during the period of reference, France had had to offload considerable surpluses onto the world market at low prices and that it would be illogical to guarantee the whole of the large-scale French yields during the transition period at an even higher price.

The Agricultural Council considered that the Dutch quota for the first five years of the transition period should be based on Dutch consumption.

(Handels en Transport Courant, 8 June 1966, Nieuwe Rotterdamse Courant, 9 June 1966)

4. Mr. Ludwig Rosenberg, Chairman of the DGB (German Trade Union Congress) speaking in favour of the Trade Unions to advantage in making Europe

In London, on 24 May 1966, Mr. Ludwig Rosenberg, Chairman of the DGB, addressed the United Kingdom Council for the European Movement on the part played by the trade unions in the EEC. "The experience of the trade unions in these fields has created the basis for co-operation between greater entities to further the aim of supra-national integration." He said that the experience of the trade unions in the economic and social spheres ought to be taken into account in the re-organization of Europe.

"We must not rely on gestures but on the actual facts in laying the foundations for reconstructing a united Europe. In the social and economic field, there are, of course, still differences between Italy, for example, and the Federal Republic of Germany in regard to social services and other matters. An attitude of goodwill, however, could overcome these difficulties in time if all the Six were ready to make certain concessions in order to attain the Community objective. He emphasized that a closely united Europe cast in the supranational mould had to contribute to maintaining world peace and to upholding the principles of social security. The United Kingdom, by virtue of its old traditions, had an important responsibility in regard to the new design and the reconstruction of Europe. Even though difficulties still subsisted at present, preliminary talks should at least be held in order to bring us closer to the common objective of uniting Europe."

(VWD-Europa, No. 101, 25 May 1966)

5. The Executive of the German Farmers' Union and the EEC's agricultural price policy

Commenting on the decisions taken by the EEC Council of Ministers on 11 May 1966, the Executive of the German Farmers' Union expressed the view that, in agreeing to the regulation on the financing of agriculture, the Federal Government had shouldered burdens in the interests of agriculture in other countries - a decision which, in view of the strained budgetary position in Federal Germany

and its anticipated financial commitments in the domestic sector, was a source of considerable misgivings.

The Farmers' Union pointed out that the Federal Government had already failed this year to fulfil its obligations to German agriculture under the EEC's "approximation law". The decision to transfer funds to the European Agricultural Guidance and Guarantee Fund could therefore only be justified if a workable compromise that also met needs of German agriculture, i.e. that ensured identical conditions of competition, were reached on all questions of agricultural price policy on the harmonization of costs.

For the purpose of such a policy the German Farmers' Union asked the Federal Government to ensure:

- that the Brussels decisions of 15 December 1964 for the approximation of cereal prices, in so far as they are legally effective at all, are immediately reviewed since (i) the political prerequisites therefor no longer exist; (ii) the hopes which the Government had pinned on the sacrifice made by Germany in respect of cereal prices have not materialized; and (iii) costs have subsequently risen and will continue to rise between now and the 1967 harvest;
- that no price agreements are entered into likely to reduce still further the already disproportionately low earnings of West German farmers;
- that the harmonization of costs is speeded up before the new market regulations come into force, or that corresponding subsidies are fixed for the intervening period;
- that revision clauses are incorporated in all price agreements so that agricultural prices can be readily brought into line with general trends in wages, costs and prices.

Further decisions should be left for an extraordinary meeting of members which it was intended to convene in July.

The Chairman of the German Farmers' Union, Mr. Rehwinkel, sharply criticized the EEC Council's decisions on the financing of agriculture. In an interview granted to a weekly journal he described the Brussels compromise as over-hasty. It would merely lead to unnecessary disparities in the overall economy for which the taxpayer would later have to foot the bill. Farmers would in

future withdraw their support of the Government if it did not study the needs of German agriculture more closely in dealing with the still outstanding decisions on market organizations and prices for various agricultural products.

(Rheinische Bauernzeitung, No. 22, Whitsun 1966; Frankfurter Allgemeine Zeitung, 16 May 1966)

III. EXTERNAL RELATIONS

1. Italy, the Scandinavian countries and Europe

Following the visit to Norway in June 1965, Mr. Saragat, President of the Italian Republic, accompanied by Mr. Fanfani, Foreign Minister, visited Denmark on 16-19 May and Sweden on 14-18 June. During the talks held between Mr. Saragat and Mr. Fanfani and the Danish and Swedish Ministers attention was focused on European problems.

The official communiqué issued at the end of the Italo-Danish talks stated that on the question of European cooperation, and in view of the fact that the Italian Government had always advocated a Community membership of which was open to other European States, and that the Danish Government still wanted to join, the hope had been expressed on both sides that the dialogue at present proceeding between the EEC and EFTA countries would shortly lead to fruitful developments. Closer links between the two blocs were absolutely essential, particularly in view of the stage now reached in the Kennedy Round.

The official communiqué issued at the end of the Italo-Swedish talks confined itself to observing that the hope was expressed on both sides that economic progress in Europe would help to bring the peoples of Italy and Sweden even closer together.

The Italian Government's views on the future of Europe, and in particular on relations between the EEC and EFTA countries, were amply covered in an address given by Mr. Saragat at Copenhagen on 18 May. The President of the Italian Republic stated: "We feel quite certain that if Europe is to carry out its historic rôle in the interests of peace and civilization, it must unite not only economically but also politically." "Italy," Mr. Saragat concluded, "convinced of the need to surmount, through a concerted effort, the divisions still existing, particularly in the economic sector, between the European countries, is therefore keenly appreciative of the spirit animating the appeal launched at Copenhagen in October 1965 for a bridge between EFTA and the EEC."

(Relazioni Internazionali, 28 May and 25 June 1966)

2. Talks between Federal Chancellor Erhard and Prime Minister Wilson

In the Anglo-German talks held in London on 23-24 May 1966 the emphasis was placed on the NATO crisis, the problem of Britain's entry into the EEC, and questions of exchange equalization.

Particular attention was devoted to the question of Britain's entry into the Common Market, and the jointly issued communiqué stated:

"The Prime Minister and the Federal Chancellor discussed the latest developments in the European Economic Community and relations between the Community and the United Kingdom. They stood out firmly for the cause of a united Europe to which all European States that were willing could belong. Mr. Wilson confirmed that Britain was ready and willing to join the European Economic Community together with the other EFTA States that desired to do so, provided ways could be found to safeguard the vital interests of Britain and the Commonwealth. The Federal Chancellor repeated that the Federal Government had always advocated British membership and would continue to do so. The two Heads of Government expressed the hope that further progress in this direction would soon be made in co-operation with all the partner countries concerned.

The progress made in the Kennedy Round negotiations was also reviewed and assurances were given that both the British and German Governments would spare no effort to ensure that a successful conclusion was reached."

Following his London talks Federal Chancellor Erhard made a brief statement on foreign affairs in the Bundestag. As regards the talks with the British Government, he said that complete agreement on all major international questions existed between Mr. Wilson and himself. Both Governments, like the other NATO partners, were determined to hold on to the integrated defence system. Moreover the Federal Government would do its utmost to ensure that the United Kingdom became a member of the EEC. Turning to the Soviet plan for a European security conference, the Chancellor stated that European security was inseparably linked with the German question. A security conference that took no account of the partitioning of Ger-

many would - he added - be a contradiction in terms.

Following the Chancellor's speech Mr. Fritz Erler, Chairman of the SPD Bundestag Group, explained his party's attitude to Anglo-German relations. Regarding Britain's entry into the Common Market, he made the following statement:

"Prime Minister Wilson has confirmed that Britain is ready and willing to join. This is clear from the official communiqué on the Anglo-German talks. We are quite convinced now, following this statement, and others on similar lines, that the time has come for official discussions on entry into the Common Market of Britain and other European States. Account should also be taken of statements such as those made by Mr. de Broglie, French Secretary of State, before the Council of the Western European Union and by Mr. George Brown, Deputy Prime Minister, at the International Socialist Congress in Stockholm.

We are agreed - as borne out in the statements referred to - that the basis for entry can only be the Treaty of Rome. Declarations of intent to this effect already exist, but must, of course, be followed up by concrete negotiations. These will certainly embrace a whole series of problems settled between the Member States after the signing of the Treaty of Rome. The inclusion of so important a partner as Britain will give rise to such changes in emphasis - in the economic, financial and political spheres - that these will have to be embodied in the new regulations."

(Neue Zürcher Zeitung, 26 and 27 May 1966; Frankfurter Allgemeine Zeitung, 26 May 1966; Industriekurier, 26 May 1966; Handelsblatt, 26 May 1966; The Guardian, 25 May 1966; The New York Times, 24 May 1966; Europa, Nachrichten der SPD-Fraktion aus Bundestag, Europäischem Parlament und Europarat, Nr. 16/66, 26 May 1966)

3. Denmark and the problem of integration

a) Views of Mr. Haekkerup, Danish Foreign Minister

In a statement made before the Danish Folketing on 25 May 1966 Mr. Haekkerup said it was Denmark's aim to join the EEC "at the latest at the same time as Britain." But this in turn would mean that his country would have to enter into negotiations for accession "at the latest at the same time as Britain." In the meantime Denmark would have to look after her interests with respect to the Common Market through continuous contacts with the Governments of Member States and with the EEC Commission in Brussels. Mr. Haekkerup added that, under the present circumstances, Denmark would have to initiate exploratory talks with the EEC.

While the Danish Foreign Minister had previously always referred to simultaneous entry of the EEC by Denmark and Britain, it was noted that on this occasion the formula had become "at the latest at the same time as Britain." During the debate Mr. Haekkerup also remarked that Denmark would have far fewer difficulties in joining the EEC as she did not have to worry about the Commonwealth. He stressed, however, that the British Government's attitude to membership of the EEC was now far more positive than previously. Britain was now ready to join the Common Market provided its vital interests were safeguarded. It was now just a question of when she would enter and under what conditions.

On 3 June 1966 Mr. Haekkerup held talks with Mr. Rey and Mr. von der Groeben of the EEC Commission on Copenhagen's trade policy difficulties, particularly as regards the decline in exports of agricultural products to the Community. It is understood that on this occasion Mr. Haekkerup once again put out feelers as to the possibility of fresh negotiations for Denmark's entry into the EEC.

During a subsequent press conference Mr. Haekkerup stressed the leading rôle falling to the United Kingdom as far as entry into the EEC was concerned. He then repeated the statement made by him before the Danish Parliament to the effect that Denmark would enter negotiations with the Community not later than at the same time as Britain. His country was in any case prepared to embark on talks earlier once British readiness to join the EEC was defi-

nately established.

b) Views of Mr. Krag, Danish Prime Minister

On 19 May 1966 Mr. Jens Otto Krag was awarded the international Charlemagne Prize of the city of Aachen. In his speech of thanks he remarked that he was inclined to regard this less as a personal tribute than as a recognition of Denmark's efforts to prevent the splitting of Europe. European unification was absolutely essential for conditions of peaceful economic growth under which political union could be progressively established. Although nationalism in Europe was still a force to reckon with, European policy had reached a new turning-point. The gap between the EEC and EFTA would have to be narrowed and the economic clearance between the two European blocs should be closed up through a joint effort. The EEC was the heart of Europe but EFTA too represented a major facet of Europe's economic and intellectual activities.

Mr. Krag stated that the gap between the two blocs could be bridged in three ways. One was by increasing trade which would automatically bring the two blocs closer. He was, however, rather doubtful about this as exports from Denmark to the EEC would continue to decline. The second possibility was a dialogue between the two Communities on the lines suggested by EFTA in 1965. One still hoped for a positive reaction to the proposal from the Economic Community, but such a dialogue would not of itself suffice. Mr. Krag pinned his highest hopes on a third line of approach, namely, exploratory talks for which careful preparations were made beforehand.

"The EEC" - he went on - "must adopt a positive European attitude while at the same time pursuing a more flexible policy towards EFTA."

Loud applause greeted Mr. Krag's remark that the Soviet Union and the East European countries were also a part of Europe. This was why every opportunity for reaching understanding with the Eastern bloc should be immediately seized.

Interviewed by the German broadcasting services on 5 June, 1966, Mr. Krag hinted at the likelihood of a new turn in

Denmark's attitude to the EEC. He felt that Denmark and Britain should join the Economic Community together.

"Should it be found, however, that there is no likelihood of Britain's joining in the foreseeable future, and if our hopes in co-operation between EFTA and the EEC do not materialize, then the main-springs of Danish policy would cease to be the same. It would be only natural then for us to reappraise our position."

Denmark shared the hope of most countries taking part in the Kennedy Round that agreement could be reached before the appointed time-limit, namely July 1967. Mr. Krag favoured further liberalization of trade between the West and East bloc countries, and suggested that NATO's help should be enlisted with a view to increasing contacts with the East.

(Neue Zürcher Zeitung, 27 and 29 May 1966, 6 June 1966; Kölner Stadt-Anzeiger, 6 June 1966; Frankfurter Allgemeine Zeitung, 21 May 1966; Industriekurier, 4 June 1966)

4. Great Britain and European policy

- a) Statements by Harold Wilson, Prime Minister, George Thomson, Minister for Political Affairs in Europe, and John Davies, Director-General of the Confederation of British Industry

Following the well-received speech delivered at Stockholm by Mr. Brown, Secretary of State for Economic Affairs (1) on the chances of Britain's entry into Europe, Prime Minister Wilson addressed the house of Commons on the same subject on 10 May 1966. Mr. Wilson explained that the Rome Treaty contained provisions which could be dealt with more easily through negotiation than many decisions taken since the signing of the EEC Treaty. The agricul-

(1) See "International Socialist Congress calls for greater European unity" in this issue.

tural policy referred to in the Treaty, he added, need not necessarily take the form of the current agricultural policy. Asked by Mr. Jo Grimond, the Chairman of the Liberal Party, whether that meant that the Labour Party was not prepared to accept the Common Market's levy system, Mr. Wilson replied that acceptance would result in a levy of 55 to 70 per cent on Britain's cereal imports from Commonwealth countries. This would be an unacceptable state of affairs. Britain's attitude would however be different if the EEC could decide to pursue another agricultural policy.

During the debate in the Lower House on 20 May 1966 Mr. Wilson dealt in detail with the concept of supranationality and the question of common foreign and defence policy, and made the following statements:

"There is no question of Her Majesty's Government in such negotiations entering into any arrangements which would involve a supranational Government or a Parliamentary assembly to which this House would be subordinated."

.....

"While not questioning the capacity of my right Hon. Friend for fright, I would make it absolutely plain to him that it is not necessary to circulate this to my right hon. Friends as none of them has made a speech even remotely suggesting that this was a possibility or that they had even thought that it was."

.....

"There is always a limitation on the right of the Government, and to that extent of Parliament, to act in certain directions unilaterally whenever they sign an international treaty. It is inevitable. I remember this being debated year after year when we were discussing the Common Market. But my right hon. Friend the Member for Easington (Mr. Shinwell) was concerned with the suggestion some times heard in Europe that joining the Economic Community, which is an economic organization, automatically means a single foreign policy, a single supranational Government in foreign affairs and defence matters, and ultimately the disappearance of this Parliament in those matters. That is not, in my view or the view of any one of us, in question in any such negotiations."

.....

"The right hon. and learned Gentleman had a Question down on that very point today and I was hoping to deal with it when we reached it. That point is very much in our minds. The right hon. and learned Gentleman now having reached it, I will say that we are studying very carefully what would be the implications both for Parliamentary procedure and of course for all questions of British law-making and judicial machinery arising from that Article. It requires close study. I believe that the previous Government had a working party on this subject under the then Lord Chancellor. I do not think that it finalized its inquiries. This is a very important question which needs working out before we get involved in any negotiations."

.....

"Again, my hon. Friend has a Question on the Order Paper today, which may now not be reached. But, anticipating that Question, in my Answer I was dealing with supranationality or supranationalism in relation to foreign affairs, defence and the rights of this Parliament. Whatever some people in Europe may think, I am sure that no hon. Member wants to see this House subordinated to an outside body or to see this country deprived of its independent foreign and defence policy. Within the Treaty of Rome - within the economic side with which it deals - there are certain commissions and other authorities. There is a big argument going on about this within the Community, and I have always taken the view that we should not, in Her Majesty's Government or in this House, take sides in that argument between the Six, who have not yet settled the argument."

.....

"Political unity, and various proposals for greater political unity in Europe, is something which all of us would want to support. What we have always said is this. I remember that it used to be said in moving terms by the late Hugh Gaitskell that, in his view, this country is not ready, and would not be ready for at least 20 years, to consider any political arrangements, as opposed to economic arrangements - ('Interruption') - which would involve

foreign policy and defence matters being settled over our heads by some supranational organization, and I believe that this is still the case."

.....

"In the first place, no negotiations are currently going on. I have announced exactly what is the position of our probings and discussions with individual countries, our hopes with EFTA and the EEC but there are no such negotiations going on. In the Treaty of Rome, apart from the institutional arrangements needed to make effective the economic arrangements set out in that, there is, apart from a very short reference in the Preamble, no political organization affecting foreign policy or defence at all. It is an economic instrument with certain machinery for dealing with economic problems."

.....

"I do not think that any of my hon. Friends who are concerned with the preparation of that particular literary masterpiece, or any of those who have been concerned with its successors, such as 'One Way Only' and the rest, have ever felt that it was right to set up a directly elected assembly in the foreseeable future, within the next 20 or so years at any rate, to which this Parliament and this country would be subordinate. The economic negotiations are an entirely different matter."

On 3 June 1966 Mr. George Thomson, "Minister for Europe", interviewed by the German Press Agency, stressed Britain's determination to join the Common Market. He pointed out that in her attempts to become a member of the EEC Britain could not afford another setback. For this reason it would be essential to hold exploratory talks, and the question of supranationality should for the time being be excluded from the talks. A whole series of practical problems would have to be solved in connexion with Britain's entry. Mr. Thomson added that British membership of the Common Market would increase British influence on world politics. His country was ready and willing to enter provided that the vital British and Commonwealth interests were safeguarded.

In an interview Mr. John Davies, Director-General of the British Confederation of Industry, said it would be ab-

surd if Britain, in the course of negotiations for entry into the Common Market, were to attempt to change the Rome Treaty. He went on to say:

"The Rome Treaty is a complex unity which has a logic of its own. Newcomers must bend to it.

Certainly, like the yeast in the dough, new members can make the original framework evolve, but to begin with they must accept the rules of the game and adapt themselves to what already exists."

b) Newspaper comments

On 9 May 1966 the Financial Times, in an article dealing with the Stockholm speech of Mr. Brown, Secretary of State for Economic Affairs, made the following comments on the chances of Britain's entering the Common Market:

"The question about which the Government is still undecided is how best to create the conditions for the exploratory talks which must precede the negotiations proper. The position is made even more complicated by the present NATO crisis. For obvious reasons neither the USA nor Germany can openly take the lead in the search for its solution. There appears to be a general feeling that this is something best left to the British Government. The French may oppose this but the fact remains that complete disintegration of NATO would be a far more serious threat to the West as a whole than a further postponement of Britain's admission into the EEC, painful though this would be.

The salient issue at the moment is that so far there has been no real sign of a French change of heart regarding British membership or on the lines along which they want the Community to develop. The Six themselves are at the moment involved in a complicated argument on a number of inter-related Community problems. Until they can speak with one voice there is little prospect of their giving serious attention to the problems presented by British entry into the Common Market."

The independent London "Times" in an article dated 12 May 1966, enquired whether the chances of negotiations for

Britain's entry were now any greater than they were in 1963.

"The answer depends partly on the methods of negotiation now to be adopted and partly on the changes in the European climate. On the first, the Government have been wise to place their cards on the table from the outset and to examine the difficulties before making a formal application. No one wants a repetition of the last humiliation. Europe could hardly survive such a setback twice in a generation. Nor could Britain. The terms of entry need to be spelt out in detail by careful prior negotiation ... What is needed now is some response from the Six themselves, either in reply to the original EFTA approach of some months ago or in reply to Britain's clear statement of her position. As Mr. Brown put it last week, "the question is not whether we should join the EEC but when and on what terms." Are the Five prepared to say the same in principle and to discuss the details? More important, is France?"

(House of Commons, Parliamentary Debates, 25 May 1966, Weekly Hansard, No. 688, 13 May - 19 May 1966, pp. 1554-1557; Frankfurter Allgemeine Zeitung, 11 May 1966; The Guardian, 11 and 21 May 1966; Le Monde, 21 May 1966; Financial Times, 9 and 16 May 1966; The Times, 12 May 1966; Die Welt, 4 June 1966.)

5. Austria and the EEC

a) Vice Chancellor Bock, Austrian Minister for Trade and Industry comments on relations with the EEC

On the occasion of the EFTA meeting in Bergen (12 - 13 May 1966) Vice Chancellor Bock gave an interview to the "Industriekurier" on the state of progress in Austria's negotiations with the EEC.

1. "The sixth round of negotiations in Brussels ended on 3 February. I can assure you that the atmosphere was very friendly and that the spirit of goodwill on both sides enabled us to make good progress and to clarify many difficult issues. As regards tariffs, there are still differences of opinion on the follow-

ing problems: a) the date when EEC customs duties on trade with Austria would be removed - the "phasing-out" principle; b) preferential treatment for Austria's trade with the East European countries; c) Austria's future relations with EFTA.

We were fundamentally agreed on the inclusion of agriculture in any subsequent agreement and on the need to limit the necessary transition period. The importance of the EEC market for Austrian farm produce, presupposes a suitable approximation of agricultural policies.

In the last three stages of the negotiations, we dealt with the implications of our neutrality, our obligations under the Treaty of State and lastly, institutional questions."

With reference to the problem of harmonization, Dr. Bock said:

2. "The Austrian Government would like to restrict harmonization to as small an area as possible. A number of memoranda were submitted and it was suggested that "programme principles" should be drawn up. It is a question here both of the harmonization of agricultural duties and of organizing the agricultural market. I hope we shall be able to have further discussions on this point as soon as the Commission receives its mandate from the EEC Council to continue the negotiations."

As to Austria's neutrality, the Vice Chancellor said:

3. "In this connexion, the Austrian Delegation suggested the inclusion of one general and several specific reservations. As I once again explained, Austria will abide by its neutralist and constitutional obligations and will, in every case, examine whether the relevant measures are consistent with these obligations. Austria's trade with East European countries is of historic and traditional significance. Over the last 16 years this has, on average, accounted for some 16 per cent of Austria's foreign trade. This is well known. There was agreement in principle at the Brussels talks on the need to take the significance of this trade into account in any arrangement."

Speaking at the opening of the Austrian Textile Fair in

Dornbirn on 1 June 1966, Chancellor Bock stated that Austria's future would depend on her success in working out an arrangement with the EEC. He said that Austria would not terminate its membership of EFTA a moment before a Treaty with Brussels was finalized. If there was no real prospect before the autumn of a certain date by which an agreement with the EEC might be concluded Austria would fulfil its obligations as an EFTA member and remove the remaining 20 per cent customs duty on her trade with the EFTA States. Dr. Bock here emphasized that negotiations for an association with the EEC would in no eventuality impinge on Austria's neutrality under the Treaty of State. To assert the contrary, was an act of ignorance. He said that the future of the smaller and medium-sized countries lay in finding an appropriate place in a large economic area. His country too must, if her standards of living were to be as high, "plug into" the immense economic dynamism of Western Europe. He stood out against the doubts expressed by some branches of the economy about the way links with the EEC would work out because the whole of Austria's economy would still "pull through" even if the Treaty with the EEC did not materialize. Certain branches of industry, that contemplated the future opening of the frontiers with concern, would have to face the greatest difficulties if the association did not come about. A transition period of several years under an Association with the EEC would be in the interests of all concerned.

b) Standpoint of the Austrian Foreign Minister

In an interview with "Le Monde", Mr. Lujo Toncic-Sorinj, Austrian Foreign Minister, said that his country would make every effort to reach an understanding with the EEC. Austria would not however accept anything prejudicial to the Treaty of State which was the sheet anchor of her neutrality. Speaking to the Foreign Press, he said that Austria had still not taken any decision about abolishing the remaining duties on trade within EFTA. He denied that it was Austria's intention not to remove the remaining 20 per cent of customs duties on 31 December in pursuance of the Stockholm Agreement. He further stated that Austria's decision would depend on the progress of her negotiations for association with the EEC, in other words Austria would not remove the remaining duties if these negotiations were brought to a successful conclusion.

Speaking on Austrian foreign policy, in Salzburg on 6 June 1966, Dr. Lujo Toncic-Sorinj also touched upon the legal and political inter-action between Austrian neutrality and European integration. He stressed that Austria could contract no economic obligations that might lead to a political situation which, in the event of conflict, would make it impossible for her to maintain her neutrality or to fulfil her neutrality obligations. He stressed that the harmonization of external tariffs was consistent with Austria's neutrality although her merging in an economic union would not be. In his view, maintaining neutrality allowed little room for manoeuvre or for concessions. It was conceivable, he said, that the EEC could go even further to meet Austria and her position would be made much easier if the EEC were to re-examine its attitude to free trade areas with reference to the industrialized countries.

He expressed his personal conviction that the association negotiations could be brought to a successful conclusion before the end of the year. It was also important that the whole world should realize that in becoming associated with the EEC, Austria would not surrender its international standpoint either directly or indirectly. It was therefore one of the duties of Austrian foreign policy to cultivate her contacts with all sides in order to create and maintain an atmosphere of confidence and trust.

c) Visit of Mr. Bobletor, Secretary of State to Moscow

On the occasion of his visit to Moscow on 18 June 1966 Mr. Bobletor, Secretary of State for Foreign Affairs, asked for understanding for Austria's decision to come to an arrangement with the EEC. He was speaking at the opening of an Austrian photographic exhibition at the Lenin Library. He put it to the Soviet Union that it was only through tolerance, mutual understanding and through not interfering in the domestic affairs of other States that it would be possible to achieve a peaceful order in Europe. He described Austrian neutrality as the main concern of his country's foreign policy. He stressed, however, that as a country which was highly industrialized but which had only a small domestic market Austria had to consolidate its economic and technical co-operation wherever possible in order to maintain full em-

ployment. Austria was also ready to increase her cooperation with the Soviet Union. In the same spirit, the Soviet Union had to demonstrate understanding for Austria's decision to enter into an association with the EEC.

Diplomatic circles in Moscow saw Mr. Bobleter's speech as an indirect reply to recent efforts by the USSR not only to prevent a neutral Austria from becoming associated with the EEC but also to induce her to adopt an anti-American and anti-Bonn line. Two days before Mr. Bobleter's visit, "Izvestia" was warned against Austria's association with the EEC because this would - it was alleged - infringe Austria's Treaty of State and her neutrality. At the same time several leading figures in Austria were called upon in an attempt to win them over to Russia's ideas on security and asked to recommend that Austria should pursue a policy of non-alignment.

d) Opinion of Dr. Kreisky, former Foreign Minister

Speaking to foreign journalists in Vienna, Dr. Bruno Kreisky was very sceptical and diffident about the progress of negotiations between Brussels and Vienna. Dr. Kreisky who is at present the Socialist opposition's spokesman on foreign policy, considered that it was still impossible to see how the Treaty could be concluded between the EEC and Austria and above all when it was going to materialize. There were still serious differences of opinion between Vienna and Brussels. The main difficulties, he felt, lay in the following three areas: 1) the third country clause which, if applied as at present, would imply Austria's leaving EFTA at once; 2) the automatic paramountcy of Community law over national law; 3) special arrangements for trade between Austria and the East European countries.

His particular concern was that a clash might occur on this latter point. During the coalition administration he had had disagreements with Mr. Bock, Minister for Trade, on these issues. He stressed, however, that there had been no difference of opinion in the former (SPO and ÖVP) coalition on the fundamental need for Austria's association with the EEC.

e) Comments in the Viennese newspaper "Die Presse"

The independent Viennese "Die Presse" commented on the outcome of the EFTA Council meeting at Bergen on 16 May 1966 as follows:

"Austria is not the only country with an eye on the Common Market. The United Kingdom too has quite clearly stated that it is intending to take the same course. It is no longer a question of whether talks should be held but merely of when and under what conditions. Denmark also has similar interests; in Bergen, Denmark threatened to withdraw from EFTA in the event of her partners not fulfilling her agricultural stipulations; this was, however, more in the nature of a whisper than a bold statement.

It has been seen once again that EFTA is only an interim solution, only part of the answer: the Seven had got no nearer to their professed objective; on the contrary they had become even more divided on where their interests lay."

(Le Monde, 8-9 May 1966; Frankfurter Allgemeine Zeitung 2 June 1966; Handelsblatt, 3-4 June 1966; Neue Zürcher Zeitung, 4 June 1966; Industriekurier, 14 May and 4 June 1966; Die Presse, 16 May 1966; Handelsblatt, 20 June 1966).

6. Sir John Coulson advocates production limits in Western Europe

On 19 May 1966 Sir John Coulson, Secretary-General of EFTA, addressed a meeting of the International Federation of Agricultural Journalists at The Hague. In the course of his speech he pointed out that high support prices for agricultural products in other European countries inevitably meant much greater production, with the temptation to finance the dumping abroad of the surpluses.

Denmark has suffered increasingly from this sort of thing in recent years. She had not only lost important markets in the EEC because of the high levels of protection of the common agricultural policy, but she had also been faced with the fact that subsidized exports from the Six

had affected Danish markets inside EFTA itself. These protectionist policies had been reinforced during the years in which the Kennedy Round negotiations ought to have been forging ahead. The great objective of those negotiations was to reduce the tariffs of the main trading countries of the world by 50 per cent - an idea welcomed by all the industrialized countries. But so far the record on the agricultural side had been very poor. The struggle to implement the common agricultural policy in the EEC had just taken a long step forward, but in the meantime the absence of decision had meant that work on the agricultural sector of the Kennedy Round had scarcely even begun. This was a serious situation, three years after the beginning of negotiations and only one year away from the expiration of the United States legislation empowering the President to take part in the Kennedy Round.

Sir John Coulson added that the need for unanimity in the EEC's agricultural decisions usually meant setting prices for agricultural products in the Community which can be profitable to the least efficient producers. Through the operation of the levy system those prices had also to be paid by consumers in the Six even for products imported at much lower prices from outside the Community. This meant that encouragement was now being given to farmers in the EEC to produce more and more food at a cost far above the world market price.

What was needed for a sensible organization of the agricultural sector everywhere in Western Europe was to set production limits within which these higher prices would apply, and not to leave prices as the only regulator. As things stood - Sir John Coulson went on - it looked as if any agricultural results of the Kennedy Round would be meagre. Low-cost producers outside the EEC would find themselves increasingly shut out of traditional markets in favour of high-cost domestic production.

This situation was difficult to understand. After all, the same economic facts were operating in the EEC as in other countries. To set agricultural prices so high that they were still profitable to farmers of low productivity meant channelling into the agricultural sector large resources badly needed to finance general economic growth. It was interesting to note the increasing disquiet being expressed in the more fertile countries of the EEC at the prospect of financing and disposing of the large surpluses that would be stimulated by the present price policies. The search for solutions going on in

EFTA was a healthy development. Sir John Coulson thought that the rest of Western Europe should be open-minded in its attitude and ready to accept the possibility that the Swiss, British and Danish policies all contained worthwhile elements.

(Handelsblatt, 8 June 1966)

7. Western integration and East-West trade

The periodical "Problèmes économiques" has reprinted an article on western integration and East-West trade that appeared in the January edition of "Prospects for Poland".

The article was written by Mr. Josef Soldaczuk who stressed that: "the East European countries have been following the integration of Western Europe with great interest. This is because of the importance - which also extends to the political sphere - of the economic groups which have formed in the capitalist world and because of their influence on the prospects for peaceful co-existence and economic rivalry between the capitalist and communist countries. The integration process is also highly relevant to the development of East-West trade. An expansion of trade between the two systems would serve the interests not only of East and West Europe but also those of world trade generally".

Between 1958 and 1962 East-West trade increased by two and a half times, the main area of expansion being between East and West Europe. "Between 1958 and 1962 the East European countries increased their purchases from the West European countries by 48 per cent and increased their exports to those countries by 63 per cent. The East European countries' share in the international trade of Western Europe, however, is still small, not exceeding 4 to 4½ per cent, of the latter's total imports and exports.

The economic integration of Western Europe and in particular the attainment of the aims of the European Economic Community is, however, causing some concern about the future prospects for trade between the EEC and the East European countries".

This concern did not stem simply from the fact of regional integration which in itself could stimulate world trade. But "the economic integration of the western European countries in the EEC has caused uncertainty and concern in third countries, simply because it appears to be tending towards economic self-sufficiency in agriculture by according a distinct preference to mutual trade while applying a growing discrimination against imports from third countries".

Referring more specifically to the East European countries, Mr. Soldaczuk considered that "their trade with the EEC countries will to some extent be characterized by the same factors which determine the prospects for an expansion of trade between the EEC and other third countries. The East European countries export raw materials and agricultural products to the EEC and so they are in a similar position to those countries whose main resources are raw materials and farm produce. At present more than 70 per cent of all the East European countries' exports to the EEC are raw materials and foodstuffs; six groups of merchandise account for more than half their exports to the Common Market (live cattle, meat and meat products, wood, coal, oil and oil products). The farm products exported by the East European countries to the EEC are precisely those that it is easiest to produce in the Community because the climate and arable lands are similar. Here it is to be expected that the EEC will try to replace imports by its own production.

As for raw materials, the demand from the EEC countries will be very great except for wood and wood products. Coal exports on the other hand are already encountering serious difficulties; this is because of the amount of coal produced in the Common Market countries and because of an increasing tendency, in evidence in all countries, to replace solid fuels by liquid fuels. Hence prospects for oil and oil product exports to the EEC are much more promising.

As for industrial goods, the exports of the East European countries will, like those of other third countries, come up against growing competition from the domestic production of the EEC countries and at the same time they will encounter an increasingly pronounced degree of customs discrimination. In this connexion, Mr. Soldaczuk points out that the East European countries, or at least some of them, are in a less favourable position than either the developed or the developing capitalist countries. Indeed, whereas the vast majority of the capitalist countries have the benefit of the "most favoured nation

clause" in their trade with the EEC (for example, because they are GATT signatories) only some of the Communist countries (the USSR, Czechoslovakia and Poland) obtain the benefit of this clause and it is well known that Czechoslovakia, which is a full member of GATT, has not always obtained the benefit of this clause in practice.

"At the same time, Mr. Soldaczuk continues, the trade policy objective of the EEC countries, which involves the elimination of the qualitative restrictions on imports from other capitalist countries, likewise involves maintaining restrictions, in the form of quotas, on imports from the East European countries. This is an obvious discrimination against trade with the East European countries; if therefore these restrictions are maintained in future they will lead to a reduction in trade or at least to trade remaining at a stationary level. Then again, there is trade discrimination against the East European countries for political reasons, an example of which is the ban on exports from the EEC countries to the East European countries of certain raw materials, semi-finished products and plant and machinery which are described as being of "strategic importance". The best example of this type of discrimination was the ban imposed, in 1963 by the Government of the Federal Republic of Germany on exports, to the Soviet Union and to the Communist States of Eastern Europe, of steel tubes to be used in pipe lines. This ban led, in 1963, to a drop in EEC exports to the USSR of nearly 27 per cent."

Mr. Soldaczuk noted, however, "there is evidence of trends in Western Europe (including the EEC) which are liable to threaten the expansion of East-West trade and of other trends which show that it would be possible to expand this trade more rapidly in the future. It should above all be pointed out that representatives of political and economic circles in the EEC come out frequently in support of expanding East-West trade. In this connexion General de Gaulle made an extremely important statement at his Press Conference when he stressed the need to develop economic relations on a many-sided basis and in particular to increase trade with the East European countries for this trade fell far short of taking advantage of all the existing possibilities."

Mr. Soldaczuk then analysed the conditions under which trade between the EEC and the East European countries could be increased. These possibilities did exist not only because of the still relatively low level of trade

between them but above all owing to a rate of economic growth which was faster than that of other countries.

In order to achieve a more rapid expansion of trade between these two groups of countries, quantitative restrictions should be abolished (the quotas imposed by EEC countries on imports from the East European countries) and the benefit of the "most favoured nation clause" should be extended to the Communist countries whose exports to the EEC should be treated on the same basis as those of the other capitalist countries.

Mr. Soldaczuk considered, furthermore, that "the chance of developing, on a really large scale, the trade relations between East and West Europe (including the EEC) depends on the introduction of a new type of division of work between them. Hence great importance attaches to working out new forms of economic co-operation between the different branches of industry in the East and West European countries so that specialization may be developed together with co-operation in the sphere of production all of which would culminate in an expansion of trade.

It is also very important to place the international payments and settlements, which are now on a bilateral footing, on a multilateral basis. This would not only help to produce a balanced development of trade but lead to a fast rate of growth in the trade between each of these groups and the developing countries of the third world."

(Problèmes économiques, 26 May 1966)

P a r t II

PARLIAMENTARY ACTIVITY

I. EUROPEAN PARLIAMENT

a) Session of 27 June to 1 July in Strasbourg

1. End of term of service of representatives

Not enough members were present at the open session in May to form a quorum so that it was not until 27 June 1966 that a vote was taken on the resolution (Doc. 76/1965-66) appended to the report (1) which Mr. Thorn submitted for the Legal Committee on the draft resolution amending Article 5 of the Rules of Procedure of the European Parliament on the end of term of service of representatives.

Mr. Ferretti (Liberal, Italy) who took the floor to discuss the background to the vote stated that in his view only national Parliaments were empowered to appoint members of the European Parliament and that the adoption of the draft resolution, which sought to limit the term of service of the members concerned, constituted an unwarranted political interference in the affairs of the national Parliaments. Europe, he said, was already divided enough. It was not for the European Parliament to create an additional rift by bringing the European Parliament into opposition with the national Parliaments.

Mr. Sabatini (Christian Democrat, Italy) stated that on the whole he approved the proposed amendment to the Rules of Procedure whereby only members of national Parliaments would be able to sit in the European Parliament. He felt, however, that the question should be settled by a political arrangement and he would therefore abstain when the vote was taken.

(1) Doc. 62/1966-67

The draft amendment to the Rules of Procedure did not obtain the majority required by Article 53,2 of the Rules of Procedure when the Parliament took a vote by roll call.

2. Maternity benefits

On 27 June, the Parliament examined a report drawn up for the Social Committee by Miss Lulling (Socialist, Luxembourg) on the draft EEC Commission recommendation to the Member States concerning maternity benefits (1).

The Social Committee considered that the domestic laws of the Member States had put the problems of the woman at work in a false perspective, because the woman at work was considered as someone requiring protection, whose physical strength and intellectual ability were open to question; these laws had not focused on the real problem facing woman in her rôle in life - maternity. If women were to play a full part in the economic life of the Community, this problem had to be tackled from a new angle.

Consequently, the statement giving the grounds for the draft recommendation indicated that its purpose was to level up the domestic regulations on maternity benefits.

The Social Committee found this a limited approach because domestic laws only went part of the way towards solving the problems of maternity; it recognized, however, that the EEC Commission had incorporated features that represented an all-round progress, introducing important new features in the case of every Member State.

The Commission proposed that all wage-earning women should, whatever activity they be engaged in, be eligible for maternity benefits. The Commission also proposed to restrict the hours worked by pregnant women and nursing mothers to eight hours per day and not more than ninety hours in any two-week period. The Social Committee agrees with the Health Protection Committee, which also returned an Opinion on the draft recommendation, that this latter limit should be eighty hours. The recommendation would place a ban on night work for the women

(1) Doc. 69/1966-67

concerned, while allowing exceptions for the period up to 11 p.m. and that after 5 a.m. The Health Protection Committee called for a complete ban on night work for pregnant women and nursing mothers; the Social Committee, however, would allow exceptions up to 10 p.m. at night and after 6 a.m. in the morning. As for prenatal and post-natal leave, the two Committees agreed that this period should be extended as proposed by the Commission. One new feature of the recommendation which had the approval of the Social Committee was the introduction of optional unpaid leave in the post-natal period. The two Committees approved the ban on declaring the women concerned redundant or down-grading them during the period of pregnancy and extending up to the eighth week after the end of the period of post-natal leave after the birth of the woman's child. They suggested, however, that this period be extended to twelve weeks. With regard to social security, especially economic safeguards for the women concerned, the Social Committee was in agreement with the EEC Commission. Lastly, the Social Committee proposed that the Commission should make a report every two years (and not every three years as proposed) on the measures taken by the Member States in pursuance of this recommendation.

Mr. Troclet (Socialist, Belgium) took the floor on behalf of the Social Group when the recommendation came up for debate. He drew attention to its 17th Article which asked the Member States to organize a system of compensation so that the costs of providing maternity benefits were not borne by employers out of their own pockets.

Speaking for the Christian Democrat Group, Mr. Diller (Germany) stressed the high proportion of women in the active population - which sometimes amounted to 50 per cent. If the Community needed labour, then the employment of women would provide the answer.

Mr. Gerlach (Socialist, Germany) felt that the draft recommendation was a first step towards improving the lot of pregnant women and nursing mothers. He joined Mr. Dittrich (Christian Democrat, Germany) Chairman of the Health Protection Committee, in congratulating Miss Lulling. Lastly, Mr. Levi Sandri, Vice-President of the EEC Commission, recalled that the recommendation was being made in pursuance of Article 117 and 118 of the EEC Treaty. The recommendation was not the final step; it was simply a first stage. With reference to disagreements expressed by the Committee on some of the clauses in the recommendation, he recalled that it was, none the

less, a step forward.

At the close of the debate, the Parliament passed a resolution (1) in which it trusted that the EEC Commission would make a review of present practice where this involved any obstacle to woman's full integration in the economic life of the Community. The Commission was also asked to take the initiative in rethinking the whole problem of women at work during maternity. Lastly, the Parliament approved the draft recommendation, subject to the reservations made by the Social Committee.

3. Regional policy and the social implications of redevelop- ment

In drawing up its report (2) on the first EEC Commission note on regional policy in the EEC, the Economic and Financial Committee hoped to help to overcome the reluctance of the Governments to work out a regional policy. It believed that regional policy must be looked upon as a general orientation of the Community's economic policy designed to meet the requirements of regional economic development.

The Committee felt that the persistent imbalance in the Community called for a wholesale review of regional policy.

By and large the report endorsed the EEC Commission's ideas about aims and the ways of attaining them. Yet the Commission did not think that these would bring any final solution to the problem. The group of central offices, intended to be the power-houses of regional policy, was not equipped to carry out this task. The organization in question had to be consolidated and endowed with greater funds. The Economic and Financial Committee also asked that a central information office should be set up for the benefit of all interested parties and that study groups and research teams should be formed which would co-operate with experts from the Member States in a far more practical way by drawing up programmes and conducting surveys. The Economic and Finan-

(1) Resolution of 27 June 1966.

(2) Doc. 58/1966-67

cial Committee hoped that a meeting would be organized between the directors of specialized regional institutes and university professors so that they could compare notes on working methods and the results of scientific research in the context of regional development policy.

It also thought it was urgently necessary to finalize effective ways of associating the leading figures in regional development in the work of hammering out a regional policy both as regards its overall shape and its specific details.

In this respect the Committee considered that the current arrangements were inadequate and that they should be completely changed so that a standing consultative body could be set up.

With regard to regions encountering special difficulties, the report stressed that action programmes should be worked out involving the fullest possible use of the means available.

The Committee felt that a taxation policy was needed to provide the local bodies which were in one way or another responsible for regional policy with a more direct and more appropriate source of income and that there should be a vigorous development-promotion policy. In terms of resources, the Committee felt that the European Investment Bank had an important part to play. The latter should be endowed with greater financial resources and its structure adapted to its rôle as the main instrument of regional development policy. The report also stressed that the Community should make a more co-ordinated use of the instruments available to it and to use them in combination to carry its policy through. The provisions relating to the Social Fund should be reviewed in terms of the rôle that it would be called upon to play in regional policy. Lastly the report recalled the need for intervention by the European Agricultural Guidance and Guarantee Fund to be geared to organic programmes that would have an effect on regional structures. The policy should go beyond the economic framework and extend to social and cultural amenities and occupational training.

The report gave unqualified approval to the industrialization methods proposed by the EEC Commission such as the use of development poles, central zones and secondary centres.

In evaluating the assistance to be given to certain less-

favoured regions, some of the criteria laid down should be applied with greater flexibility while still not disregarding the ultimate objectives of the Treaty. It had always to be remembered that such assistance was only a way of getting the regions started and hence it should be on a temporary basis.

The Social Committee considered that the redevelopment of enterprises and of regions was the most important social problem of our time. It considered it essential that the human factor should be integral to redevelopment policy considerations. It had therefore decided to visit certain regions to examine the prevailing situation on the spot; its "redevelopment" working party had made several trips with this end in view and these had given rise to many discussions and to detailed enquiries. Between November 1964 and April 1965 visits were made to the Borinage district in Belgium, Lorraine, Lower Saxony, Hamburg, Palermo, the Sicilian Sulphur Mines, Apulia (the Bari-Taranto Development Area) and Piedmont. The Social Committee had thus had an opportunity to learn of the various kinds of problems involved in redevelopment such as the trend towards obsolescence in the coal industry (Borinage), the crisis in the textile industry (Piedmont), the rationalization of a former industry in an underdeveloped region (Sulphur Mines). The conclusions drawn and the observations made were embodied in the report drawn up for the Social Committee by Mr. Pêtre (Christian Democrat, Belgium) (1).

The report analyses the possibilities open to the Communities, under the Treaties of Paris and Rome, to take action on redevelopment; the most serious obstacle to carrying out concrete measures is undoubtedly the fact that the Community Authorities cannot give their assistance without the formal agreement of the Government of the Member State in question. The Social Committee, however, stresses what has been done by the ECSC High Authority in the re-adaptation of workers and the redevelopment of the coal and steel sectors and notes with satisfaction the technical and financial help which the High Authority has given to regional development studies at the request of the Governments of the Member States. Under Article 118 of the Treaty of Rome, the Commission is able to promote studies, give opinions and organize consultations. The Commission disposes of three methods by which it can act. First of all, it can call on the

(1) Doc. 51/1966-67

European Agricultural Guidance and Guarantee Fund although this can intervene to help redevelopment only in agriculture. Secondly, the Social Fund can play a fundamental part under Article 125. But the conditions upon which it can at present intervene are so stringent that it has not yet been possible for it to finance any redevelopment operation. Thirdly there is the European Investment Bank which has already given financial assistance under Article 130, b for redevelopment on two occasions, once in France and once in Italy.

The EEC Commission's "first statement on regional policy" considers regional policy solely from the economic standpoint; where it alludes to social policy factors, it only does so in relation to medium-term economic planning. In the Opinion of the Rapporteur this is "a particularly astonishing gap." Indeed, it will not be possible to achieve economic policy aims unless these are dovetailed with social policy. It would be easier to achieve the aims laid down in the Treaty if greater use were made in future of the co-operation of the General Directorate for Social Affairs at the EEC Commission with regard to all regional policy operations.

The European Parliament has an absolute right of initiative to tackle the redevelopment problems brought to its attention and to promote their solution through the use of the means available to the Communities. It could, for example, be apprised by local or regional authorities or even one of its members of petitions on this subject. It can suggest to the Executives that studies be organized and that other measures be prepared and it should entrust it to its responsible committee to keep an eye on how the situation develops.

In describing the various trips made by the Social Committee, the report lays particular stress on the fact that so far redevelopment problems have been considered mainly with reference to the traditional conurbations, although other regions deserve special attention. These are outlying areas and areas lying on either side of common frontiers of the Member States. In both cases action had been taken either by the local authorities or by the Community institutions to set on foot joint basic services and additional economic structures.

The report concludes that a regional policy directed at redevelopment and restructurization should have as its first consideration the social security of those affected by economic eclipse. The essence of social security was employment policy. This had to be at the root of redev-

elopment and regional restructurization. Lastly it was a question of encouraging the local and regional planning committees to examine the relevant problems before economic decline set in.

Those who spoke in the discussion of the two reports included the Rapporteurs Mrs. Elsner, Chairman of the Economic and Financial Committee, and Mr. Colin (France) and Mr. van der Ploeg (Netherlands) who spoke for the Christian Democratic Group, Mr. Oele (Netherlands) who spoke for the Socialist Group, Mr. Battaglia (Italy), Mr. Merchiers (Belgium) who spoke for the Liberal and Allied Group, Mr. Richarts, (Christian Democrat, Germany) and Mr. Gerlach (German Socialist). Mr. Marjolin (on regional policy) and Mr. Levi Sandri (on redevelopment) spoke for the EEC Commission. Mr. Coppé and Mr. Reynaud spoke for the High Authority and Mr. Reynaud also spoke for the Euratom Commission.

Mrs. Elsner feared that it was not possible to wait until the Commission's regional development programme had been drawn up before solving the problems of the backward areas. She criticized the Council because it had still not approved the proposals to amend the statutes of the Social Fund. Mrs. Elsner noted that there was still no Community fiscal policy and she suggested that the Council should issue a recommendation indicating how investments in the backward areas could be encouraged.

Mr. Colin trusted that the Commission would be endowed with a maximum power of initiative to promote regional development. With regard to the procedure, he suggested that all the responsible Parliamentary Committees should meet to discuss regional policy problems together.

Mr. Oele thought that the problem of regional policy should become a permanent feature of the agenda because the Parliament would be faced with this problem for many years to come. His group thought it was essential to set up a central body to be responsible for co-ordinating regional policies. It was essential to reconcile the needs of technical progress and the interests of the individual which remained the main consideration.

Speaking of the need for redevelopment, Mr. Oele said that the only way to avoid adverse social and political repercussions would be for the authorities to co-operate within industry in pursuing a systematic redevelopment policy. He found it regrettable that neither the EEC Commission, the national Governments nor even the company

directors seemed to have any desire to work out a Community solution.

Speaking of redevelopment problems, Mr. van der Ploeg trusted that employment policy would take precedence over the large scale redeployment of manpower.

Mr. Gerlach noted the lack of co-operation between the Six on regional policy and he asked the EEC Commission to press for an inter-governmental conference on this subject.

Mr. Marjolin admitted that regional policy was a Community matter but the Governments and regional authorities still had the main part to play. The Commission could not take the place of the Governments. He said that new recommendations on regional policy were to be submitted.

The Commission was also going to make a study into collective costs in the industrial conurbations and it would inform the European Parliament of its conclusions.

Lastly he recalled that the greatest threat to Community policy and regional policy in particular was inflation. If this was not dealt with quickly the backward areas would be the first to suffer.

Speaking for the Euratom Commission, Mr. Reynaud stated that nuclear reactors could be built on sites serving the needs of regional policy, provided that there was a co-ordinated energy policy i.e. an industrial infrastructure able to utilize the electricity produced.

With reference to the High Authority's redevelopment policy, Mr. Reynaud felt that this had to be comprehensive and geared to an overall programme. The fact that it was left to the Governments to submit requests for redevelopment aid ought not to debar the regional authorities from playing an active part in working out the relevant schemes. The High Authority had finalized new intervention machinery which had been welcomed in view of the considerable increase in the number of requests for assistance.

Mr. Merchiers considered that care had to be taken that when redevelopment schemes were financed this did not prejudice other branches of industry. Regional policy should also aim at creating stable jobs. Lastly it was essential that the manpower affected by redevelopment

measures should be given sufficient technical training to take advantage of local production opportunities.

The draft resolution on the economic problems arising with regard to regional policy and the draft resolution on the social implications of redevelopment were passed unanimously.

In its resolution on regional policy the Parliament broadly approved the methods contemplated by the EEC Commission in its memorandum and urged the Council and the Governments of the Member States to co-operate in a well organized manner. It approved the definite and positive steps taken by the High Authority and hoped that it would pursue these courses of action when the Executives were merged. The Parliament suggested the Euratom Commission should consider nuclear energy policy as an essential component of regional policy. The resolution called upon the Community authorities to study the possibilities of setting up a special fund to finance regional development, hoped that the EAGGF would lose no time in adapting its operations to regional requirements and called for an early reform of the European Investment Bank and the Social Fund.

The Parliament also recommended that the Community establish a central documentation and information service for matters of regional policy and co-ordinate methods of collecting and processing regional statistical data in the Member States.

It considered it an urgent preliminary step to overhaul the staff organization and increase the funds and establishment of the existing departments in the EEC Commission so that they might meet the heavy demands arising in the administration of Community regional policy.

Lastly the Parliament considered that the establishment of closer contacts between Community bodies and representatives of the regions was an essential factor for truly democratic collaboration in this sphere.

In its resolution on redevelopment, the Parliament asked that special attention should be paid in a European regional policy to the declining regions; it asked that this should be regarded as a social objective. Redevelopment should take as its aim to raise living standards in regions concerned, both by anticipation and over the long-term, and redevelopment should form part of comprehensive programmes. It suggested that when new industries were established these should be dovetailed with an

employment policy and social measures. Lastly while noting with satisfaction the work already done by the European Communities in this field, it stressed the importance of the principle enunciated in Article 125,1,b of the EEC Treaty and trusted that the Community institutions would increase the scale of their activity in this sphere.

4. The tariff bracket system applicable to the transport of goods

The Transport Committee has pronounced on the amendments made by the EEC Commission to an earlier proposal it made to introduce a tariff bracket system for the transport of goods by road, rail and navigable waterway (1). The new EEC Commission proposal provides that a reference tariff system should replace the tariff bracket system for navigable waterway transport. It increases the possibilities of concluding private contracts at rates outside the stipulated bracket. In future these contracts would only have to be justified subsequently.

In its resolution, the Parliament noted with satisfaction that the Council had decided to consult the Parliament once again and referred back to the conclusions in the resolution appended to the report (Doc. 115/1965-66) which it drew up before it was officially apprised of this issue by the Council.

5. Processed farm products

The decision taken by the Council on 4 April 1962 laid down that there should be a countervailing tax on certain products made by processing agricultural produce; this has already been prorogued three times because the Council has taken no decision on the new system proposed by the EEC Commission. The last prorogation expired on 30 June 1966 hence the EEC Commission put to the Council a request for a further prorogation of the original decision to run up to 31 October 1966.

(1) Report by Mr. De Gryse, Doc. 78/1966-67.

Mr. Wohlfart (Socialist, Luxembourg) made an oral report to the Parliament (1) on this subject at the open session of 27 June 1966. Mr. Wohlfart was deputising for the Chairman of the Internal Market Committee. The Parliament approved the text of the proposal upon which it was consulted.

6. Work of the Councils in the first half of 1966

On 28 June 1966 a discussion was held between the Parliament, the Councils and the Executives; this followed an address delivered earlier in the day by the President in Office of the Councils of the European Communities.

Address by the President in Office of the Councils

Mr. Werner, Luxembourg Minister for Foreign Affairs and Minister of State and President in Office of the Councils of Ministers, stated that the EEC Council's main concerns, following the conclusion of the Luxembourg Agreements on 28 January 1966, had been the financing of the common agricultural policy and preparations for the multi-lateral negotiations on GATT. The work of the Council had culminated in the agreements of 10 and 11 May of which the Parliament had immediately been informed by Mr. Marjolin, Vice-President of the EEC Commission.

The Parliament being thus already aware of the substance of these agreements which had imparted a new impetus to the Community, the speaker concentrated on defining their political implications. Their main purpose was to finalize the implementation of the common agricultural policy, to effectuate the free movement both of agricultural and industrial products by 1 July 1968 and to launch further moves in other spheres to ensure a balanced development of the Community.

As to financing agriculture, the main task had been to lay down provisions that ensured a certain balance between the Member States. Hence the agreements in question were very closely bound up with the agreements on the free movement of goods. This meant that within two

(1) Doc. 92/1966-67.

years, all the main farm products would come under a common market organization; common prices would be set and these would directly affect the economic and social situation of the Member States. Industry, too, now knew exactly when free movement would become operative and it could consequently plan its production accordingly.

Effectuating the free movement of industrial and agricultural products at the same time necessitated further progress in other areas specified by the Council in a resolution. This involved harmonization with respect to trade policies, social and regional policy, taxation, patents and a European type of trading company.

He then briefly outlined the state of progress on the Kennedy Round, detailing the line taken by the Council. The offer made by the Community concerning tropical products had been finalized after consultations with the Associated African States and Madagascar; the interests of the other developing countries had been taken into account. He concluded by saying that in making these decisions, the Council had taken a decisive step towards promoting the continuity and success of the Kennedy Round.

Under the association agreements with Turkey and Greece, the Council had particularly examined the harmonization of agricultural policies. Negotiations with Austria were still in progress. A preliminary draft association agreement with Nigeria was to be signed in Lagos on 16 July. In pursuance of Article 238 of the Treaty, the Parliament would be consulted on this subject. The responsible committees of the Parliament would also be informed of the substance of this agreement before its signature. Thus, for the first time, the procedure followed would be that advocated by Mr. Dehousse in a report which he submitted to the Parliament.

The Euratom Council had taken a certain number of decisions of which the Parliament was apprised and on which it would be able to comment when it debated the work of Euratom.

Mr. Werner closed by summing up on the problem of merging the institutions of the Communities.

Discussion between the Parliament, the Councils and the Executives

All those who spoke stressed how much Mr. Werner had con-

tributed towards ending the paralysis of the Council. Speaking for their political groups, however, Mr. Illerhaus (Christian Democrat, Germany), Mr. Vals (Socialist, France) and Mr. Pleven (Liberal, France) all emphasized that the free movement of goods presupposed not only that customs barriers would be removed but that fiscal and administrative frontiers would, too. The effects of the crisis were still being felt. There was a considerable leeway in many spheres for instance, in regard to the free movement of services, transport policy, energy policy, regional policy, social policy and the common trade policy. It was not altogether evident how the bridge from Customs Union to Economic Union was to be crossed. This was the crux of integration and the Community would be unable to carry out its task and dispel any tension that might arise unless its constitutional structure was sound and unless it was consolidated. But no progress had been made over the past six months either regarding relations between the Council and the Commission (the Seven Point Agreement of Luxembourg had still not been discussed with the Commission) or regarding the position of the European Parliament.

Mr. Pleven asked if the Council agreement on the rotation principle meant that the EEC Commission would change presidents every two years. This would create instability in the direction of EEC affairs which would be nearly as serious as setting up an assembly control - to which a certain number of Parliamentarians took exception.

Mr. Pleven considered that the weakness of the Community's present constitutional structure was its lack of democratic strength. The three political groups were quite determined to exercise the rights of the Parliament to the full vis-à-vis the Commission. Indeed, it was for the Parliament to exercise control over the Executives.

Mr. Vals considered that democrats in the Community, including members of the Socialist Group, would soon have to decide whether they could continue to promote European integration if the increase in the powers in the European Parliament failed to keep pace with the increase in the responsibilities of the Community. The regulation on financing the common agricultural policy allowed for no real control at present because the national Parliaments would not be able to comment in time with a full knowledge of the facts.

The question of the outward-looking character of the Com-

munity was also discussed. The association with Nigeria and Mr. Werner's statement that the responsible Committees of the Parliament would in future be informed in advance, attracted favourable comment. Mr. Pleven asked what were the association or accession prospects for other countries. Speaking for his Group, he supported association with Spain, a view endorsed by Mr. Aigner (Christian Democrat, Germany) who stressed that Europe had nothing to gain from a revolutionary situation developing in Spain, for there were good grounds for hoping that it would evolve towards democracy.

Mr. Schuijt (Christian Democrat, Netherlands) felt that politically the Communities had received their coup de grâce on 11 May. The Community, however, had another crisis on its hands. This stemmed from the tension between the steady technocratization of the Communities and the vivid awareness of the national and European Parliaments of their democratic responsibilities. The Dutch Parliament wondered if the time had not come to invoke Article 6 of the Dutch law ratifying the Treaties of Rome which require the Government to obtain the Parliament's approval for measures taken to enforce these Treaties. It was very reluctant to do so because this could paralyse Community discussions on the Brussels Council. This procedure would, of course, have to be adopted only on a provisional basis pending a wind of change in Brussels.

Mr. Schuijt felt that at present the Communities had been reduced to the status of an economic and technical enterprise. The Community's stock had fallen as far as it could go but even so, the venture was worth persevering with, if Europe was not to be left behind in the revolutionary development of the modern world.

The apoliticism which now characterized the Communities was seriously liable to induce European MPs to spend most of their time on national parliamentary work for the simple reason that the European work was so technical that it could hardly hope to capture the imagination of those Europeans who took an interest in politics. This was why the European Parliament had to take the maximum advantage of all its opportunities under the Treaties and organize its work as efficiently as possible by centralizing it.

Necessity had resulted in the Secretariat of the European Parliament remaining provisionally in Luxembourg when the merger of the Executives was negotiated; the speaker asked whether the NATO crisis was not a good opportunity for transferring political and economic functions to Luxembourg.

Speaking of social policy, Mr. Bersani (Christian Democrat, Italy) complained that no action had been taken on behalf of the Sicilian Sulphur Mine workers. He suggested that the Council convene a meeting which would include the labour ministers from the Six to examine the social situation in the Community and draw up a social policy programme for the EEC.

Mr. Marjolin, Vice-President of the EEC Commission, said that it was encouraging to the Commission to note that all the speakers had stressed that the Commission had played its part in the conclusion of the agreements of 10 and 11 May. Whatever the weight of these agreements in the political balance, it was undeniable that they would bring considerable benefits both to European factories and to European farms. It was true that more headway had been made on the free movement of goods than on the Economic Union. Hence the Commission was eager to have the Opinion of the European Parliament on the medium-term economic policy programme for 1966-70.

Although the Agreements of 10 and 11 May upset the institutional balance within the Communities, the Commission had not thought fit to withdraw its proposals, hoping that more favourable circumstances at some future date would make it possible for it to recoup what it had provisionally been forced to surrender.

Mr. Werner, President in Office of the Councils of Ministers stated in his reply to the Parliament that although the balance-sheet of the work done by the Councils could be regarded as sound, this was purely relative. The problem had been to save the Community and the cost had been a certain leeway. Yet this had been advantageous up to a point: the agreements of 10 and 11 May struck a slightly better balance than any which could have been reached on 30 June, because difficulties would subsequently have arisen; it had been possible in the meantime to deal with these difficulties as part of a comprehensive settlement.

The fact that the agricultural policy was to be spelled out to the last detail presupposed a certain design for economic policy generally. Starting with agricultural policy, an overall economic policy would follow automatically and the relevant decisions in other spheres under discussion would follow as a matter of course. This was true of the Kennedy Round. The Community proposals were the beginning of a Community foreign policy especially as regards assistance in terms of foodstuffs. It was not

possible to solve all the problems at the same time; hence a scale of priorities had to be laid down. Europe would have to deal with scientific research on a large scale, once the present progress was consolidated. Mr. Werner hoped that decisions towards hammering out the common energy policy would be taken in the near future. The delay in formulating the social policy stemmed from the limitations laid down by the Treaty. A larger Council would meet after the summer recess to discuss social problems.

Institutionally speaking, progress in recent months had not been very dramatic. Speaking in his personal capacity Mr. Werner stated that the Parliament and its members should under present circumstances make the fullest possible use of the opportunities to exercise indirect control open to the national Parliaments. He favoured frequent consultations between the Parliament and the Council and he felt that the Councils should as often as possible make themselves available for fruitful discussions. The present balance between the constitutional powers of the institutions should be re-examined when the Community had its own revenues. As to the Parliament's power of control, this should be adapted as the budgets of the Community changed in scope and scale.

The rotation principle for the Presidency of the Commission was, he felt, sufficiently flexible to preclude prejudice to its operation. This principle would be more acceptable because there would be just one Commission and it would mean that the different nationalities could more easily be represented on it.

Mr. Werner concluded by saying that the last crisis had served to show that the links between the Six could no longer be broken and that it was no longer possible simply to sacrifice the Community. The powers of the Commission and of the Council had been laid down in a Treaty and none of the Six had formally requested that this Treaty should be changed.

7. World cereals agreement

On 28 June the European Parliament discussed problems connected with the world agreement on cereals, regarding which negotiations are at present under way in the Kennedy

Round, in the light of an interim report (1) submitted by Mr. Lütcker (Christian Democrat, German Federal Republic) on behalf of the Agricultural Committee.

Mr. Lütcker stated that his report had been rendered necessary by the Brussels agreements of 11 May and by the decisions taken by the EEC Council at the 13-14 June session on the position to be adopted by the Community towards the agricultural negotiations in the Kennedy Round. Mr. Lütcker hoped that the European Parliament would discuss those problems in public, particularly with a view to laying down the general lines of the policy the Community ought to pursue. He therefore invited the Parliament to approve a proposal for a resolution dealing inter alia, with the objectives and procedures established by the Council and outlining the broad policy lines to be followed in the cereals sector.

Mr. Pedini (Christian Democrat, Italy), Chairman of the External Trade Committee, then took the floor. He pointed out that his Committee had not considered it its duty to express its opinion on an interim report on a problem that was still in the formative stage. He had made a request in writing for a further discussion on how powers for the Kennedy Round should be allocated.

Mr. Kriedemann (Federal German Republic) spoke for the Socialist Group. He had some reservations to make on Mr. Lütcker's report and put forward an amendment calling for the suppression of paragraphs 6 and 7 of the proposal for a resolution, in view of the importance of solving the problem of stabilizing cereal prices. Finally he asked that financial contributions should once again be considered in relation to the degree of self-sufficiency.

Mr. Sabatini (Christian Democrat, Italy) felt that this problem was one that fell within the competence of the Agricultural Committee. He opposed the amendment put forward by Mr. Kriedemann because the issue was not one of exposing European agriculture to world competition but of protecting the earnings of European farmers by means of a sufficiently high international reference price and of solving the problem of surpluses.

Mr. Boscary-Monsservin (Liberal, France), Chairman of the Agricultural Committee, stated that the European Parliament should carefully follow up the initiatives of the

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Council. Now that the Council had made known its intentions regarding the Kennedy Round it was the Parliament's duty to adopt the resolution proposed by Mr. Lücker. This - he pointed out - dealt with the internal organization of the market and relations with non-member countries. Indeed the Community wanted to standardize relations with these countries and to achieve price stability, giving aid to those who needed cereals.

Mr. von der Groeben (EEC Commission) emphasized the importance of the agreement on the common agricultural policy which had been the outcome of difficult negotiations. The Geneva negotiations would throw a clear light on this problem; at the moment the EEC could not anticipate the reactions of the others taking part in the negotiations. Finally he dwelt on the valuable rôle played by the degree of self-sufficiency in the financial policy mechanism.

The debate wound up with replies from Mr. Lücker and Mr. Kriedemann. Mr. Lücker was in favour of a compromise as between the Agricultural Committee and the External Trade Committee in regard to competence on agricultural problems in the Kennedy Round. Mr. Kriedemann opposed the amendment, re-affirming his point of view and insisting that paragraphs 6 and 7 of the resolution should be omitted.

Put to the vote, the amendment proposed by Mr. Kriedemann was rejected. In the course of an explanation as to the voting, Mr. Kriedemann announced the opposing vote of the Socialist Group on the draft resolution. This was, however, adopted by the Parliament.

In the resolution the Parliament states: (i) that the structural imbalance between supply and demand is the cause of the disparity between the prices of agricultural products and those of industrial products; (ii) that agricultural products account for a high proportion of total world trade; (iii) that the economic and social progress of many developing countries depends on how international agricultural problems are tackled; and (iv) that the consequences of imbalances in world agricultural markets cannot be wiped out by trade policy measures since their origin lies in the domestic agricultural and economic policies of individual countries.

In the light of the above, the European Parliament (i) hopes that the States will integrate their individual policies into an international system with a view to sol-

ving all these problems; (ii) stresses the need for stabilization of world agricultural markets on the basis of world agreements; (iii) is in favour of a method in which the binding of the margin of support forms the essential element of international agricultural agreements on the prices of certain products (cereals, sugar, vegetable oils, meat and dairy products); (iv) is gratified to note that negotiations for a world cereals agreement have already begun in the Kennedy Round; (v) approves the standards proposed by the Community for establishing levels of world reference prices for cereals; (vi) hopes that support margins will be established not for three, but for two years; (vii) considers that the Community cereals prices fixed on 15 December 1964 should be reviewed before support margins are definitely bound; (viii) hopes that world agreements will include regulations for the storage and utilization of surpluses as well as for their financing; (ix) hopes that such agreements will also make provision for regulations on common aid in the form of food to developing countries, as well as for its financing; (x) accepts the proposal that financial contributions under this head made by the various contracting parties should be related to their degree of self-sufficiency.

8. The European Parliament's income and expenditure estimates for 1967

At the open session held by the European Parliament on 28 June 1966, the report by Mr. E. Battaglia (Liberal, Italy) was examined. This was drawn up for the Budget and Administration Committee and dealt with the European Parliament's income and expenditure estimates for 1967 (1). The relevant figure for 1967 was 7,543,900 account units as against 6,647,670 in 1966 - an increase of 896,230 account units. Among the increased appropriations in these estimates, the main ones to be noted include the adjustments in staff salaries in pursuance of the service regulations; the numbers of staff remained virtually unchanged. The estimates also included a contingency reserve of 290,000 account units ear-marked for the rent and costs of the Kirchberg building in Luxembourg which is, inter alia, to accommodate the whole of the European Parliament's Secretariat.

(1) Doc. 84/1966-67

The rapporteur stressed that there was still no detailed information available concerning the Secretariat's move so that it was impossible to estimate how much would have to be appropriated for this purpose. This was why the Parliament had, for the first time, adopted the reserve fund procedure; the contingency reserves in question will not become appropriable at the request of the President of the Parliament unless the Budget and Administration Committee considers this necessary. The rapporteur suggested that the daily allowances for travel and subsistence for the Members of the Parliament should be raised.

When this report was debated, Mr. Battaglia recalled that the budget head "assistance and subsidies" included 6,000 account units for scholarships. It asked the Bureau to lay down the procedure for the award of scholarships as soon as possible; provision for the granting of scholarships was made under the Robert Schuman Fund. Mr. Dichgans (Christian Democrat, Germany) stated that the sum of 5,000 account units to be appropriated for improvements to the quarters of the European Parliament, its institutions and of the departments of the General Secretariat in Strasbourg seemed to him to be rather small. He asked the President of the Parliament to give this matter his active attention, to get in touch with the Council of Europe in Strasbourg and to ensure that construction plans be drawn up, if necessary with the help of extra funds.

Following the debate the Parliament adopted a first resolution passing its estimates, although it stressed that the application of the Treaty merging the Executives and the Councils might necessitate a supplementary budget. The Parliament passed a second resolution under which it decided to increase the subsistence allowance paid to members.

9. Statement by Professor Walter Hallstein, President of the EEC Commission (Introduction to the 9th General Report on the activity of the Community)

Addressing the European Parliament on 29 June, Professor Walter Hallstein, President of the EEC Commission, made an introductory statement on the EEC's annual report. Professor Hallstein made no reference to the major event of the period under review, the crisis, because this had been dealt with at length by the Parliament on 24 September, 20

October, 25 November 1965, 20 January and 9 March 1966.

He reviewed the first two stages, now completed, in building the Common Market and this was in response to a request made by the European Parliament on 10 March 1966 when it had called for "a report to be submitted at an early date on the results achieved by the Community in the second stage of the transition period seen in comparison with the Action Programme drawn up by the Commission in October 1966 and the working programme laid down by the Council of Ministers in conjunction with this."

He emphasized that the Community had come through to the end of the second stage and had gone on to the last stage in the transition period on schedule despite the crisis and despite the political and institutional clashes. He felt that the institutions and the Community bodies created by the Treaty had by their teamwork proved equal to the duties assigned to them under the Treaty in the second stage. It had been seen that they were absolutely essential for the construction and administration of the Community. Either the institutions functioned as prescribed by the Treaty in which case the Community could make progress or they did not function and the Community was doomed to stagnation. He stressed that careful attention had to be paid to the future development of the institutions. It was essential for the Parliament to exercise control, clearly and sensibly even though the expected consolidation of its powers had not yet come about.

He went on to speak about the Customs Union which was to be completed on 1 July 1968. The European Customs Union would thus have taken 9½ years to complete; for some this was too quick a tempo, for the others it had been too long a period. The EEC Commission took the latter view; indeed the date it had proposed in its Action Programme had been 1 January 1967. It had, however, proposed 1 July 1968 as a compromise solution in its latest proposal on this subject.

The Community had been able to make little progress in removing fiscal frontiers; this was the second general obstacle to the free movement of goods. It had from the beginning been foreseeable that progress would be slow here. The Commission had made clear in its Action Programme that the removal of fiscal restrictions could not be achieved solely by the abrogation of specific frontier measures but called for a common policy, as in the case of agriculture. The work done in the second stage had

thus enabled the Council on 11 May 1968 to take a decision in principle on the finalization of the Common Market through the removal of all economic obstacles and this would, above all, include the progressive abolition of fiscal frontiers.

Professor Hallstein spoke of the freedom of movement of workers, freedom of establishment and to supply services; he then went on to discuss competition policy. As the regulator of the economy, competition had a decisive rôle to play in the large European market. Hence the problems of competition policy were among the most important facing the Community. The problem began with the changing structure of the economy and hinged principally on the size of firms. The EEC's action programme had been geared to preventing agreements liable to restrict trade and to prevent the misuse of dominant positions on the market. This aim was still relevant and the Commission had, as planned, amplified its cartel policy and made clear its position on the question of firms dominating the market.

It had become quite clear that a single European market called for enterprises on a much larger scale. Competition both within and outside the Community predicated an increase in the size of firms to be achieved by amalgamations, mergers, joint ownership and the creation of subsidiaries. In many cases this was not only desirable but absolutely vital; indeed technical progress often hinged on the size of a company. The opening-up of the markets and change in the structure of the economy were justifiable only if the competitive conditions obtaining between the Six Member States were standardized on the necessary scale.

Also important were those areas of policy that had implication for the economy as a whole. The founding of the Community had created new prospects for short, medium and long-term economic policies. The Commission had, from the beginning, paid great attention to the crucial factors of rapid expansion, steady price levels, containment of cyclical fluctuations and national and regional imbalances and had made these the essence of its 1962 action programme. The economic difficulties that had arisen in 1962 and 1963 during the second stage had demonstrated that a common short-term economic policy for the Six was indispensable in the long run.

Community-level discussions had been held with the responsible authorities of the Member States on the monetary

committee, the short-term economic committee and the committee for budgetary affairs. The opinions of these various committees had helped considerably towards understanding the situation. The Commission had conducted various enquiries and drawn up several reports. The EEC Council's recommendations to the Member States issued in 1964 and 1965 had been the first direct action taken on cyclical policy and had been a remarkable success for the Community. It had been in co-ordinating economic policy and cyclical policy that the greatest progress had been made.

Developments on monetary policy had been slower than had been anticipated in the Action Programme. The main reason for this had been political difficulties beyond the control of the EEC Commission.

On social policy, Professor Hallstein stressed that the Commission was restricted by its relatively narrow terms of reference under the Treaty and this raised considerable technical difficulties. The Governments refused to discuss social questions at the Community level but dealt with them as a national matter and this was an attitude hardly consistent with the spirit of the Treaties of Rome.

On agricultural policy, rapid progress had been made and, to some extent, this had been more than had been anticipated in the Action Programme, especially as regards price policy. Soon after publishing its Action Programme, the Commission had recognized that the gradual approximation of farm prices originally proposed could not be achieved. Hence in its cereal price proposals in 1963 it had struck a different course and asked for approximation in a single stage. This new principle which found expression for the first time in the Council decision of 15 December 1964 had been adopted for all the more important agricultural prices proposed by the Commission and had become the basis of the present Council deliberations. Another main feature of the common agricultural policy - how it was to be financed - had, for political reasons, been very much in the foreground. After a lot of ups and downs this problem had been successfully dealt with and a settlement for the period up to 1969 had been worked out.

Not as much progress had been made on the common transport policy in the second stage as the Commission had hoped for. The reason why the integration of transport was progressing so slowly was not the political and institu-

tional differences of opinion between the Member States. Apart from the economic difficulties, what was lacking was a constant all-round thrust forward to achieve rapid unification.

As for external relations, the Commission had, during the second stage, acted on the principle that the Community should be outward-looking. Not all the action taken in this sphere had been successful. The main feature had been that the Community had become involved in the Kennedy Round. This had been an important experience for the Commission. European integration and independence viz: equal rights were inseparable. In this connexion, Professor Hallstein recalled the major Council decisions taken on Commission proposals on 23 December 1963 and in November 1964 which laid down the Commission's negotiating mandate for industry and for agriculture in a rather new and original way. The outcome of these negotiations was crucially important for expanding world trade, improving intra-European economic relations and making firms in the Six more competitive.

The anticipated enlargement of the Community had also failed to materialize in the second stage. The concern about the Community which was evident in third countries during the crisis had shown that they regarded the Community, to an ever-increasing extent, as the only possible form of constructive economic integration for Europe. There had only been one success in this field and that was the Association with Turkey. The conclusion of the current negotiations between the Community and Austria would be a further success.

With reference to enlarging the Community, the accession of the United Kingdom to the Common Market was still highly relevant. There was, of course, still a series of political questions affecting further developments but what was decisive was whether solutions could be found to a series of difficult economic problems. The Commission would welcome a new approach from the United Kingdom to accede to the Treaty of Rome.

It would be premature, said Dr. Hallstein, to set out in detail where the main emphasis should lie in the work for the third stage. There were still, however, certain points that would be in the foreground in the immediate future: common agricultural policy measures, decisions on the future progress of the Kennedy Round, progress on harmonizing customs law and customs administration, fiscal adjustments and a new drive towards creating the Economic

Union.

Professor Hallstein described it as dangerous to dismiss economic and social factors as purely technical. Bringing about economic unity was no end in itself. What was historically decisive was not the satisfaction of material interests; it was that Europe should come to regard the collective need as a common responsibility. "Integration means action. Co-operation is the essence of European policy as it is the essence of any policy." It was with these words that he concluded his address.

10. Equal pay for men and women

On 29 June, the European Parliament discussed a report by Mr. Berkhouwer (Liberal, Netherlands) drawn up for the Social Committee and dealing with the application of Article 119 of the EEC Treaty which concerns "the principle of equal remuneration for the same work as between male and female workers."(1)

Before submitting his report, Mr. Berkhouwer recalled that Article 119 imposed no specific obligation upon the Member States. It was rather an obligation that they assumed on a reciprocal basis. If the obligation were not respected by one or other of the Member States, the problem arose as to how the State concerned could be induced to respect it.

A detailed analysis of the situation in the Member States showed that despite progress made, there was still no guarantee that all discrimination on this point had been eliminated or that the principle of equal pay had general currency. Indeed both the EEC Commission recommendation of July 1960 and the resolution passed by the Conference of the Member States on 31 December 1961, opted for a rather wide interpretation of Article 119, to wit that all implicit or explicit discrimination with respect to women's pay had to be eliminated before the end of the first stage. But the EEC Commission's report to the Council on how Article 119 was being applied (submitted on 31 December 1964) drew the conclusion that while women's pay had increased in the foregoing period at a fas-

(1) Doc. 85/1966-67

ter rate than men's pay, the principle of equal pay was not being fully applied in any one of the Member States. The Social Committee also reviewed progress on the application of Article 119 since 31 December 1964. The same picture emerged. The report reads: "the issue of equal pay cannot be considered as settled. At all costs we must avoid creating such a dangerous precedent." To conclude, the Social Committee considered that it was for the Parliament to exercise a political function in this matter and in its general function of supervising the bodies responsible for implementing the provisions of the Treaty of Rome.

The resolution which the Committee tabled was therefore an "urgent appeal" to the Governments of Member States to take the necessary action; to the national parliaments, to make firm use of their powers of control over their governments by pressing them to give Article 119 its full application and to implement the resolution of 31 December 1961; the social partners to include the principle of equal pay in all collective agreements.

The resolution also called upon the governments that had failed to do so, to initiate the procedure for protecting the principle of equal pay in law and to ratify Convention 100 of the International Labour Organization.

The Parliament likewise called upon the EEC Commission to submit proposals by 31 December 1966 at the latest, to guarantee full respect of the principle of equal pay; the Commission should also continue to draw up a yearly progress report with regard to the implementation of Article 119 and make an enquiry into job categories, take a census of the training courses available to female workers and of full and part time women at work in order to discover the reasons standing in the way of equal pay for men and women.

Mr. Müller took the floor on behalf of the Christian Democrat Group. He emphasized the wide interpretation which the Commission had given to Article 119 in its 1960 recommendation. This had been confirmed by the 1961 resolution. He particularly endorsed the appeal addressed to the governments and to the social partners.

Miss Lulling (Luxembourg), speaking for the Socialist Group, felt that the strike by female workers at Herstal had shaken public opinion far more than the resolutions which the Parliament had been adopting since 1958 with regard to the application of Article 119. She found it

regrettable that the EEC Commission had done no more than "recording" that the Treaty had not been applied instead of recording that it had been violated under Article 169 or Article 175 which would allow the Commission to refer the matter to the Court of Justice.

In reply to Miss Lulling, Mr. Levi Sandri stated that before establishing that the Treaty had been infringed, it would be preferable to try to bring pressure to bear on the States by persuasion. There were, moreover, certain States that were applying Article 119 in full whose position was legally and constitutionally unimpeachable. Other States had gaps in their legislation; but in fact wage disparities were the same in both types of case. It was to be concluded that the course followed to date was therefore the right one.

At the close of the debate the Parliament unanimously adopted the resolution tabled by the Social Committee (1).

11. Industrial health at the level of individual firms in the three European Communities

On 29 June, the European Parliament discussed the action taken by Member States in pursuance of the EEC Commission recommendation on industrial health at the level of individual firms in the three European Communities. The basis for the discussion was a report drawn up for the Health Protection Committee by Mr. Bernasconi (EDU, France).

The recommendation was issued on 20 July 1962. It required the Member States to inform the Commission, within two years, of the action they had taken on industrial health. The Commission for its part wrote regular reports on its findings and it was on the first of these that the Bernasconi Report was based. Mr. Bernasconi also covered the period after 31 December 1964 when the first EEC Commission report appeared, for there had been appreciable changes since that date. Similarly he did not restrict the scope of his report to the EEC but also looked into the situation in the two other Communities,

(1) Resolution of 29 June 1966.

anticipating the merger of the Executives and its implications for this particular sphere.

Mr. Bernasconi's main attention was on the legal aspect; he studied the position in the Member States, making a comparison of the requirements which industrial firms have to conform to. More generally too, he looked into how medical assistance is provided in individual firms. Four of the Member States - France, Belgium, Luxembourg and the Netherlands - have laws governing this sphere and, by and large, these laws are in line with the Commission's recommendation. Italy and Germany on the other hand appear unable to decide as to how they should proceed. Italy has just rejected a bill which has been in preparation for fifteen years and she is now starting again from scratch. In Germany the system of voluntary agreements which has been operated so far has been found wanting in practice and there is also the danger that differing laws will be introduced in each of the eleven Laender. Even in those countries where industrial health is governed by law, industrial health staffs and equipment are far from being adequate.

It would therefore be desirable for Italy and Germany to abide by certain principles when they come to formulate laws; these should in any event have to be taken into account when the laws of the Member States are approximated. Then again, with the merger of the Executives in the offing, to be followed by a fusion of the Treaties, the Health Protection Committee considers that the requirements laid down by Mr. Pêtre in his report on the implications on industrial health and safety at work of the merger of the Executives should also be endorsed with respect to industrial health at the level of individual firms. Mr. Pêtre stressed in his report that if any progress were to be made, staffs would have to be increased and more money made available.

Mr. Bernasconi asked the Parliament to pass a resolution calling on the Member States that are lagging behind to take appropriate legislative measures. All the Member States should become more active in this sphere. The Community institutions should look into this matter more thoroughly and allocate more staff and money to deal with this problem.

Mr. Santero (Christian Democrat, Italy) took the floor in the debate to say that the recommendation issued by the EEC Commission in 1962 was based, as was ILO recommendation No. 112, on the principle that workers should be

protected against health hazards at their place of work. He felt that the industrial health officer should not be a practising physician because he had to be able to keep a permanent check on health. He had to be technically and morally independent and subject only to the control or supervision of a works inspector. For this reason Mr. Santero advocated that prospective industrial health officers should specialize in this branch while still at the university stage.

Mr. Levi Sandri, Vice-President of the EEC Commission, felt that organizing industrial health on a legal basis was the best way to achieve results. The measures taken by some of the Six, notably Germany, in the directive of 10 June 1966, on the creation of health services were based on the Community recommendation.

At the close of the debate the Parliament passed the resolution tabled by the Health Protection Committee (1).

12. EEC - supplementary estimates for 1966

On 14 June 1966 the Council referred to the Parliament a first supplementary budget for 1966. The funds requested totalled 3,001,100 account units; the purpose of the supplementary estimate was to enable the Community to intervene to deal with certain epidemics threatening livestock in the Member States.

Mr. Charpentier (Christian Democrat, France) was appointed rapporteur on this question by the Budget and Administration Committee. On his proposal, the Parliament passed this budget at its open session on 29 July 1966 (2).

13. GATT negotiations

On 29 June the European Parliament discussed the progress made in the Kennedy Round in the light of an interim re-

(1) Resolution of 29 June 1966.

(2) Doc. 81/1966-67.

port (1) submitted by Mr. Kriedemann (Socialist, German Federal Republic) on behalf of the External Trade Committee.

Mr. Kriedemann felt it was advisable that the European Parliament, following the EEC Council session of 13-14 June, once again make known its views on the Geneva negotiations before the final phase was embarked upon. At the present stage of the negotiations it was not, however, for the Parliament to discuss precisely what decisions should be taken in the matter. The External Trade Committee therefore proposed to adopt a motion for a resolution without prior discussion.

Mr. Pedini (Italian Christian Democrat), Chairman of the External Trade Committee, shared Mr. Kriedemann's views as to the importance of the Kennedy Round, and added that his Committee would present a final report on the negotiations in October.

In the course of the debate Professor Levi Sandri, Vice-President of the EEC Commission also took the floor. He stated that the Commission endorsed the position adopted in the resolution, and that collaboration between the Commission and the External Trade Committee would continue in the coming months in which the negotiations would enter upon their decisive phase.

The European Parliament therefore adopted a resolution in which it (i) expresses its satisfaction at the decisions on agriculture taken by the EEC Council in the session of 13-14 June, (ii) notes that the Commission and Council have undertaken jointly to agree on the approach to be adopted by the Community to decisions still to be taken in the agricultural sector, and (iii) draws the attention of all participants of the Kennedy Round to their common responsibility.

14. Statement by the Euratom Commission

Speaking in the Parliament on 30 June, Mr. Carelli, Vice-President of the Euratom Commission, made an introductory statement on the Ninth General Report on the activities of the European Atomic Energy Community. He said that

(1) Doc. 90/1966-67.

the harnessing of nuclear energy to the needs of industry was today an accomplished fact. There could no longer be any doubt as to the chances of producing electricity at competitive rates by means of nuclear power stations. There was a growing interest in this energy factor, both from the economic and industrial standpoints, in all the Member States. The interest evinced in large-scale power stations was due to the fact that costs per unit fell more rapidly as the number of units increased in the case of nuclear power stations than with generating stations of the conventional type. The response to calls for tenders made by electricity producers in 1965 had shown that European industry could compete with foreign industry both within and without the Community to great advantage. He paid tribute to the work done by research workers, technicians, industrialists and the public authorities since 1957. There was still much to be done, of course. It was still necessary to create the conditions that would give the Community's nuclear industry a structure that was in keeping with the new market that had come into being.

Mr. Carelli then discussed the factors that would dominate this wider market in the nuclear sphere. Article 40 of the Treaty establishing the European Atomic Energy Community laid down that: "... the Commission shall publish, at regular intervals, programmes indicating in particular targets for nuclear energy production and the investments of every kind required for their achievement." Nuclear energy had entered its industrial age. Thus the Commission had published the final text of its first indicative programme for 1970-1980. The indicative programme had to stretch over a sufficiently long period to allow for an orientation of investments. The first indicative programme did not hinge solely on the application of nuclear energy to electricity production. Even supposing that nuclear energy production expanded in the fastest imaginable way, the consumption of fuels in conventional generating stations would at least double between 1965 and 1980.

Mr. Carelli then stressed the need to avoid partitioning nuclear industries within the limits of national markets if the full benefits were to be gained from a vast Community market. The Commission was currently preparing a document on a common industrial policy.

Industrial activities in the nuclear sphere were still, and would be for a long time, dependent on scientific research. 1965 had seen the end of the negotiations on

recasting the second five year programme on scientific research. The financial resources of the Community had made it possible for it to concentrate on priority projects such as the Common Research Centre, the Orgel Project and "Rapid Reactors."

The wherewithal and the opportunity for a Community policy on scientific research were to hand, provided the experience gained by Euratom was borne in mind. To be effective, a research policy had to be protected against any break in continuity due to budgetary hiatuses. He concluded by stressing that the Treaty made it possible to tackle the problems linked to the expansion of an industry based on complex and highly evolutive techniques.

15. Euratom policy and European scientific policy

At a recent session of the European Parliament, Mr. Gaetano Martino raised an oral question involving a debate (1). He had, on behalf of the Liberal and Allied Group, addressed a question to the Euratom Commission on a statement made to the press on 28 April 1966 by the President of that Commission. The statement made by Mr. Chatenet, Euratom President, had appeared as expressing the judgement of the President of the Euratom Commission on the operation and achievements of that Community.

Mr. Gaetano Martino analysed the work done by Euratom. He regretted that Mr. Chatenet even appeared to have doubts about the value of Euratom. It was, he said, a valuable means of pursuing and promoting scientific research, a field in which Europe was lagging far behind the USA and the USSR. Euratom had to be turned to advantage and transformed into a Community for scientific research in order to make good this leeway.

Mr. Martino concluded by saying that his Group asked the European Parliament to pronounce on a draft resolution to this effect (2).

Mr. Pedini then referred to an oral question without debate (3) that he had put to the Euratom Commission on the

- (1) No. 3/1966-1967
- (2) Doc. 94/1966-67
- (3) No. 4/1966-1967

statement quoted by "Le Figaro": "Either Europe will assume the dimensions of reality in the field of nuclear energy, space research, aeronautical engineering and computers or it will not materialize at all." Mr. Pedini asked whether Mr. Chatenet had made this statement on his own behalf or in his capacity as President of the Euratom Commission. If the latter, Mr. Pedini asked what were Euratom's plans concerning the integration of that Community within the single Executive which would come into being in the very near future.

Mr. Chatenet, President of the Euratom Commission, replied as follows:

He began by saying he had been correctly quoted in "Le Figaro" and that he had been speaking in his personal capacity. To dispel the pessimism which he read between the lines of the questions put by Mr. Martino and Mr. Pedini, he stressed that it was his duty to tell the general public and the European Parliament the truth. On the basis of a number of objective considerations, he analysed the situation, drawing from this, reasons for concern and grounds for hope. Euratom had been criticized both for what it was doing and for what it had achieved in the way of results. This was to be expected because any action called for criticism. But there were other more serious criticisms; they were more serious because they appeared to make participation in Euratom a matter for question. He quoted recent statements made by Mr. Fanfani to the Italian Senate. It had also to be remembered that it had taken fourteen months to recast the second five year programme, the work being finished only in May 1965. The second programme ran out on 31 December 1967. Thus a solution had to be found when it came to drawing up the third five year programme. Even so, Euratom had continued to progress during a period when the Communities were going through political difficulties. He paid tribute to all his collaborators who had continued their work with unflinching diligence.

He stressed that what was said was immaterial. What mattered was what lay behind what was said. There were first of all the difficulties resulting from the realities of the situation - the discrepancy between the Member States in the matter of the peaceful uses of nuclear energy. These had moreover been analysed in a report by Mr. Pedini in 1964. He recalled that: "the interest co-efficient for Euratom" was, in the very nature of things highly variable. There was thus the heterogeneity of the Community reality and this was the first

difficulty facing action by the Community and the authority of the Community. Perhaps some other basis than financial participation should be found for the work of co-ordination.

There were also the difficulties arising from circumstance. It would have been much easier and much more reasonable from Euratom's standpoint if the Common Market had been operational already when the Euratom Treaty was signed. The treaty had been signed against the background of the Suez crisis when there was an energy shortage. The fears then rife had proved groundless. Lastly, in terms of the institutions, the Euratom Commission had always asked that the Executives be merged. As to the effect of institutional difficulties on the work in progress, he thought that the formula of a joint research programme had been relied on too exclusively. Under this dispensation, the unanimity rule had to apply together with the universality of the programme and the uniformity of the apportionment key. This was in a way like trying to square the circle. Only political determination could resolve such difficulties.

As to reasonable hopes for the future, the Euratom President felt that the merger of the institutions would help solve many problems. Efforts should be concentrated on joint objectives when they were to be jointly financed. The Common Research Centre, the first Community achievement, should take precedence here. More flexible arrangements had to be made especially with regard to the financial apportionment key. One essential for the future was that Euratom had to increase the scale of its work. To say that "Europe will materialize in the fields of nuclear energy, aeronautical engineering, space research and computers or not at all" meant that it was essential to determine whether viable positions were to be gained in the key sectors of a twentieth century economy. This was why he approved the ideas underlying Mr. Martino's resolution and the French memorandum on the need for a European scientific policy and for the first Euratom indicative programme.

The present framework was only one stage. The Europeans of the future would judge us by what we achieved and not by our theories and formulae. He concluded by recalling that Europe had yet to materialize at the summit but was already assuming a concrete shape at its base. Hence the Europe of realities was coming into being and this was consistent with the reality that was Europe.

Mr. Oele, speaking for the Socialist Group, said that Mr. Chatenet appeared to think that Euratom could be compared to a boat that had an efficient engine but which "used too much fuel." He would be disappointed if anyone wanted to "change the engine."

Mr. Pedini again took the floor to ask why Euratom had not cleared up the anomalies referred to. He pointed out that Mr. Fanfani had made a general review of relations between Italy and the Community. He stated that members of an Executive Commission should abstain from making personal statements.

Mr. Martino said he preferred to lay stress not on Euratom's difficulties but on what it had achieved.

Mr. Chatenet said in reply to Mr. Pedini that the anomalies in question stemmed from the discrepancy between the national efforts over which Euratom had no control. He did not agree that members of an Executive could not and should not express personal opinions. He said to Mr. Martino that he, too, was searching after truth.

Mr. Illerhaus deplored that members of the same Commission should express different opinions in the press. Mr. Metzger felt that personal statements should not be inconsistent with the official positions assumed by the Executives.

Mr. Gaetano Martino, speaking for the Liberal and Allied Group, called for an immediate vote on the draft resolution which he tabled urgently on a European common scientific policy.

Mr. Catroux, Chairman of the Research and Cultural Affairs Committee, asked that the whole matter be referred back to the Committee.

Mr. Pleven, speaking for the Liberal and Allied Group, stated that such an important debate could not conclude without an immediate vote. The amended draft resolution called upon the governments to enlarge the terms of reference of Euratom to embrace a European scientific policy. That this was a matter of urgency was obvious.

Mr. Oele, for the Socialist Group, favoured a reference back.

Mr. Gaetano Martino proposed a compromise. He asked that the second half of the second paragraph be struck

out in the draft resolution.

Mr. Catroux, Chairman of the Committee for Research and Cultural Affairs, agreed. Mr. Schuijt was not convinced by Mr. Pleven and he asked that the matter be referred back to the Committee.

The European Parliament endorsed the request for an immediate vote.

Mr. Merten intervened for an explanation on the vote and stated that the text could give rise to confusion.

The draft resolution on a common European scientific policy, amended by Mr. Gaetano Martino, was rejected.

16. Debate on the High Authority's Fourteenth General Report on its activities

On 30 June/1 July 1966 the European Parliament dealt with the report drawn up by Mr. De Winter on the High Authority's Fourteenth General Report on its activities in compliance with the Parliament's Resolution of 7 March 1966, and voted on the motion for a Resolution submitted on this report (1).

Mr. De Winter's report comprised eight main chapters:

- I. The Common Market for coal - Energy problems
- II. The Common Market for steel
- III. Competition policy
- IV. Transport policy
- V. Investment and technical research
- VI. Social policy
- VII. Health protection policy
- VIII. The ECSC and European unification

In his report Mr. De Winter stressed that the ECSC had suffered less from last year's political crisis than the other two European Communities. It had been found that

(1) Doc. No. 87/22.6.66

the position reserved by the ECSC Treaty for the European Executive had ensured for the Community a measure of stability and continuity in periods of political crisis. This, however, applied only to current transactions; major political problems, which, in the ECSC as elsewhere, could only be solved jointly with the Governments, had not been mastered. This applied especially to major decisions on coal and energy policy.

The Rapporteur stated that during 1965 the situation on the coal market had deteriorated. Under pressure from alternative sources of supply and from coal imported from non-member countries, Community coal had been forced to yield ground. In spite of increasing energy consumption, demand for coal had dropped in the Community between 1964 and 1965 to 238m. tons, i.e. by 6 per cent. Although the pattern of coal consumption had varied widely from sector to sector, the overall trend had remained an unfavourable one. Moreover, mining costs had once again showed a substantial rise. The average increase for the Community, according to High Authority sources, had been 5.5 per cent. This cost increase had been due both to rising wages and to a general upward trend in prices in the economy as a whole. Wages had risen during the period under review more rapidly than productivity.

According to Mr. De Winter the financial situation of collieries underlined the need to steer developments in the coalmining industry by means of far-reaching policy measures. Such measures, however, could only be put into effect as part of an overall policy covering all energy sources. Trends in recent years had shattered not only the basic economic ideas on the ECSC underlying the Treaty but also the notion of partial integration confined exclusively to the coal sector. Today a coal policy could no longer be pursued in isolation but must be part and parcel of an overall energy policy.

Energy policy now stood at a crossroads. This applied especially to the problem of the Community's energy supplies, i.e. the position of Community coal. Further sacrifices would be inevitable in the coal sector; the only question was to what extent, and how rapidly, such sacrifices would have to be made. The crucial question today was whether the Governments were willing to make the necessary efforts and sacrifices to help the Community's coalmining industry. The High Authority considered strenuous efforts to be essential, and envisaged a production target for 1970 of 190m. tons of coal.

The Rapporteur then dealt with the problem of security of supplies for the Community, but only from the economic angle and not in the light of the difficulties that might arise in the event of war or a state of emergency. Nevertheless, there could be no absolute certainty regarding future trends on the world energy market. In particular it was impossible to say how the oil-producing countries would react when, as expected, demand soared and their position was correspondingly strengthened. In framing a coal policy, it would be wrong to ignore the existence in the Community of coalmines that accounted for a major part of the economy in certain areas. Over-hasty pit closures were therefore bound to have far-reaching effects on both regional and social policy. For this reason alone it should be one of the functions of economic policy to control the scale and rate of pit closures. Agreement should first be reached by Member States on the basic aims, and then on a joint approach.

After dealing with the Common Market for steel, the Rapporteur turned to competition policy. In this connexion he dwelt particularly on the activities of the two Ruhr joint coal-selling agencies and supervision of their activities. He pointed out that it would have been preferred if the High Authority had provided more details of these activities in the light of the current coal crisis. Joint coal-selling should be viewed from a different economic standpoint under present conditions - characterized by excess supply, cheaper imported coal and competing alternative energy sources - than would apply in a sellers' market. During the period under review the Community had authorized a large number of sizeable concentrations. The Internal Market Committee had criticized the dearth of details provided in the General Report in two concentrations - Veba/Stinnes AG and Flick KG/Daimler-Benz AG.

As regards trade policy, the Rapporteur stated that the ECSC had been able to make a start on a common policy in one sector. The retention of protective measures against imports of iron and steel was justified by the existing imbalance on the world market. The report also endorsed the High Authority's view that the Kennedy Round negotiations should be extended to cover all measures against dumping or equivalent to customs duties.

With regard to investment, the Rapporteur considered that the fall in investment in the coalmining industry in the last few years had gone hand in hand with the fall in output. The pattern varied, however, from one Member

State to another. The expenditure announced with respect to projects in the coalmining industry was considerably higher than that for the previous three years, although still below the level for the period 1956-61. In general, the High Authority had shown by its work in financing investment what a European institution could do when it had adequate legal and financial resources. One could only repeat what the European Parliament had already urged on several occasions, namely that the High Authority's work in the financial sphere be continued along the same lines after the merger of the Executives and that the experience of the High Authority should be taken into account in the single Treaty.

The report made a positive assessment of the ECSC's social policy. It particularly welcomed the wide range of aid to re-adaptation of workers and industrial redevelopment, as well as the strenuous efforts made to bring about closer co-operation between trade organizations. Here again the report points out that the High Authority would not have been in a position to accomplish so much in the social policy field if it had not enjoyed financial independence.

Finally, the Rapporteur dealt with the ECSC's rôle in the cause of European unification. The ECSC was not an international alliance. Inasmuch as its institutions were independent of the Governments and were endowed with real powers, and because it was itself financially independent and was in direct touch with the Six, it was constitutional in character. The Treaty endowed the institutions of the Community, and the High Authority in particular, with real, though limited, powers. Thus the Community was not empowered by the Treaty to settle the fate of the industries for which it was responsible. This was clearly borne out by the structural crisis in the coalmining industry, which was today one of the ECSC's main concerns. This crisis had shown that a number of fundamental decisions could not be taken independently of the Governments. This was why it was essential to arouse the Governments to the need for assessing Community requirements. In this respect an important rôle devolved on the Community's institutions and in particular on the High Authority, namely, as the driving force behind the Community and an honest broker to safeguard the general interest. The efforts that were being made by the High Authority to solve the current difficulties would, however, only succeed if all Governments accepted that sacrifices in the common cause would be in everybody's interest. Without this conviction the Community

could not advance in sectors for which the text of the Treaty provided an inadequate basis for action. And of such sectors there were many. There were several reasons for this: the retention of national sovereignty implicit in the Treaty, incomplete integration, and developments over the last fourteen years which had rendered certain economic concepts of the Treaty out-of-date. Under these circumstances the Community should adopt a dynamic rather than a static approach.

In the subsequent debate Mr. Dichgans took the floor on behalf of the Christian Democrat Group. He endorsed the conclusions of Mr. De Winter's report, and examined in detail the measures that would protect the coalmining industry from other energy sources. There were three ways of ensuring a reasonable level of coal production in the Community: (i) the output figure could be decided by the outcome of competition between coal and other energy sources, over which economic policy could exercise no control; (ii) a tax could be imposed on competing, imported and other types of energy sources so as to force the consumer to purchase coal; or (iii) the price of coal could be brought down to the level of competing energy sources. It was already plain that one of these alternatives would have to be decided upon and then applied in all Member States.

Mr. Dichgans stressed that an unnatural situation could not be maintained indefinitely through administrative measures. Account had also to be taken of the official market quotations of individual steel undertakings which in the last few years had fallen by two-thirds. This was a crucial factor as far as undue influence of foreign capital was concerned. Mr. Dichgans had nothing against the presence of American capital on the European market provided it flowed in under fair conditions. He therefore called upon the High Authority to treat the steep fall in market quotations as justifying action under Article 3 of the Treaty. Concentrations of European undertakings were essential in the steel industry to enable it to face American competition. Social policy was followed with great interest by the European Parliament; indeed, European integration should not be achieved at the expense of the workers.

Mr. Dichgans closed with a word of thanks to the High Authority which, under the leadership of its President, Mr. Del Bo, had carried out excellent work in spite of the limited scope provided for it under the Treaty. It had carried out its work with determination often under

critical conditions. Despite the difficult situation on the capital market, the High Authority had been successful in raising substantial loans on excellent terms and in making them available to the European Economic Community.

Mr. Müller (Christian Democrat) said that the workers ought not to bear the brunt of the economically necessary structural overhauls. This was why it was essential not to close down pits regardless of the social consequences, and only later, when unemployment had already set in, to decide what could be done in the form of readaptation and industrial redevelopment. Mr. Riedel (Christian Democrat) drew attention to the need for bearing in mind that closures would not always be associated merely with coke and coal. Only against a far wider background would it be possible to secure the basic data on future economic and financial needs which the High Authority has constantly demanded.

Mr. Artzinger (Christian Democrat) wanted more details from the High Authority on transport rates. This was, of great importance to the Saar economy and it was feared that the contemplated tariffs might prove discriminatory. Mr. Sabatini (Christian Democrat) pointed out that while Italy was not directly affected by current coal and steel problems, he felt that these should be considered from a Community point of view and that the various tasks should be fairly shared among the Member States. He had certain reservations to make as to the conclusions arrived at in the report and therefore tabled a number of amendments. Economic issues should not, he felt, be allowed to smother political problems as it was essential that Europe should become politically united.

For the Socialist Group, Mrs. Elsner pointed out that the production and consumption of coal - and likewise of steel - were out of balance. The blame lay not with the High Authority but with the Governments meeting in the Council. She called for a realistic production target for coal for which outlets would also have to be ensured. Subsidies - in whatever form - could only be justified in the long run if full use was simultaneously made of rationalization measures. Mrs. Elsner called for a programme covering industrial redevelopment, readaptation of workers and pit closures designed to avoid unnecessary hardship to those concerned. The Socialist Group endorsed the motion for a resolution submitted by the General Rapporteur but wanted an amendment in respect of surplus capacity and investment in the steel industry.

Mr. Oele (Socialist Group) concentrated mainly on the social consequences of development which were now beginning to make themselves felt in the Community. Dismissals at short notice should, as far as possible, be avoided until alternative employment was available. If necessary rationalization could, in certain cases, be slowed down.

Mr. Armengaud, who spoke for the Liberal and Allied Group said that the crisis had occurred because the Community had moved from a situation of relative shortages to one of over-production. After dealing with the positive aspects of the High Authority's work he turned to its shortcomings. Coal was open to stiff competition from the other energy sources and its costs had shown a constant rise. Moreover, there had been an increase in imports of American coal into Europe. Many factors had contributed to the current crisis, but the High Authority should not be saddled with the sole responsibility. It should, of course, have suggested solutions to the Governments, although these had done nothing to back its efforts. The situation on the coal and steel market had radically changed since the ECSC Treaty was drawn up. The question now was whether certain things should not be changed. The setting up of a European coal import agency should perhaps be considered. On trade policy, Mr. Armengaud said it was regrettable that the High Authority had always called for long-term import contracts.

The High Authority again appeared to be moving towards discriminatory transport rates which tended to distort competition, and the removal of customs barriers inside the Community could again lead to a form of protectionism. One should ask oneself whether there was not a real trend towards a return to six domestic coal and steel markets instead of the Community.

Mr. Rossi, also speaking for the Liberal and Allied Group called upon all members of the Community to co-ordinate their trade, production and social policies. The lack of a common energy policy was Europe's greatest shortcoming; the cause of this was to be found in the Governments and the absence of unanimity among the Executives. The problem could only be solved by approximating energy policies at Community level.

Mr. Del Bo, President of the ECSC, recalled that the High Authority had no say in matters relating to trade relations with non-member States. Moreover it was unable to iron out the radical differences that existed between

Member States. As regards the ECSC's tariff policy, it should be noted that it had to take a number of economic factors into account. While the High Authority could not take the initiative in the industrial redevelopment sector, it had done its utmost to encourage Member States to take the necessary action. Most of the outstanding problems could only be solved after the merger of the Executives.

Following a few observations by Mr. Hellwig, member of the High Authority, Mr. Linthorst Homan, himself a member, pointed out that the ECSC was taking steps to ensure that competition remained fair. The High Authority had made a careful check and satisfied itself that in the two cases cited in connexion with the reorganization of undertakings one was dealing with a concentration and not a cartel.

After adopting several motions for amendments, the Parliament noted with satisfaction in its resolution that the difficulties experienced in the EEC sector, which had had a harmful effect on the ECSC, had been overcome and that all the institutions of the Community had again resumed their normal activities. He pointed out that in the coal and energy policy sector the Community faced crucial political problems for which Community-wide solutions would have to be found. The merger of the Executives, which it was hoped would be promptly carried out, should on no account be allowed to hold up European integration or lead to a tacit surrender of the High Authority's rights and powers.

The Parliament stressed the serious situation of the Community coal sector. This was characterized in the main by a further reduction in the share of Community coal in the total energy requirements of the Community, and as a result by the greater difficulty experienced by collieries in disposing of their output.

The Parliament was concerned at the prospect that further delay in taking the necessary joint decisions on energy policy - particularly in the coal sector - would induce coal-producing Member States to take emergency steps at domestic level, as this could spell the end of the Common Market for coal and, therefore, of the Common Market for steel. It therefore called on the Governments to reach agreement without delay on the pressing problems of energy policy, under the terms of the protocol to the agreement of 11 April 1964 and on the basis of the High Authority's own proposals.

The Parliament was concerned about the imbalance between supply and demand in the steel sector and the consequent fall in prices. It therefore urged that the steel industry in the Community should concentrate not so much on stepping up capacity as on modernizing plants and improving the quality of their products. The trend towards concentrations and agreements that curbed competition in ECSC industries had of late clearly increased. The Parliament therefore expected the High Authority to ensure that the rules of competition laid down in the Treaty were strictly complied with and, in reaching decisions on cartels or concentrations, to take due account of the needs of technical and economic development and of efficient competition.

It welcomed the opening of negotiations on the introduction of international through-rates in goods transport by road, and called upon the High Authority to step in once again on the important question of harmonizing freight rates.

17. Euratom's first indicative programme

On 30 June, the European Parliament discussed a report by Mr. Hougardy (Liberal, Belgium); this was drawn up for the Energy Committee and dealt with Euratom's first programme.

The rapporteur assessed the programme against the background of a common energy policy and then dealt with its main points. He discussed the problems that it would raise in practice. These were: the problem of reserves, electricity supply security, financing, co-operation between the public and private sectors. He concluded by stressing the need for co-operation in the Community to promote trade between the Member States and to foster a genuine Community spirit in the nuclear industry.

Mr. Brunhes (Liberal, France), who submitted the report for Mr. Hougardy, laid stress on the political significance of the programme.

Mr. Pedini (Italy) for the Christian Democrat Group, Mr. Oele (Netherlands) for the Socialist Group and Mr. De Clercq (Belgium) for the Liberal Group all signified their agreement with the rapporteur and approved the

draft resolution appended to the report.

Mr. De Groote, a member of the Euratom Commission, stressed that the prospects sketched out by Euratom would have to be reviewed in the light of experience gained; he then gave details concerning staff training and teaching, the use to be made of the results of research findings, agreements on the exchange of information and the construction of a large-scale factory for enriching uranium 235.

At the close of the debate, the Parliament passed the resolution tabled by the Energy Committee. The Parliament was aware of the important contribution that nuclear energy would soon be making towards meeting energy needs and towards the industrial expansion of the Community. It considered that the programme drawn up by the Euratom Commission in pursuance of Article 40 of the Euratom Treaty would facilitate the indispensable co-ordination of industrial activities in the sector of nuclear electricity production and that of technology.

The Parliament took cognizance of the first programme, although it again emphasized that before it could be carried out, there were certain things the Community had to do: draw up a Community policy covering technology and industry; step up and direct technological and scientific research through co-operation between private and public sectors; train manpower and supervisory staffs of suitable calibre; systematically study the social implications of the development of nuclear energy. The Parliament also stressed that if the programme were to be carried through efficiently, constant attention would have to be paid to: the problem of reserves, supply security, financing, co-operation between public and private sectors and Community-level co-operation. It agreed with the Euratom Commission that it was even more necessary than ever to draw up balanced predictions for Common Market supplies of crude oil, natural gas, and coal so that the utility of the programme might be enhanced. The Parliament advocated that in any event changes be made whenever necessary to the medium and long-term predictions and trusted these would follow automatically.

18. Budgetary and administrative questions concerning the ECSC

Three documents dealing with budgetary questions were appended to the Fourteenth General Report on the activities of the ECSC which the High Authority sent to the European Parliament. The first of these dealt with administrative expenditure during the financial year 1964-1965. The second gave the Auditor's report on the ECSC's accounts for 1965-66 and on those of the common institutions for 1964. The third comprised the estimates of administrative expenditure for 1966-1967. These documents were referred to the Budget and Administration Committee which appointed Mr. Baas as rapporteur (1). In his report, Mr. Baas asked the Parliament to approve the accounts for 1964-1965. Indeed, he noted that although there had been a considerable increase in the moneys disbursed on readaptation, technical and economic research, research into industrial health, hygiene and safety at work, the Auditor had made fewer criticisms in his report than in previous years. Then again a study of the estimates for 1966-1967 gave the rapporteur the opportunity to repeat what had been said the year before with reference to the merger of the Executives, to the effect that the sum of 18m account units referred to in the Treaty of 8 April 1965 could be re-examined in relation to the extra work the High Authority had to deal with and the general all-round rise in costs following on price developments.

In this same report, Mr. Baas examined the ECSC's general budget as given in a memorandum by the High Authority on the whole range of its financial operations. This would allow the responsible committees of the European Parliament to comment on the High Authority's policy, with particular reference to the rate of the ECSC levy. It emerged from this memorandum that the readaptation operations will have proved more expensive than was anticipated in June 1965 during the 1965-1966 financial year. As a result, the High Authority's reserves had been drawn upon and the problem arose as to how the financial operations - no less costly - during 1966-67 were to be covered. Despite this alarming situation, the parliamentary committees proposed that the rate of the levy should not, for the present, be increased. This is currently at 0.25 per cent. For to raise it would increase the financial burden of the coal industry. The estimated ex-

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penditure is 56.09 million account units. These can be covered to the extent of 27.44 million account units from the levy and to the extent of 10.84 million account units from income, from investments and sundry receipts. The balance, viz: 17.81 million account units will represent a budgetary deficit which will have to be covered by drawing, in anticipation, on future receipts.

This report was discussed in open session on 30 June 1966.

Following a short debate, the Parliament passed a resolution in which it took cognizance of the budgetary expenditure for 1964-1965 and of the report, which was on the whole favourable, on the ECSC accounts drawn up by the Auditor. It then approved the general estimates of expenditure for the financial year from 1 July 1966 to 30 June 1967 which totalled 21,452,534 account units. It hoped that it would be possible, providing the position did not get worse, to write off the deficit of 17.81 million account units against future receipts, through the exercise of great care, as the High Authority informed the responsible committees. Although, under these conditions, the Parliament signified its approval for keeping the ECSC levy at 0.25 per cent, it noted the statement by the High Authority to the effect that it undertook, if necessary during the course of the year, to review the rate of the levy and, should this arise, to hold preliminary talks with the responsible parliamentary committees.

19. Esterification of olive oils

On 30 June, after having been consulted by the Council of Ministers, the Parliament gave its opinion on 30 June regarding a directive prepared by the EEC Commission on the esterification of olive oils intended for consumption. Through this directive the Community aims at preventing esterified oils from being marketed in edible form, and at establishing checks by Member States on producers. The directive, however, makes an exception in the case of esterified oils to be exported outside the Community.

In a report (1) drawn up by Mr. Carboni (Italian Christ-

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ian Democrat) the Agricultural Committee has expressed a favourable opinion of the directive, the need for whose introduction it also recognizes. It feels, however, that it would be difficult to make such checks effective if they are carried out, as at present proposed, exclusively at the production stage, and therefore suggests that they should be broadened to cover the production, sale and stocking of esterified oils. The Committee has also established that the directive is also to be applied to olive oils treated by esterification or synthesis and imported from non-Member countries if intended for consumption within the Community.

At a plenary session, during which Mr. Rey assured the Parliament, in the name of the EEC Commission, that the Executive would make a careful study of the Agricultural Committee's proposals, the amendments suggested in the report were unanimously approved.

20. Energy source aid to developing countries

On 1 July 1966, Mr. van Hulst submitted a report and a draft resolution (1) to the European Parliament; this was on behalf of the Committee for Co-operation with Developing Countries and dealt with the activities of the European Atomic Energy Community in the sphere of aid to the developing countries.

The rapporteur said that Euratom had, for the first time, begun to furnish direct, practical aid to the AAMS. Work had been in progress since 1963 on harnessing nuclear techniques to improve the living standards of the Associated States. Mr. A. Savary conducted a detailed study on the basis of which Euratom was able to choose, from among eight projects, four that could be carried out immediately. These were: a) a scheme to increase millet yields; b) destruction of the tsetse fly; c) a scheme to preserve fish by irradiation; d) the preservation of fresh meat. This preserving of foodstuffs carried with it no danger of any radio-activity.

The rapporteur recommended the adoption of the draft resolution which he submitted.

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Mr. Margulies, a member of the Euratom Commission, underlined some of the points made by Mr. van Hulst in his report.

There was no question, he said, under present circumstances, of Euratom's building its own nuclear reactors, nor of its installing such reactors in the Associated States - this for economic reasons. This also applied to reactors used for desalinization. He was glad to note that the EEC and Euratom had begun to co-operate in the sphere of aid to the developing countries.

The European Parliament adopted the draft resolution on the activities of Euratom in the matter of aid to the AAMS and called upon the Euratom Commission to keep it informed of future progress on the various projects mentioned.

21. Relations between the ECSC and the Associated African and Malagasy States (AAMS)

On 1 July, Mr. Carcassonne (French Socialist) submitted to the European Parliament a report (1), drawn up for the Committee for Co-operation with Developing Countries, on relations between the ECSC and the AAMS. He stated that as far as relations with the developing countries were concerned, and in the light of the political developments that had taken place in those countries since 1950, the ECSC Treaty today appeared to be wholly inadequate. Even the scope of the agreement annexed to the Yaoundé Convention and relating to products falling within the province of the ECSC was too limited inasmuch as EEC Member States were under no compulsion to adopt a common commercial policy towards the AAMS in respect of coal and steel products.

Mr. Carcassonne then reviewed the measures taken by the High Authority under the provisions of the Treaty of Paris. On the basis of Article 55 the High Authority had initiated a number of geological surveys, jointly with other bodies, of ferrous ore deposits on the African continent, concentrating mainly on five Associated States. In June 1961 the European Parliament had expres-

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sed the wish that the High Authority in addition to its prospecting activities, should investigate the manner in which deposits were worked and administrative and supervisory grades were trained. As yet the High Authority has not published any study on the working of deposits discovered in the AAMS. As part of an initial experiment the ECSC has offered five African trainees a chance to specialize, and during the second Steel Utilization Congress set up a special committee, composed largely of Africans, to study the problems of steel utilization in the developing countries.

The Rapporteur, after reviewing the pattern of trade between the ECSC and the AAMS and noting that the Community imported quantities of ferrous and manganese ores from Africa which would presumably tend to increase, expressed the hope that the Community would define its policy on the purchase of ferrous ores in third countries and that, in order to meet the wishes of the Associated African and Malagasy States, the Six Governments would draw up a common commercial policy - particularly for products in the ECSC sector - which took the reciprocal interests of European and African countries into account.

Mr. Coppé, Vice-President of the High Authority of the ECSC, stated that the greatest possible use had been made of Article 55 of the Treaty. The ECSC always welcomed trainees from the Associated States. The problem of steel utilization in the developing countries associated with the Community received the closest attention from the High Authority, which had moreover already achieved striking results in prospecting for minerals in those countries. The two Treaties should be lined up so as to complement each other; in that way the provisions of Article 55 of the ECSC Treaty would be embodied in the single Treaty. As to external policy, the provisions of the ECSC Treaty would also have to be rounded off.

The Parliament adopted the Resolution which was annexed to the report and embodied the principles therein outlined. The High Authority was asked to be more specific in defining its policy and the action it intended to take both then and in the future - particularly as regards technical aid - and to pass on details of the policy it intended to pursue in the light of the prospecting work financed by it in the developing countries, and more particularly in the AAMS. The Parliament also recommends that, in the course of the merger of the three Communities, an attempt should be made to find a way of extending the Association to sectors governed by the Paris Treaty.

22. Stabilization of world primary-commodity markets

On 1 July the European Parliament discussed the problem of stabilizing world primary-commodity markets in the light of the UN Conference on World Trade and Development and of a report (1) submitted by Mr. Kapteyn (Socialist, Netherlands) for the External Trade Committee.

Mr. Kapteyn said that in order to avoid grave economic and political consequences, entirely new regulations would have to be introduced for primary commodity markets. The changes in the pattern of world trade were the result of a radical transformation of the economic and political structure of the world precipitated by two major wars. The most striking consequence had been the emergence of a development policy arrived at speeding up changes in the world's economic structure and at creating a broader-based production potential in countries exporting primary commodities, ensuring a more secure position on world markets. It followed that for the developing countries the problem of stabilizing markets was subsidiary to that of structures.

Mr. Kapteyn stated that the new world political situation hinged on two major economic powers - the United States and the USSR - each of which possessed optimum capacity for the division of labour and was largely independent of imports of primary commodities, and on a third - the EEC - which was at present taking shape and was obliged to import primary commodities. While this had benefited ex-colonies that exported primary commodities, inasmuch as it had encouraged political independence, it had worsened their trading position. This was why it was essential to introduce a policy for the stabilization of world primary-commodity markets with a view to diversifying the production structure of countries that had so far been exporters of primary commodities. The provisions for the stabilization of markets should not indeed consolidate existing structures and trade patterns but modify them in such a way as to stimulate progress in the former colonies.

In this connexion it was for the EEC, whose economy still relied on imports of major primary commodities, to ensure that the prices of these products were stabilized since on that the economic and political stability of the ex-

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porting countries depended. Moreover only an external trade and development policy vigorously pursued on a world scale could help in creating such stability. Useful work could be done towards changing the productive structures of the developing countries in GATT and by regional organizations and specialist bodies of the United Nations, particularly the Conference on World Trade and Development. But above all it was the industrialized countries that should aid the developing countries financially and give them priority. Mr. Kapteyn concluded by calling on the Community to adopt a common approach to this problem on the lines he had outlined.

Mr. Lücker (Germany, Fed. Rep.) approved Mr. Kapteyn's report in the name of the Christian Democrat Group. He stressed the contrast existing throughout the world between the industrialized and the developing countries, adding that the EEC, in its relations with the developing countries should adopt the approach outlined in Mr. Kapteyn's report. The Parliament should promptly tackle this problem in the Kennedy Round and during the second Conference on World Trade and Development.

In the name of the Socialist Group, Mr. Vredeling (Netherlands) stressed that primary-commodity prices could only be stabilized against a background of economic strength. Although conditions in the West were conducive to a strong economy, the necessary political will was lacking. He hoped therefore that the EEC would collaborate in the trade sector, not only with the USA and Britain, but also with countries of the Eastern Bloc. Finally, Mr. Vredeling deplored the fact that the EEC Commission could send only observers to international conferences. The moment had come, he felt, for the EEC to pass from observation to action.

Mr. Rey, member of the EEC Commission, felt that the problem of stabilizing primary-commodity prices could not be solved merely by liberalizing trade. A measure of organization and action was also necessary. He was conscious of the limits of the measures taken in GATT in this sector, and hoped that a world conference would be convened. He echoed Mr. Vredeling's call for more vigorous action on the part of the EEC, adding that it was precisely with this in view that the Council had decided to review the Community's trade policy as a whole. Now that the political crisis had been surmounted - he concluded - the Community should shoulder its responsibility towards the developing countries.

The European Parliament thereupon adopted a resolution

which, observing that trends in world trade were harming the developing countries through a steady worsening of their terms of trade and a reduction of their share of world trade, expresses the hope that the industrialized countries will give to the developing countries preferential treatment on a non-reciprocal basis. The Parliament considers that the production structures of these countries should be adapted to the new world political and economic situation, and that for this purpose diversification and regional readjustment of their economies is essential. It considers it the duty of the industrialized countries to adjust their industrial and agricultural policies to meet this situation and to give the developing countries financial help in the event of a widening gap between the prices of primary commodities and those of industrial products. The Parliament expresses the hope that international market organizations will soon be set up to stabilize the prices of tropical products and considers that the EEC, with the adhesion of the United Kingdom and other European countries and in collaboration with the United States, should take the necessary steps to solve the problems thrown up by the new international situation.

23. Technical and cultural co-operation within the framework of the EEC-AAMS Association

On 1 July, the European Parliament debated the report submitted by Mr. Moro (Christian Democrat, Italy). This was drawn up on behalf of the Committee for Co-operation with the Developing Countries and concerned current problems of technical and cultural co-operation arising within the framework of the EEC-AAMS Association.

Mr. Moro recalled that technical and cultural co-operation was only one aspect of aid to the developing countries and he emphasized the urgency of the struggle against under-development. Co-operation between the EEC and the AAMS could not be restricted to trade relations or financial help. A major drive had to be made in the sphere of technical and cultural co-operation. Making the most of human potential in this context was a key objective.

He outlined the cultural and technical co-operation arrangements that had obtained under the previous Association Convention and those obtaining under the current

one. There was no doubt that the EEC had achieved positive results. But the needs of the AAMS were so great that it was necessary for a greater proportion of the resources available to be allocated to initiatives in this sphere to make the most of the human factor in the economic development of the Associated African and Malagasy States.

He particularly stressed the value of technical co-operation coupled with investment and technical staff training schemes. He drew attention to some of the difficulties that might arise here. He acknowledged the concrete results achieved by the EEC Commission through the efforts it had made over a long period to expand the scale and scope of technical co-operation, coupling these with interventions by the European Development Fund and the training of citizens of the AAMS by providing them with scholarships. He also stressed the need for a more dynamic drive to make more of the human potential of the AAMS in the pursuit of the Yaoundé Convention objectives. Further efforts were needed particularly to increase the scale of occupational training. This could come from greater co-operation between the Member States and the Associated African and Malagasy States and a more effective co-ordination of the policies of the Six Member States at the bilateral level.

Speaking for the Socialist Group, Mr. Dehousse (Belgium) stressed the importance of technical co-operation and occupational training in the AAMS. The Socialist Group approved the report and would endorse the draft resolution.

Mr. Rey, a member of the EEC Commission, recalled what the Executive had done in terms of investment and scholarships but he emphasized that its efforts were limited because the funds at its disposal were limited.

The Parliament passed a resolution at the close of the debate in which it expressed satisfaction at the gradual development of the activities of technical co-operation within the framework of the Association, notably following the entry in force of the present Convention and recommended that the activities in this sector be consolidated and extended even further and called upon the EEC Commission to undertake a study of the suggestions made in the report drawn up by the responsible committee so that greater recourse might be had to the various possibilities laid down in the Convention. The Parliament trusted in particular that a greater effort would be made in the sphere of occupational training and the training

of managerial and supervisory grades by means of a new teaching and training drive in the AAMS and by means of a further improvement in the present scholarship system. He stressed the need for a training programme established in terms of the new exigencies resulting from the realization of projects financed by the Fund with a view to ensuring greater coherence between training and other forms of assistance and asked that the Community support the initiatives to enable European Youth to make an active and direct contribution to the progress of the Associated African States and Madagascar and to make provision in its budget for credits for sending young Europeans to the AAMS to study and carry out research there. The Parliament stressed the need for co-ordination at Community level of bilateral technical co-operation between Member States and Associated States.

24. Intra-Community competition and aid granted by the States to agriculture

On 1 July, after having been consulted by the Council of Ministers, the Parliament gave its opinion on an EEC Commission proposal concerning a Regulation amending Council Regulation No. 26 on the application of certain rules of competition governing the production of, and trading in, agricultural products.

Since however Regulation No. 26 limits the application of these rules - as far as grants of aid are concerned - to the provisions of Article 93,1,3 of the EEC Treaty, and as most of the regulations governing the organization of agricultural markets provide for the application of Articles 92, 93 and 94, the Executive has proposed that the scope of application of these articles should be broadened to cover agricultural products as a whole, and that exemption from the obligation to notify in advance certain grants of aid compatible with the Common Market and defined in an annex to the Regulation should be extended to the entire agricultural sector.

In a report (1) by Mr. Briot (UDE, France) the Agricultural Committee, while broadly approving the Regulation, made a number of observations.

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While endorsing the Executive's view that grants in aid should be provided for definite periods, it stressed that in certain sectors aid policy was a permanent need. Moreover, compelling reasons might dictate the need to pursue in particularly handicapped areas an aid policy unjustifiable on purely economic grounds.

The Committee further emphasized that equality of competitive conditions cannot depend merely on the attitude the Community adopts to aid granted by the States; it must also depend on the introduction of a common policy in the commercial, fiscal and social sectors of investment, transport and structures.

As regards grants of aid, falling under three types:

- grants compatible with the Common Market;
- grants liable to distort competition only in the long term;
- grants that might distort competition in a more direct manner;

the Agricultural Committee, while accepting this classification into three types, has noted some cases of overlapping between the first and the second, and considers the proposals regarding aid of the third type to be too vague and based, at least in a number of cases, on presumed incompatibility with the Common Market for which it does not believe there is conclusive evidence.

The Committee has also entered certain reservations regarding the EEC Commission's position with regard to aid to transport, to which, however, it could not, a priori, raise specific objections.

In submitting the report, Mr. Briot, after confirming the conclusions the Agricultural Committee had reached, approved an amendment to the Resolution submitted by Mr. Deringer (German Christian Democrat) and others specifying that in examining aid to agriculture account should also be taken of its effects on the marketing and processing stages, so as to avoid any distortion of competitive conditions as between farmers and processors.

Mr. Kriedemann (Germany) stated that the Socialist Group approved the regulation, and hoped that the Council of Ministers and EEC Commission would consult the Parliament on the preparation of rules for aid policy so as to enable it to carry out those checks on prices under the common agricultural policy which escape the attention of the national Parliaments.

Speaking for the EEC Commission, Mr. Rey agreed with the Agricultural Committee as to the permanent nature of certain types of aid and accepted that the time-limits laid down for the first and second types of aid could be reviewed. He also accepted the amendment submitted by Mr. Deringer.

The Parliament finally approved the regulation unanimously.

25. Levies on mixed cereals

During its session of 1 July the Parliament, in the light of a report by Mr. Naveau (French Socialist) (1) submitted on behalf of the Agricultural Committee, expressed a favourable opinion of a regulation presented by the EEC Commission to the Council and relating to levies on mixtures of cereals, of rice and of broken rice. By means of this regulation the EEC Commission proposes once again to extend the rules already in force for mixtures of cereals, as well as for mixtures of rice and of broken rice falling under various groups or stages of processing, so as to ensure that the same rules for imports of these products are applied in all Member States.

26. Hygiene problems associated with trade in animals and meat

The EEC Council of Ministers has invited the European Parliament to submit an Opinion on a proposal for a directive amending the Council's directive of 26 June 1964 relating to hygiene problems associated with intra-Community trade in swine and animals of the bovine species, and on a proposal for a directive amending the Council's directive of 26 June 1964 relating to hygiene problems associated with intra-Community trade in fresh meat.

The amendments to the first directive relate to a change in the minimum age for vaccination and tests, to the conditions laid down for determining the health of live-stock, to the form of certificates, and to optional de-

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partures from any provisions as far as calves are concerned.

The suggested amendments to the second directive are aimed at remedying the inaccuracies and shortcomings of the original text, and at altering the provisions on the refrigeration of meat, the form of health certificates and the provisions on the colouring matter that can be used for the stamping of fresh meat.

In a report (1) drawn up by Mr. Sabatini (Italian Christian Democrat) the Agricultural Committee pronounced favourably on both directives. In agreement with the Health Protection Committee, however, it suggested that stamping in ink, as provided for in the second directive for fresh meat, should be abandoned in favour of branding, which leaves a more durable mark and is cleaner.

At its session of 1 July the European Parliament approved both directives as well as the amendment suggested by the Agricultural Committee.

27. Report to the Consultative Assembly of the Council of Europe

On 1 July the Parliament finally adopted the report (2) by Mr. Catroux (UDE, France), to be submitted to the Consultative Assembly of the Council of Europe, concerning:

1. the enlargement of the Community and its political responsibility towards the world;
2. the activities of the European Parliament between 1 May 1965 and 30 April 1966.

This report will be presented to the Consultative Assembly of the Council of Europe during the joint session with the European Parliament to be held in September.

(1) Doc. 95/1966-67

(2) Doc. 93/1966-67

b) Work of the Committees in June

Political Committee (1)

Meeting of 23 June in Brussels: Discussion on those parts of the Ninth General Report on the activities of Euratom coming within the jurisdiction of the Committee. Representatives of the Euratom Commission were present. Perusal of a draft Opinion by Mr. Terrenoire on the draft resolution on a common scientific policy submitted by Mr. Gaetano Martino on behalf of the Liberal and Allied Group.

Perusal of a draft report on the merger of the Executives and on relations between the Community institutions. Representatives of the EEC and Euratom Commissions and of the ECSC High Authority were present. Examination of the draft resolution by Mr. Birkelbach and of draft resolutions by Mrs. Strobel for the Socialist Group and Mr. Dichgans and Mrs. Strobel for the Socialist Group (Rapporteur: Mr. Illerhaus).

Perusal of those parts of the Ninth General Report of the EEC Commission coming within the jurisdiction of the Political Committee. Representatives of the EEC Commission were present. (Drafter: Mr. Lücker)

External Trade Committee (2)

Meeting of 2 June in Brussels: Discussion of relations between the EEC and third countries and international organizations, particularly of the progress of the Kennedy Round, the EEC-Nigeria Agreement, negotiations between the EEC and Austria, Spain, the Maghreb countries and on relations between the EEC and the Latin American countries. Mr. Rey, a member of the EEC Commission, was present.

Perusal and adoption of the draft report by Mr. Kapteyn on the problem of stabilizing the world raw material markets.

Perusal and adoption of the draft Opinion by Mr. Kriedemann to be referred to the Health Committee on the draft directive amending the Council directive of 5 November 1963 on an approximation of the laws of the Member States

on preservatives used in foodstuffs.

Meeting of 21 June in Brussels: Perusal of those parts of the Ninth General Report on the activity of the Euratom Commission which come within the jurisdiction of the Committee. Representatives of the Euratom Commission were present. (Drafter: Mr. Löhr)

Perusal of those parts of the Ninth General Report on the activities of the EEC Commission which come within the jurisdiction of the Committee (drafter Mr. Vredeling).

Agricultural Committee (3)

Meeting of 2 June in Brussels: Discussion with the EEC Commission of decisions taken by the Council of Ministers on 11 May 1966.

Discussion with the EEC Commission of problems connected with the conclusion of a world-level agreement on cereals.

7-10 June: Study and fact-finding mission by the Committee in Brittany. Meetings with local authorities and farmers for the purpose of studying the problems facing agriculture in Brittany.

Meeting of 15 June in Brussels: Adoption of an interim report by Mr. Lückner on problems connected with the world cereals agreement at present being negotiated in the Kennedy Round.

Perusal and adoption of a report by Mr. Briot on a proposal submitted to the Council by the EEC Commission for a regulation amending Council Regulation No. 26.

Perusal and adoption of a report by Mr. Naveau on a proposal submitted to the Council by the EEC Commission concerning levies on mixtures of cereals, of rice and of broken rice.

Meeting of 29 June in Strasbourg: Examination, following urgent consultation requested of the Council and reference back to committee, of a proposal for a Council directive amending Council directive of 26 June 1964 on hygiene

policy problems associated with intra-Community trade in swine and animals of the bovine species, and of a proposal for a Council directive amending Council directive of 26 June 1964 on hygiene problems associated with intra-Community trade in fresh meat. Adoption of a draft report by Mr. Sabatini.

Social Committee (4)

Meeting of 1 June in Brussels: Perusal of a draft report and a draft resolution by Mr. Berkhouwer on the application of Article 119 of the EEC Treaty (equal remuneration for the same work as between male and female workers).

Meeting of 15 June in Brussels: Adoption of the draft report and the draft resolution by Mr. Berkhouwer on Article 119 of the EEC Treaty.

Internal Market Committee (5)

Meeting of 10 June in Brussels: Further perusal of the draft report by Mr. Kapteyn on competition rules and the position of European enterprises in the Common Market and against the background of international economic developments. Representatives of the High Authority and of the EEC Commission were present.

Perusal and adoption of a draft Opinion prepared for the Agricultural Committee by Mr. Deringer on a draft Council regulation amending Regulation No. 26 on competition rules affecting the production of, and trade in, farm produce.

Meeting of 13 June in Brussels: Further perusal and adoption of the draft report by Mr. Kapteyn on competition rules and the position of the European enterprise in the Common Market and against the background of international economic developments. Representatives of the High Authority and of the EEC Commission were present.

Economic and Financial Committee (6)

Meeting of 6 June in Paris: Adoption of the revised Opinion on those parts of the Fourteenth General Report on

the activities of the ECSC coming within the terms of the Committee (drafter Mr. Sabatini). Appointment of Mrs. Elsner as Rapporteur on a tentative programme on medium-term economic policy.

Committee for Co-operation with Developing Countries (7)

Meeting of 3 June 1966 in Brussels: Perusal and adoption of a draft report by Mr. Carcassonne on relations between the ECSC and developing countries. Perusal and adoption of a draft Opinion by Mr. Berthoin on those parts of the Fourteenth General Report on the activities of the ECSC coming within the jurisdiction of the Committee. Representatives of the High Authority were present.

Examination and adoption of a draft report by Mr. van Hulst on the activity of Euratom in the sphere of development assistance. Representatives of the Euratom Commission were present.

The Chairman's report on the last meeting of the Joint Committee of the EEC-AAMS Association (The Hague, 24-27 May 1966).

Discussion on the successful negotiations that led to the conclusion of an Association Agreement with Nigeria and on relations between the EEC and North African countries (Tunisia, Morocco and Algeria). Representatives of the EEC Commission were present.

Discussion on measures to be taken to improve co-operation and consolidate contacts between Parliamentarians in the Association.

Meeting of 20 June 1966 in Brussels: Perusal and adoption of a draft Opinion by Mr. van Hulst on those parts of the Ninth General Report on the activities of Euratom coming within the jurisdiction of the Committee.

Discussion on the Association Agreement between the EEC and Nigeria and on relations between the EEC and the North African countries (Tunisia, Morocco and Algeria). Representatives of the EEC Commission were present. Discussion on those parts of the Ninth General Report on the activities of the EEC coming within the jurisdiction of the Committee. (Drafter of the Opinion: Mr. de Lipkowski).

Transport Committee (8)

Meeting of 13 June in Brussels: Discussion resumed on the draft report by Mr. Brunhes on the EEC Commission proposal to the Council for a regulation to abolish discrimination in the matter of prices and transport terms. Adoption of the draft supplementary report by Mr. De Gryse on the amended EEC Commission proposal to the Council on a regulation to introduce a tariff-bracket system for the transport of goods by road, rail and navigable waterway. Adoption of the draft Opinion on the EEC Commission proposal to the Council on a directive to abolish restrictions to freedom of establishment and to supply services in non-wage-earning activities in the case of: 1) ancillary professions connected with transport and travel agencies; 2) warehousemen; 3) customs agents. The draft Opinion also dealt with the EEC Commission proposal to the Council for a directive on the machinery of interim measures affecting non-wage-earning activities: in the case of 1) ancillary professions connected with transport and travel agencies; 2) warehousemen; 3) customs agents.

Appointment of Mr. Naveau as drafter of an Opinion on the EEC Commission proposal to the Council for a directive approximating the laws of the Member States with regard to farm tractors running on wheels.

Energy Committee (9)

Meeting of 7 June in Brussels: Perusal and adoption of a draft report on the first indicative programme of the Euratom Commission. (Drawn up pursuant to Article 40) (Rapporteur: Mr. Hougardy).

Discussion on the coal policy measures of the High Authority and on the continuation of the work of the ad hoc committee (Rapporteur: Mr. Toubeau).

Discussion on the policy to be pursued by the Community with regard to oil and natural gas (Rapporteur: Mr. Leemans).

Meeting of 27 June in Strasbourg: Perusal and adoption of a draft report and draft resolution on the need to work out a European policy for coal as part of a Community energy policy. (Rapporteurs: Mr. Burgbacher and

Mr. Arendt).

Appointment of a drafter for an Opinion on the Ninth General Report on the activities of Euratom pursuant to the proposal by the Liberal and Allied Group.

Research and Cultural Affairs Committee (10)

Meeting of 9 June in Brussels: Discussion with the Euratom Commission of sections of the Ninth General Report on the activities of Euratom falling within the Committee's province. Discussion with the EEC Commission of sections of the Ninth General Report on the activities of the EEC falling within the Committee's province. Discussion regarding a visit by the Committee to the Nuclear Research Centres at Ispra and Julich.

Meeting of 21 June in Brussels: Discussion with the EEC Commission of sections of the Ninth General Report on the activities of the EEC falling within the Committee's province.

Adoption, in the presence of the Executives of the three Communities, of the draft report drawn up by Mr. Oele on technological progress and scientific research in the European Community. Discussion of the proposal for a resolution submitted by Mr. Gaetano Martino, for the Liberal and Allied Group, on a common European scientific policy.

Health Protection Committee (11)

Meeting of 14 June in Brussels: Election of Mr. Borocco as second vice-chairman to replace Mr. Bousch, who resigns.

Discussion with the Euratom Commission on those parts of the Ninth General Report on the activities of Euratom which come within the jurisdiction of the Committee.

Discussion with the EEC Commission on those parts of the Ninth General Report on the activities of the EEC which come within the jurisdiction of the Committee.

Discussion on the conclusions to be drawn from the Symposium organized in Nice by the Euratom Commission from 26-29 April 1966 on accidental irradiation in the working environment.

Budget and Administration Committee (12)

Meeting of 6 June in Paris: (the Social Committee, the Economic and Financial Committee and the Research and Cultural Affairs Committee were invited to this meeting). Discussion on the rate of the ECSC levy for the financial year 1 July 1966 to 30 June 1967. Representatives of the High Authority and of the Committees mentioned were present.

Meeting of 14 June in Brussels: Preliminary estimates of the European Parliament's income and expenditure for 1967 drawn up.

Perusal and adoption of the draft report by Mr. Battaglia on the preliminary estimates in question.

Perusal and adoption of the second part of the draft report by Mr. Baas on ECSC budgetary and administrative problems; adoption of the report as a whole.

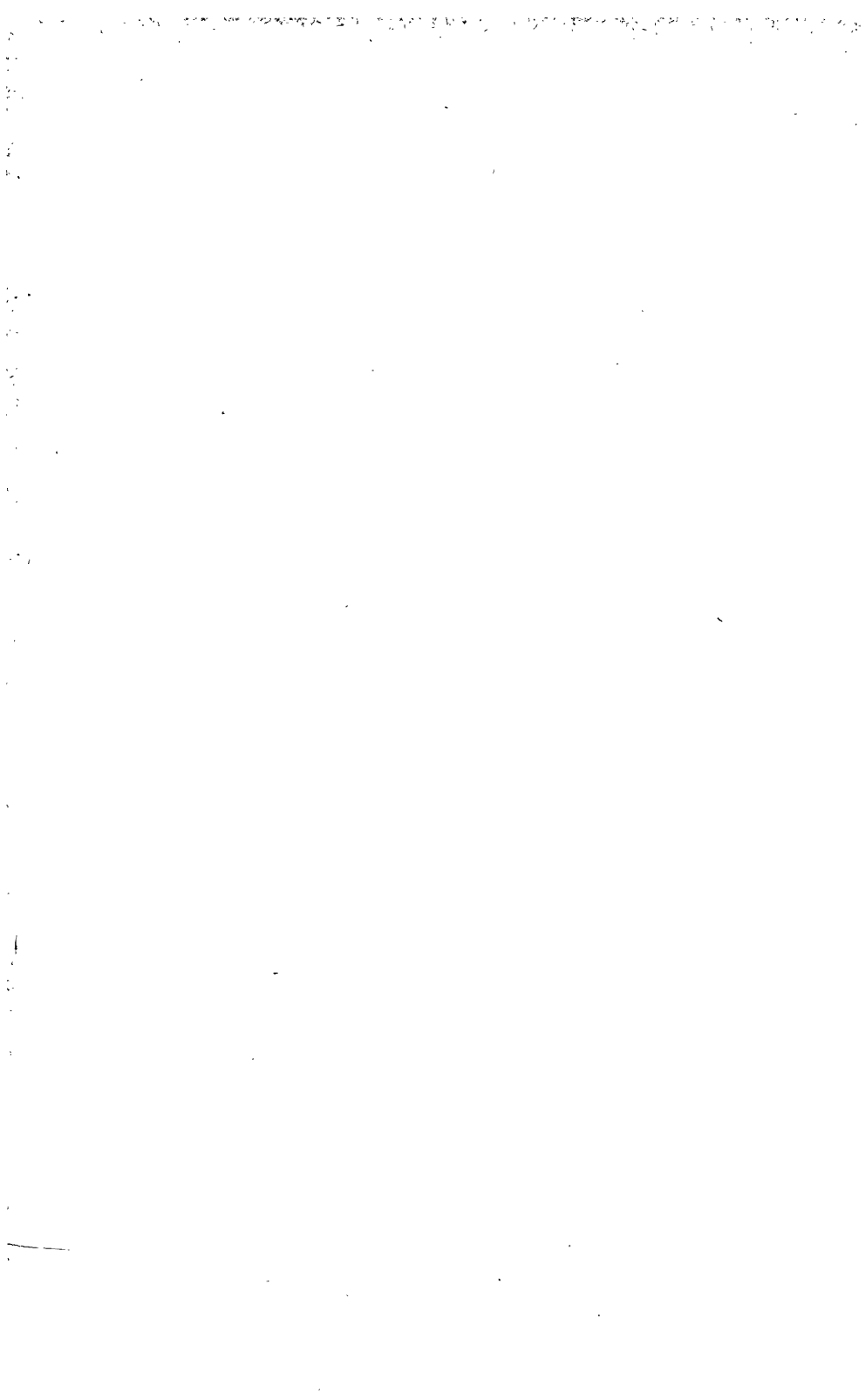
Committee for Associations (14)

Meeting of 20 June in Brussels: Perusal of the First Annual Report of the EEC-Turkey Association Council and of the outcome of the meeting of the Joint EEC-Turkey Parliamentary Committee held on 16-17 May 1966, and of the draft working document by Mr. Brunhes, Rapporteur.

c) Activities of the Political Groups

Conference of the European Democratic Union

The EDU Group of the European Parliament held a conference in Royan on 16 and 17 June. Mr. Louis Terrenoire was presiding. The EDU noted with great satisfaction the constructive agreements reached by the EEC Council on 11 May and on 14 June 1966, particularly as regards the common agricultural policy. The EDU trusted that the Treaties would be applied fairly and dynamically and that a respect for undertakings given would remain the rule so that it would be possible to continue with the balanced development of the Common Market, the finalization of which was a prerequisite for the political union of Europe. The EDU recognized the need for a start to be made on a European regional development policy based on joint planning with the approval of the Six member countries. It was opposed to the creation of an assembly régime at the European level; it felt this would be doomed to powerlessness. On the other hand, it wanted to encourage the drawing up and the implementation of common policies to promote the economic expansion of Europe particularly through the harmonization of energy, customs, fiscal and social policies, the concentration of European enterprises and a full-scale European drive in this sphere on research. (Press release of the EDU, 17 June 1966)



II. WESTERN EUROPEAN UNION

1. First part of the Twelfth Ordinary Session of the Assembly of Western European Union

The Assembly of Western European Union, comprising parliamentary delegations from the United Kingdom and from the Six Member States of the European Economic Community, held its twelfth ordinary session in Paris from 13 to 17 June.

The debates assumed special importance, especially when it came to discussions on the Atlantic situation and European security following the French decision to withdraw from NATO, on relations between the USA and Europe, the prospects of easing East-West tension and the CECLES-ELDO crisis, which were also on the agenda.

The first item on the agenda was the election of the President. Mr. Carlo Schmid, Vice-President of the Bundestag, was unanimously re-elected President for the fourth time. In thanking delegates for their confidence in him, Mr. Schmid stressed the present potential of WEU, "with regard to which the French Government had expressed no intention of opting out". Consequently he was hopeful that the Assembly's discussions would be conducive to safeguarding the western alliance. "Some problems, which cannot be solved in the NATO context, could be solved within the framework of WEU," he said.

The WEU Assembly is the only international body that has an official brief for the defence of the west; it is also the only body that has a special committee on space research; consequently the ELDO crisis was discussed. Mr. von Merkatz (Germany) submitted a report on this subject. He stressed that Europe should not blindly accept American offers to supply rockets. Such offers should only be in reference to scientific experiments. The rockets could not be used to launch communication satellites; Europe would lose the last vestige of its independence if it opted for the easy way out and purchased rockets from the USA. With reference to the present crisis, he doubted whether it was possible for the United Kingdom to withdraw from ELDO. Indeed, under the ELDO Agreement, no member country could withdraw before the completion of any programme it had agreed to take part in. Legally, therefore, the United Kingdom would not be able to withdraw from ELDO before 1969. Mr. Thomson, British Minis-

ter for European Affairs, had already made clear that the United Kingdom would continue its participation in the present ELDO programme but that it would give further undertakings only if certain conditions were met, such as the revision of the contributions of the various states and the application of appropriate financial controls.

By 46 votes to 10 with 1 abstention, the Assembly passed a Resolution to the effect that if Europe suspended the implementation of its space programme this would do irreparable damage to the future scientific and industrial development of Western Europe. The Resolution added that momentary financial difficulties that might beset one or other of the countries involved in the ELDO programme should not act as an insuperable obstacle in carrying out the programme. Lastly the Resolution suggested a new solution and called on the Member States to set up, in the framework of the future unified European Community, a permanent organization for launching European satellites which would begin operating as soon as the European Communities were merged, it being understood that the United Kingdom would then be a full member of these Communities.

The Assembly was, on the other hand, unanimous in adopting the recommendation tabled by Mr. Georges Bohy, the Belgian Socialist Senator on "the dimensions of Europe". This called upon the seven WEU member states to create "conditions conducive to the resumption of negotiations on the accession of the United Kingdom to the Common Market, as a prelude to the accession or association of other western European countries." To this end, the WEU Council should resume its quarterly consultations on economic affairs, at which the EEC Commission should be represented. The recommendation also advocated "a concerted policy on the part of the WEU member countries acting in a spirit of Atlantic and European solidarity to bring about a rapprochement with all the East European countries." It also approved the "Peace Plan" put forward by the Federal Republic on 25 March 1966; lastly, the recommendation called for greater technical and financial aid for the developing countries.

The focal point of the session was the debate on the implications for the Atlantic Alliance and for the future of European security of France's decision to withdraw from NATO. The basis for the discussion was a report by Mr. Duncan Sandys, former British defence minister, on "France and NATO".

Before this report was submitted, Mr. Manlio Brosio, NATO Secretary-General, addressed the Assembly in very

restrained and conciliatory terms. He did, however, deplore the growing imbalance between the USA and Europe. In his view, only if Europe were stronger and more united, would it be a valid partner for the United States. Yet France's decision to leave NATO had aggravated this imbalance. If instead of taking a unilateral decision, the problems had been debated on the Council, it would have been possible to find a solution more satisfactory to all the allies. This was his only criticism of France. He felt that the decisions taken in Brussels were an "honest compromise" and that there had been "neither winners nor losers". He also endeavoured to give an impression of "realistic and cautious optimism", by showing that the difficulties brought about by the withdrawal of French forces from NATO did not, as some feared, spell the end of the Organization. They had served to highlight the inner strength and solidarity of the Alliance in that it had shown that it could take the strain more easily than its adversaries would have thought possible.

Mr. Brosio concluded on the need for NATO to arrive at the best possible solutions in the nuclear sphere, taking as its sole objective to consolidate its defence, regardless of the veto of the USSR.

In submitting his report, Mr. Duncan Sandys said that one of the great difficulties that France's attitude had created was that her partners did not know what her intentions were. There was one thing that the French Government could do, which would be of great assistance in clarifying the situation and that was to make clear its intention with respect to the obligations which France contracted with her WEU partners under Article 5 of the Brussels Treaty. The text of this treaty was quite unequivocal. Article V reads: "The parties agree that an armed attack against one or more of them in Europe or North America shall be considered as an attack against them all and consequently they agree that, if such an armed attack occurs, each of them will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area." This obligation to render assistance was absolute and automatic in its application and did not permit of any Party's refusing to give military support ... He asked if the French Government would indicate clearly whether, in stating that it wished to go back on none of France's obligations contracted by the Treaty, it also referred to Article 5 of the Brussels Treaty. If this assurance were given without any kind of reservation, the

present crisis would assume infinitely less serious proportions. If, on the other hand, it were coupled with reserves and conditions, the present, fairly underspread doubts and concern would unfortunately be confirmed.

Mr. Sandys then spoke in favour of removing the NATO Council from France. He said that the allies could not have their headquarters in France if during times of crisis NATO's frame of manoeuvre was thereby to be curtailed. As to French forces remaining in Germany, he hoped that the French Government would be ready to agree to their remaining for the time being assigned to SACEUR until it were known whether France was ready to give her allies adequate assurances to justify their remaining in Germany.

Mr. Bourgoïn (French UNR Member) completely rejected the conviction expressed by Mr. Duncan Sandys that France's withdrawal from NATO was simply a prelude to her withdrawal from both her Atlantic and European alliances. There would be no amendment to Article 5 of the Treaty of Brussels ... the Brussels Treaty guaranteed Western Europe against armed attack ... Contracting Parties to the Brussels Treaty were in no danger of becoming involved in conflicts of which France disapproved since the Treaty only spoke of an armed attack on the territory of a Contracting Party ... thus there was complete solidarity and since, furthermore, a Treaty was not an organization that resulted from a Treaty France would be careful not to denounce it.

Mr. Jacques Baumel, Secretary-General of the UNR also confirmed that while France had challenged NATO's object in its present form she had no intention of repudiating either the Atlantic Alliance or the Brussels Treaty; nor did she intend to call the text of the Brussels Treaty into question. He stressed, however, that if an attempt were made in the WEU to achieve a more subtle type of integration than that which France had rejected in the NATO context, she would obviously not accept this. In fact, he said, France had withdrawn from the military organization of the Atlantic Alliance because it was no longer consistent with present-day strategic requirements. In the terms that he used in the note appended to the report by Mr. Sandys and in which he disagreed with the Rapporteur, he stated that France's position was neither a national nor a nationalistic one. It stemmed from a concern to restore the balance of the Alliance and to put an end to the "de-nuclearized" Europe which would, if allowed to continue, make it subordinate in the alliance and put it far behind in the scientific and technological spheres so that it would become an underdeveloped Conti-

ment. Explaining why France was withdrawing from NATO, he stated that France refused to become involved in an international crisis originating outside the sphere of the Atlantic Alliance as this might have serious consequences for France domestically despite the fact that she would not be responsible for such a crisis and disapproved the policy pursued by the United States in acting without the agreement of her Allies and without consulting them on this essential point.

Sir Alec Douglas-Home asked France to state whether she would accept a maximum or a minimum of co-operation within the Atlantic Alliance; he felt that if France was not prepared to co-operate to a maximum this would be a great loss for Europe and a setback for European unity.

Lastly the Assembly approved by 40 votes to 2 with 3 abstentions the recommendation submitted by Mr. Duncan Sandys. The Gaullist members voted against the recommendation even though this had been amended on one important point in line with a proposal by Mr. de Montesquiou (Rassemblement démocratique). Under this amendment, the Assembly was asked to recognize the desirability of the NATO headquarters remaining in Paris. The recommendation asked the WEU Council to confirm to the Assembly that all the seven Governments of Western European Union still regard themselves as unreservedly committed to fulfil the obligation contained in Article V of the modified Brussels Treaty of 1954. It however asked the Council to urge the North Atlantic Council "to seek from the French Government a satisfactory assurance that, if the French forces now in Germany were allowed to remain there, they would in the event of aggression or armament threat of aggression be placed under the command of Saceur; and while continuing to assume its military responsibilities for the defence of the West to take up actively the task of reconciliation and to declare its readiness to discuss collectively with the Soviet Union all possible ways of reducing tension."

It should finally be pointed out that the Assembly unanimously adopted a text calling for a revision of the Brussels Treaty to eliminate any discrimination as between the Members of WEU. It advocated that in the interim the Treaty be applied in full and that funds be allocated to the agency for the control of WEU armaments in order that it might discharge its functions not only in the field of conventional weapons but also in that of nuclear weapons. In his report on this subject Mr. Eugène Schaus (Democrat Party, Luxembourg) stressed that the Brussels Treaty dispensed the United Kingdom from any control over its nuclear armament and that France, which pursued an inde-

pendent nuclear policy, escaped any sort of control over its strike force, its nuclear armament industry and so forth. In passing this resolution the Assembly overruled the suggestion by Mr. Pierre Harmel, the Belgian Foreign Minister, that it would be preferable to wait for the decisions to be taken by NATO. (Le Monde, 14, 16, 17, 18 and 19 June 1966; Le Figaro, 13, 14, 15, 16 and 17 June 1966; Combat, 16 and 17 June 1966)

III. NATIONAL PARLIAMENTS

a) Belgium

European issues under discussion in the Belgian Senate on the occasion of the debate on the Foreign Ministry's budget

When the Belgian Senate debated the Foreign Ministry's budget, the main focal point of the discussion was the future of NATO. There were, however, some speakers who also commented on the integration of Europe. Mr. Dehousse, for example, spoke of the Luxembourg agreements and of the "new look" that France wished the Commission to assume. He felt that the Commission had not been down-graded; it retained its character and it remained the practical expression of a key concept, "the dialogue", by which the supranational Europe system demonstrated its superiority over the Europe of Nation States. He regretted that the rotation principle had been adopted with regard to the presidency of the Commission and that a system had been introduced whereby the members were to be elected; this was the same as the traditional unanimity system. Again, while expressing satisfaction at the conclusion of the negotiations on financing the common agricultural policy, he was concerned at the implications that the recent agreements might have for the national economy. Mr. Dehousse noted, however, that the Community had been set in motion again.

Mr. Dehousse also spoke at length on the question of Britain's entry into the Common Market. "Britain's accession to the Community would raise considerable difficulties because of her economic situation, which is unfavourable. Her industry is out-of-date and uncompetitive. The productivity of her manpower is low and her balance of payments shows a heavy deficit. In addition, Britain's diffidence towards supranationality remains. As for agriculture, the recent success of the Six is not such as to accelerate Britain's entry into the Common Market. Britain keeps her agriculture going by a system under which world prices are taken as the standard and farmers are paid compensation if the prices they get fall below the world price. The Community's system is different. If Britain accepted the EEC system, her cost of living would rise and her whole economy would be adversely affected. Then again a solution has to be found to the problem of relations

between the United Kingdom and the Commonwealth and EFTA."

Mr. de la Vallée Poussin, who spoke next, disagreed with the views put forward by Mr. Dehousse. The United Kingdom might be experiencing economic difficulties but, he felt: "monetary problems assume a different shape in the United Kingdom - in contrast, that is, to the Member States of the Common Market. Britain would ask the Six of the Little Europe, in the event of her entering the Common Market, that the monetary policy laid down in the Treaty of Rome should be given effect. This is a policy which the Six have so far failed to put into action."

He rejected the suggestion that the United Kingdom was averse to supranationalism. "Britain is enthusiastic in its acceptance of the machinery of the European Communities - because she admires their efficiency. The British are as European as we are and they are ready to give us their full support."

The speaker concluded by noting that we had missed our opportunity to bring to a successful conclusion the policy directed at uniting Europe and thereby making it the equal of the United States. "In telecommunications, electronics and aeronautical engineering, Europe is becoming a second-rate power - coming behind the USA and the USSR. Because Europe is weak, it is becoming more and more obliged to lean on the USA." He suggested that the solution to our present problems was to be found in the OECD, for it was in that context that the essence of Europe was to be found.

Later in the debate, Mr. Ballet spoke of the importance of the Benelux countries within the EEC. "We are firm supporters of European unity but this unification process must not cause the smaller nations to lose their identity. I believe that a greater measure of integration with our neighbours the Netherlands and Luxembourg is essential to preserve the culture of a little state like ours. The Benelux group must, as soon as possible, become a single whole with regard to economic matters, defence and foreign policy... It is clear that a greater effort is needed so that we may achieve an integration that will foreshadow a wider European unification, which is indispensable if the smaller countries are to play a useful part in terms of defence and leadership."

Lastly Mr. Van Eslande, Minister for Dutch Culture and European Affairs, displayed less optimism than Mr. Dehousse with regard to the political integration of the

Europe of the Six. Indeed, he noted, "both at the executive and the legislative levels, Europe is marking time. It is true that an agreement in principle has been reached on the rotation of the presidency of the merged executive of the three communities but no other progress has been made in recent weeks. Not only has it not yet been possible to exchange the Instruments of Ratification but the Luxembourg compromise concerning the manner of the merger and the presidency has not yet been put into effect. At the legislative level, no progress has been made. All the proposals to endow the European Parliament with more than a consultative rôle have fallen by the wayside. This would be less serious if the Europe of the Six had not in the meantime become a living achievement." (Senate, Summary of Proceedings, Sessions of 25 and 26 May, 1 and 2 June)

b) France

The problem of the common agricultural market under discussion in the French National Assembly

At its session of 13 May 1966, the National Assembly had on its agenda the discussion of questions put orally to the Minister for Agriculture in which the problems of the Common Market loomed large.

Mr. Balignère (Communist) considered that the Common Market had not so far been a preferential market for French agriculture. "On the contrary it has served to make competition keener and concentration more radical, to the prejudice of the family farm."

Mr. Le Guen (Centre démocratique) felt that many had tried to lull French agriculture to sleep by holding out the prospect of the European Market. "In 1958, he said, Europe was self sufficient to the extent of 80 per cent; the corresponding figure to-day is 95 per cent. Each of the Six countries has been competing to secure a favourable position for the day when frontiers are fully opened. In other words, given the faster rate of technical progress, the Europe of the Six will be over-productive within a very short time and this will certainly be no panacea."

Mr. Paquet (Independent Republican) felt that the agreement reached in Brussels had validated the French line.

"It proves that our demands were fair and that we were right last year in not negotiating regardless of the cost to ourselves. What price now the criticisms that we have heard in the interval, to the effect that everything was compromised and what would have happened if the majority voting rule had been in force?"

Mr. A. Rey (Socialist) recognized the positive and reasonable aspects of the Brussels agreement; but there were a certain number of important questions as to the future, particularly concerning German industrial competition and the fact that the small farms were ill-equipped to make the adjustments that the opening of customs barriers would call for. For this agreement to be valid and to hold up real prospects for the future, Mr. Rey felt that it should be coupled with a common political power and a European Parliament elected by direct universal suffrage.

Mr. Orvoen (Centre démocratique) hoped "that the common agricultural policy will make it possible to modernize the least favoured regions through the intervention of the European Agricultural Guidance and Guarantee Fund. The agreement is just one stage and there is still a lengthy programme to be carried through. This programme should lead to an international organization of markets which should make it possible to combat hunger in the world and at the same time to improve farm product prices."

Mr. A. Moulin (UNR) stressed that the Brussels agreements would undoubtedly be beneficial to French agriculture as a whole; they were however liable to raise many problems for some classes of farmer. "The time-lag between the deadlines for cereals, pig meat and poultry on the one hand and for dairy products and for beef and veal on the other, is causing some concern among our producers. Indeed there will have to be time to make adjustments and these in turn could create fresh difficulties." Similarly as regards the possibility, open to farmers of other Common Market countries of settling in France, the French Government should continue its efforts to equip French farmers with the technical and financial resources that would enable them to compete with farmers from the other Five countries. Then again, the European undertaking had to be continued in other spheres: the approximation of social security and the equivalence of qualifications.

Mr. X. Deniau (UNR) drew the attention of the Minister of Agriculture to the fact that on 1 January 1970 every farmer in the Community would have the right to settle anywhere in the Six countries. "We are liable to see a great number of farmers, attracted by the low cost of

land in France, come here from the other Five countries. If we cannot side-step the Treaty - there is no question of this - if we must respect the principle of equal rights, then this must be meaningful i.e. foreign farmers competing with French farmers to take over farms or purchase land, should not be favoured by any domestic arrangement in their own country such as bank aid or assistance from other organizations."

Mr. E. Faure, Minister for Agriculture, stressed: "The financial regulation recently adopted is one more stage; each one makes it look more certain that we shall not go back. And we must not go back."

Referring to the problem of the political Europe, he stated: "I find it hard to imagine a European Parliament elected by universal suffrage doing the work which took so much effort when we came to work out, to the last detail, the machinery for rebates, levies, common prices and Community subsidies. I have a great respect for parliamentary institutions but I do not think it would have been any easier to settle these issues in a full, polyglot international assembly."

He went on to speak of the difficulty of setting common prices and stressed that the financial regulation was not all there was to the common agricultural market. The free movement of goods in an open market had to be achieved. This was the prerequisite for greater expansion and a more widespread prosperity.

The Minister concluded by stressing that the Common Market should be of benefit to everyone. If it were unduly beneficial to some and unduly disadvantageous to others, it would not be sound and it would not last. Hence the Community spirit had to come into its own. Everyone had to benefit from the all-round increase in prosperity that would result from the Association. (French Official Gazette, National Assembly Debates, 14 May 1966)

c) Italy

Chamber of Deputies approves the common agricultural policy

On 16, 17 and 21 June the Italian Chamber of Deputies discussed the effects of the EEC's agricultural policy on the

national economy, on the basis of five motions (one Communist, one Socialist, two Christian Democrat and one Liberal), five interpellations and two questions.

The debate was opened by Mr. Chiaromonte (Communist) who stated that the Italian Government, unlike its French and German counterparts, had concluded the agricultural agreements of 11 May without feeling the need to ask beforehand for a specific mandate from the Parliament. As a result of the agricultural agreements of 1962 Italy had incurred a substantial liability (to the tune, in 1965 alone, of 36,000m. Lire) in so far as the Italian contribution to the European Agricultural Guidance and Guarantee Fund (EAGGF) was used to finance France's agricultural policy. The agreements of 11 May had not enabled the Government to achieve its objectives, namely, (i) extension of the benefits of the common agricultural policy to the financing of exports of products of particular interest to Italian agriculture (tobacco, fruit and vegetables, beets, olive oil, rice and wine), and (ii) changes in Italy's favour in EAGGF in the relationship between contributions to and subsidies from the EAGGF. According to Mr. Chiaromonte it was not a matter of upholding prices but of carrying out radical structural reforms in agriculture. He therefore put forward a specific proposal that the Italian Government, by applying its right of veto, should prevent the customs union from being completed ahead of schedule and should request new discussions in Brussels on the possibility of increasing the amount contributed by the EAGGF to the improvement of agricultural structures.

Mr. Bignardi (Liberal) maintained that the unfavourable position of Italian agriculture was due not to the "parasitic" attitude of farmers but to the ill-judged policy pursued in the last few years, the pressure of population in rural districts, the blocking of agricultural contracts, discrimination against producers and insufficient credits for agriculture. The Brussels agreements were having "a serious effect" on Italian agriculture and it was deplorable that Italy had not been adequately represented at Community level. Mr. Bignardi closed with a request for an explanation by the Government, pointing out that the Liberal motion called for liberalization of agriculture following the introduction of a policy aimed at encouraging private enterprise.

Mr. Franzo (Christian Democrat) stated that the decisions taken in Brussels by the EEC Council had been welcomed. Grounds for uncertainty still remained, however, particularly as regards the structure of Italian agriculture,

i.e. the existing basis for productive organization was difficult to reconcile with economic integration. In view of the limited advantages Italy had derived from the Brussels compromise, the Government ought to (i) provide firm backing to domestic production by laying down regulations for sugar, fats and oils, tobacco and wine; (ii) arrange for the approval of supplementary regulations for fruit and vegetables; (iii) ensure that the common level of prices for dairy produce, oil seeds and olive oil, bovine meat and sugar take account of the European Parliament's views and of the state of Italian agriculture; (iv) insist on an annual review of agricultural prices; and (v) consider what financial aid should be given by the State to agriculture to offset the effects of the introduction of the common agricultural policy in advance of schedule.

Mr. Edoardo Martino (Christian Democrat) described the criticisms levelled by the Communists at the Italian negotiators as baseless and rooted in the prejudiced attitude of the Italian Communist Party towards Community institutions. Apart from the material advantages and liabilities involved for Italy by the Brussels compromise, a study of the agreements reached strengthened one's faith in European unity. Bringing forward the target dates for the agricultural market would tend to close the gap between completion of the common market for agriculture and of the common market for industry, redressing the overall balance of European economic unification. The years that lay ahead would undoubtedly be difficult ones for Italian agriculture, but these would be surmounted by Government measures aimed at adapting productive structures to the new requirements of the European and world markets. If therefore the Government pursued a consistent policy, avoiding both protectionist trends and unjustifiable concessions, European unity could be of undeniable advantage to Italian agriculture.

Mr. Cattani (Socialist) admitted that the EAGGF had not, during the first three years of operation, lived up to expectations. Indeed Italy, which had counted upon substantial support for its lagging agriculture, had had to contribute to the tune of 50,000m. Lire to support agricultural systems wealthier than its own. Mr. Cattani therefore stressed the Italian delegation's achievement in reducing Italy's contribution from 28 to 23 per cent, adding that Italy could expect to receive one third of the 285,000m. units of account (about 180,000m. Lire per annum) of the Guidance Fund, a sum more than sufficient for the reorganization of Italian agriculture. He also recalled that Italy had received a lump sum of 60,000m.

units of account (about 37,000m. Lire) in compensation of the failure to bring the regulations on fruit and vegetables and on tobacco into force. He added that at the recent meetings the Italian delegation had succeeded in remedying, at least in part, the situation prevailing in 1962, and that Italian agriculture would adapt itself to the common market only in so far as it was obliged to do so by circumstances.

Mr. Sabatini (Christian Democrat) felt that the Italian Government could try to influence Community decisions only by more active and alert representation at technical level on administrative bodies of the EEC. Italy could not hold itself aloof from the creation of the common agricultural policy on protectionist grounds. It would have to tackle and solve agricultural problems, like those in other productive sectors, on the widest possible European scale. Price policy - Mr. Sabatini went on - was closely tied up with policy relating to agricultural earnings, and price measures should include a measure of protection of earnings so as to ensure an overall balance. From this point of view attempts to ease the market through exports were also justified.

Mr. Ceruti (Christian Democrat) felt that Italian agriculture, far from having been weakened by the Brussels agreements, could emerge greatly strengthened if satisfactory results were achieved particularly as regards regulations on fruit and vegetables. He drew the Government's attention to the sugar-beet sector in which the EEC Commission's decisions concerning the area to be cultivated could do grave harm to Italian agriculture.

Mr. Pedini (Christian Democrat) believed that the recent Brussels agreements had achieved positive results; the compromise on the common agricultural policy would provide a fillip to economic integration without prejudicing the cause of political integration. Moreover, progress with the common agricultural policy could itself be of immense value in facilitating both political integration and the adoption of a common European approach to the Kennedy Round. Mr. Pedini went on to say that to prevent the integration process from distorting the development of agriculture in the different countries, domestic problems should be dealt with and settled in a Community context. A European programme should be drawn up and co-ordinated with those of individual Member States.

Mr. Montanti (Republican) described the decisions of 11 May on the common agricultural policy and the speeding up of the customs union as another, and perhaps decisive,

step towards European economic integration. The speaker regretted, however, that the budgetary powers of the European Parliament had not been widened. As to the agricultural agreements, the Italian Government should do its utmost to ensure compliance with the proposed regulations on olive oil, fruit and vegetables, and wine and tobacco, and at the same time press for the amendment of the decisions concerning sugar and the price of milk. Parallel with market and price policies, structural and social policies at Community level were essential to facilitate the integration of markets. The Italian Government should reconsider the proposal, already put forward by the EEC Commission, that Community plans should be drawn up for renovating market structures, modernizing market facilities and introducing social measures for the benefit of producers and farm workers in the most backward areas. As regards the EAGGF, Mr. Montanti felt that the Fund, like Community regulations, offered great scope for helping Italian producers to increase their earnings and for making good the existing deficit in the EAGGF itself. The Government should avail itself fully of these opportunities.

Following addresses by Messrs. Sponziello (Italian Social Movement), Marras (Communist), Avolio (member of the Socialist Party for Proletarian Unity), all of whom were opposed to the common agricultural policy, Mr. Restivo (Christian Democrat), Minister for Agriculture, took the floor. Replying to Communist criticisms, Mr. Restivo pointed out that the common agricultural policy was not only a major attempt to widen markets and integrate agricultural economies but aimed as a whole at putting in order a vast producer and consumer market for agriculture. This was essential for balanced development of world trade which, for the agricultural as well as other sectors, involved without discrimination both exporting and importing countries. As to any fear that Italian agriculture might find itself handicapped by the new situation brought about by the common market, Mr. Restivo maintained that the future could be regarded without misgiving. Facts and the figures proved that of all the EEC countries it was Italy whose trade had made the most rapid strides in the European area. Mr. Restivo then outlined the salient features of the decisions taken in Brussels on 11 May. Italy had three aims: (i) the extension of the EAGGF's financial responsibility to typical Italian products (rice, fruit and vegetables, oil, wine and tobacco); (ii) the establishment of financial equilibrium; and (iii) acceptance of the need to ensure balanced development of the Community through regional and social policies accompanied by the free movement of workers in the six Member States.

The realization of these aims would provide a basis for progressive integration in the agricultural sector. Mr. Restivo therefore denied that the way EAGGF contributions had been distributed favoured France at Italy's expense. If the regulations, which had still to be approved, embodied the EEC Commission's proposals, then Italy would receive 33 to 34 per cent of the available funds of the Guidance Section of the Fund. In the next few years Italy could therefore find itself with a credit balance on the books of the EAGGF. Bringing forward the introduction of a common market and uniform prices to 1 July 1968 could lead both to modernization of structures and increased efficiency. It would also enable farms to carry out the necessary adjustments and reconversions. As far as these problems were concerned, the Government was prepared to back any action aimed at ensuring the closest collaboration between Parliament and the Executive and therefore a position of strength at the negotiations in Brussels.

For the purpose of explanations as to voting, the following took the floor: Messrs. Franzo, E. Martino, Sabatini and Prearo (Christian Democrats), Cattani (Socialist), Sereni and Busetto (Communists), and Bignardi (Liberal), each of whom confirmed their own and their colleagues' remarks. The Chamber then adopted an agenda submitted by the Christian Democrats, Socialists, Social Democrats and Republicans, forming the majority, while rejecting Opposition motions. The agenda stated that the Chamber, having approved the action taken by the Italian delegation during the meetings of the EEC Councils regarding the common agricultural policy, called upon the Government: (1) to ensure full compliance with the time-limits fixed by the Community regulations on products of concern to Italy; (2) to safeguard the production and prices of basic agricultural products so as to ensure a just reward for producers; (3) to take steps with a view to speeding up the modernization and overhaul of Italian agriculture as far as possible, and to improving the assistance given in the agricultural sector. (Corriere della Sera, 17, 18 and 22 June 1966; Il Popolo, 17, 18 and 22 June 1966; Avanti, 17, 18 and 22 June 1966; l'Unità, 17, 18 and 22 June 1966; La Voce repubblicana, 18 and 19 June 1966)

d) Luxembourg

Luxembourg ratifies the treaty merging the European Executives

On 30 June 1966, the treaty merging the EEC and Euratom Commissions and the High Authority of the ECSC came before the Luxembourg Parliament. Luxembourg was the last of the Six to debate this treaty. The treaty bill was passed by 45 votes to 11; those in favour were the Christian Democrats and the Socialists and those against were the Liberal and Communist opposition members. The passing of this bill placed Mr. Werner, Foreign Minister, in a position to deposit the Instruments of Ratification with the Secretariat of the Council of Ministers in Brussels by the due date.

The Chamber passed the bill without any great enthusiasm and members, both of the Government and of the Opposition, expressed misgivings. Mr. Jean Bech (CSP), Rapporteur, outlined the plan to form a single European Council of Ministers and to merge the three Executives. He said that Luxembourg had observed the agreed timing stipulations except in regard to the merger issue. All the other partners, apart from Luxembourg, had, in the interim, ratified the treaty or at least reached the final stages in the ratification procedure. For Luxembourg to delay any longer, therefore - on whatever pretext - would be irresponsible. Non-acceptance of the treaty on Luxembourg's part would be regarded as an anti-Community attitude and as an instance of petty mindedness. If Luxembourg rejected the merger, it would lose a lot of prestige and destroy, at one fell swoop, the constructive international policy that the Government had pursued for twenty years. To close his noteworthy report, Mr. Bech expressed grave concern about the future of Europe and about the reappearance of nationalism in the Community. One example of this was to be seen in the coal industry, and it represented a serious threat; he warned of the effect this might have on the steel industry, a sector vital to Luxembourg.

Mr. Pierre Werner, Luxembourg Foreign Minister, began his speech by noting the constructive developments in the Community that had taken place since the last debate on the foreign affairs budget. The last meeting of the EEC Council had led to effective progress and even the NATO crisis had not put a brake on the new dynamism. Hence a less pessimistic assessment of the state of the Community

would not be unwarranted. He said that the merger treaty would have no negative repercussions; it would not, in particular, as many feared, lead to any confusion concerning prerogatives. The treaty would simply place the law of the three Communities in the hands of the merged institutions so that the law would not thereby be impugned. There was no cause for Luxembourg to fear prejudice to the steel sector. The merger treaty, moreover, contained no stipulations liable to have negative repercussions either on the organization or the operation of the steel market.

Mr. Wohlfart pledged the support of the Socialists for the bill, but did so without enthusiasm. The Socialists regarded the merger simply as a way of rationalizing work and of reducing administrative costs. He was seriously perturbed about the tug-of-war about nominations for membership of the Commission. He feared particularly that the fourteen members of the Commission (later to be reduced to nine members) would not be able to devote enough time to heavy industry or the social problems of the worker. He therefore regretted that the High Authority was leaving Luxembourg, where working conditions had been ideal and the atmosphere favourable to discussions concerning coal and steel production. He then spoke of the merger of the three European Treaties and repeated the position adopted in regard to this question by the Socialist Group in the European Parliament and by the General Confederation of Labour (CGT). He analysed the work of the three Executives and noted that the ECSC, in particular, had done valuable work in the social field and regretted that the new common Executive would not include a co-opted member representing the workers. To conclude, he stressed that the three years of the transition period should be used to give effect to the treaty in a social and European key. If progress was made in this direction, the Socialists would not regret having voted for the merger treaty.

In common with the Federal Republic of Germany and the Netherlands, Luxembourg would not deposit the Instruments of Ratification until the position regarding membership of the future single Executive were clarified. Five of the EEC countries, including Luxembourg, had now completed the procedure for ratifying the merger treaty without having yet submitted their Instruments of Ratification. In the Netherlands, the First Chamber (the Senate) had still to give its assent. The Second Chamber (the Parliament) approved the Treaty on 21 June 1966. (Luxemburger Wort, 30 June and 1 July 1966; Chamber of Deputies No. 1133 - 1133², Sessions of 1964-1965 and 1965-1966)

e) The Netherlands

Debate in the First Chamber on the European Policy of the Netherlands

On 24 and 25 May 1966 the First Chamber turned its attention to: the Luxembourg Agreement, the decisions taken by the EEC Council on 9 and 10 May 1966, the problem of financing the common agricultural policy and the question of strengthening the powers of the European Parliament; this was in connexion with its examination of the budget for the Ministry of Foreign Affairs.

Mr. Kapteyn (Labour Party) maintained that the negotiators in Luxembourg had failed to agree on increasing the powers of control of the European Parliament. They had been unanimous only in their efforts to weaken the position of the EEC Commission and to strengthen the Council's control over Community affairs. It became clear at the end of 1964 that the Franco-German Treaty was not the right way of ensuring that decisions, prejudicial to French interests, were not taken by a majority. From then on, it became clear that the battle over Community arrangements would be joined in 1965. It was regrettable that neither the EEC Commission nor the Five had exploited the fact that the Community was far more important to France than to the other Member States, that they had not reacted to the crisis of June 1965 by laying down their own terms at the right moment.

Mr. Kapteyn also felt that the procedural change (whereby the Commission had first to get in touch with the Member Governments through the medium of the Permanent Representatives before submitting proposals of any moment) was designed to down-grade the Commission to the level of the Permanent Representatives. Article 5 of the Agreement, moreover, on relations with the United Nations and GATT (for which the EEC Commission was responsible under Article 229 of the EEC Treaty) prejudiced the constitutional status of the Executive.

In view of the relations between the EEC and NATO it could be asked whether it were not desirable to subject EEC policy to review. Under the common agricultural policy, the Netherlands would receive 100m. florins a year. Yet each year 1,000m. florins would pass out of the control of the States-General. It could be asked whether the Government ought as a matter of policy to assume responsibility for such a transfer of control.

Spokesmen for the other political parties were more enthusiastic. Mr. Van Riel (Party of Freedom and Democracy) was against forcing the issue of Community control over budgets. In the long run, the other countries would prove equally intolerant of the fact that thousands of millions were appropriated for agricultural policy without this being subject to effective control.

Mr. De Quay (Catholic People's Party) stated that the great advantage of the Luxembourg Agreement was that it had set talks between the Six in motion again. The French Government had not, he felt, succeeded in weakening the position of the EEC Commission; the agricultural decisions taken in Brussels had solved nothing in terms of principles; but they had yielded up some fairly significant results in practice. Attention should now be focused on the development of the EEC in the trade policy, fiscal and social spheres. Although the United Kingdom sometimes moved more slowly than the Continent, there was every reason for giving vigorous encouragement to Britain's accession to the EEC. Supranationality would not become a fact, nor would the EEC become democratic, until there was a real change of heart on France's part. To achieve these purposes, action should be taken at other levels and on other fronts through the European movement and international meetings between political parties and organizations representing labour and management.

Bearing in mind the present political situation in Europe Mr. Berghuis (Anti-Revolutionary Party) felt that the Government had acted wisely in approving the Luxembourg Agreement. There was however a limit beyond which one should not go.

Mr. Van Hulst (Historic Christian Union) welcomed the Luxembourg Agreement even though it might later be realized that this was a solution only in appearance. The speaker's party could not help feeling that France's intention had consistently been to reduce the political importance of the Commission. The Agreement of course could be interpreted in two ways so that everything would depend on whether the Six interpreted it in a Community way. He was less pessimistic about France's attitude than Mr. De Quay.

Mr. Van der Spek (Socialist Pacifist Party) felt that the EEC was now no more than an organization of purely economic interest, however important it might be. He felt this would probably continue to be the case after the demise of General de Gaulle.

Mr. Luns, Foreign Minister, felt that it was important to go on developing and enlarging the EEC. It had to be remembered that originally France hoped that by boycotting the Community, she would succeed in obtaining an amendment to the Treaty on majority vote decisions, in obtaining absolute priority for the financing of agriculture and in obtaining an appreciable curtailment in terms of the status, powers and prestige of the EEC Commission and the Luxembourg Agreements had to be seen against this background. For France had had to suspend its boycotting of the Committee without achieving a single one of these aims. France's economy depended on the EEC and her situation at home might have played an important part in this connexion. The agreement now reached on financing agriculture enhanced this state of affairs still further. It did not increase the risk of a further crisis; quite the contrary, it reduced this risk. The integration process, in which France was willy-nilly involved, could be regarded as a factor that would help, at least in the long-term, to reduce dissension between the Six. The EEC had to be allowed to develop according to its own laws. The fact that these laws were, above all, beneficial to France was the effect of economic phenomena.

In reply to a question from Mr. Van Riel (Party of Freedom and Democracy), Mr. Luns stated that when the Government took its decision on the financing of agriculture, it had taken political and strategic considerations into account, including the French strike force.

He thought there was still no reason to believe that France had had a change of heart about Britain's entry into the EEC. The Government's diligence in ratifying the merger treaty was not solely because of constitutional considerations. (Could the Government be justified in making the ratification of the Treaty contingent on how its various provisions were to be implemented?) He thought that one should not rule out the possibility that one of the Six might refuse to put its cards on the table before being certain that ratification would go through. In practice it would not be until then that the countries could be asked to take decisions based on the Treaty adopted. Hence the Chamber and the Government were liable to be left in doubt about the composition of the single Commission and to be unable to pronounce on this subject; similarly the merger Treaty would have no chance of success.

Mr. De Block, Secretary of State for Foreign Affairs, outlined the Luxembourg Agreement in greater detail. He showed that the Commission was not, with regard to its

proposals, reduced to contacts with the Permanent Representatives; in fact it was a question of relations between senior officials of the Commission and senior officials of the national administrations who could also be replaced by the Permanent Representatives. The Commission did not need to consult national officials; it could also consult members of Governments.

Article 229 of the EEC Treaty reads "it shall be for the Commission to ensure the maintenance of all appropriate relations with the organs of the United Nations and their specialized agencies and of the General Agreement on Tariffs and Trade. The Commission shall also ensure appropriate relations with all international organizations." In order to ensure that the Commission is not disowned by the Council for initiating appropriate relations it is now proposed that "the Council and the Commission shall consult together" in pursuance of Article 162 of the Treaty.

The arrangement proposed in the agreement concerns the information function of the Community only. Information on the activities of the EEC Commission and that given by the spokesman's group do not come within the scope of this measure.

Generally speaking Mr. De Block considered it could be said that the Luxembourg Agreement was not prejudicial to the terms of the Treaty and that the points concerning collaboration between the Council and the Commission had still to be discussed with the Executive.

The session held by the EEC Council on 9 and 10 May had culminated in a wide-ranging series of measures. The fact that a date had been set for completing the industrial common market was of capital importance to the Dutch economy. It was worth noting - from the point of view of the Treasury - that as from 1 July 1967 the Community would bear the whole cost in connexion with dairy produce. It was untrue to say that the agreement was beneficial to only one Member State: France had had to accept an accelerated realization of the common industrial market and the dovetailing of discussions on the Kennedy Round and on the agricultural prices. The problem of strengthening the powers of the European Parliament had been deferred until the question of the Community's own revenues was raised again i.e. until 1969.

The Six had in fact agreed that the problem of independent revenues covered by Regulation 25 should be discussed again in 1969 at the latest and that the income from

levies should be paid to the Community as from 1970. Five countries, furthermore, had made a settlement of this question subject to work being initiated on strengthening the powers of the European Parliament. It was explicitly agreed that the financial regulation would expire at the end of the transition period." (First Chamber, Session 1965-66; Proceedings, 24 and 25 May 1966)

Written Questions

Increased industrial demand for capital and its effects on the European Financial Market

On 27 May Mr. Vondeling, Finance Minister, stated in reply to a question from Mr. Polak (Labour Party) that information available showed that the call for European capital by American concerns in 1965 had totalled \$350m. He did not agree, however, that this figure would be between \$700m. and \$900m. in 1966 because the increase in interest rates in the European Capital Market had caused demand to slacken; some issues in favour of American concerns had even been cancelled. He thought that any further rise in interest rates on the European Capital Market would be purely local in origin rather than the result of the American call for money.

The Dutch Authorities were not thinking of banning foreign issues and, in any case, international obligations contracted would make it very difficult to introduce any restriction in terms of capital flow. (Debate in the First Chamber, annex p. 75)

National Research Programme

In order to acquire knowledge and experience in the design and development of the equipment needed for space travel and research, a number of Dutch firms asked the Government, in the summer of 1965, to draw up a national programme to develop space techniques. The Minister for Economic Affairs was awaiting proposals to build one or several satellite prototypes of a sort likely to find an adequate market in the more or less long term. Scientists and industrialists have always kept in close touch so that the programme will obtain maximum benefit from scientific

research. Since 1961, the costs of the national research programme have been covered from the budget of the Ministry of Education and Science.

Under ESRO, as distinct from ELDO, contracts are awarded after calls for tenders have been made; so far the Dutch have been awarded only minor contracts in the field of space techniques. This is due to a relative lack of knowledge and experience on the part of Dutch industry in this sphere. The proposal is intended to make good this leeway so as to improve the chances of Dutch industry's obtaining orders from ESRO and ELDO. This statement was made on 2 June in reply to a question from Mr. Oele by Mr. Den Uyl, Minister for Economic Affairs, and Mr. Diepenhorst, Minister for Teaching and Science. (Debate in the Second Chamber, annex p. 955)