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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. The Fourteenth Congress of the Italian Social Democrat Party

The Italian Socialist Democrat Party (PSDI) held its Fourteenth Congress in Naples from 8 to 11 January 1966. At the close of the Congress the Party passed by an overwhelming majority (over 95 % of delegates) a resolution in which it drew attention to the need for the two Italian Socialist Parties (the PSDI and the PSI) to become united at an early date. The whole of their previous experience and all their efforts had been directed to this end; their overriding duty was to contribute as effectively as possible to the consolidation and to the organization of peace; the need for an Italian contribution to world socialism, especially in stressing the vital importance of a free and international movement for the workers in other countries; the need to give centre-left policy a more meaningful content; the duty to meet the craving for unity unwillingly expressed at times by a large number of Italian workers.

While the dominant theme of the Congress was socialist unification, this did not mean that the problems of foreign policy in general and those of Europe in particular were overlooked. In fact, a debate on these problems was held on 10 January when Mr. Cariglia, Vice-Secretary of the Party, and Mr. Levi Sandri, Vice-President of the EEC Commission, took the floor.

Mr. Cariglia recalled the support that the PSDI had pledged to the Atlantic alliance which had to be founded on a genuine Euro-Atlantic partnership. The speaker felt, however, that Europe could hope to become a genuine equal partner of the United States only if the process of European unification were carried to its conclusion. Mr. Cariglia then took to task the unilateral action of General de Gaulle but expressed the hope that "France would

soon be associated with the other countries of Europe in resuming the path towards unity which was henceforward scored in the course of history." Mr. Cariglia concluded his speech by recalling that "the rôle of Europe is a rôle of peace" and that this Europe - the Europe of the peoples - had to be "solidly united on a democratic basis" and free from any nationalistic residues or third force trends in the economic, political or nuclear fields.

Professor Levi Sandri analyzed the crisis in the EEC caused by the unilateral action of the French Government. The speaker forthrightly condemned the policy of General de Gaulle which was undermining the supranational basis of the Common Market and its institutions, especially the Commission. In this connexion he said that if the Commission were to undergo any radical change as regards its function and if its independence were curtailed, the EEC would end up by becoming a mere carbon-copy of other international organizations which, by their very nature, were purely intergovernmental and unable to carry out a common policy of their own without which there could be neither economic nor political union. This implied on the part of the five Governments, according to Professor Levi Sandri, a firm defence of the Treaties of Rome even if it meant continuing with the making of Europe on the basis of five partners only, for capitulating to de Gaulle which would be tantamount to renouncing the whole process of integration.

Professor Levi Sandri trusted that the European countries would cede "part of their formal sovereignty so that united they might play an effective part in world policy." He added that in view of the importance of what was at stake, it had to be asked whether it was possible for this to be left merely to the six Ministers or to the six Governments or whether instead the European peoples should not be consulted by recourse to a referendum or through the election of an appropriate assembly. Mr. Levi Sandri concluded his speech by calling on the Social Democrat Congress to address an appeal on those lines to the Ministers which were due to meet in Luxembourg so that the Europe of tomorrow might be such as its founders would have wished. "It is up to us to ensure that it does not become the Europe of cartels but the Europe of the workers." (Socialismo democratico, 16 January 1966)

2. Italian Communists and Europe

The Italian Communist Party (PCI) held its Eleventh Con-

gress in Rome from 25 to 31 January. It was the first congress to be held by the Party since the death of Mr. Togliatti; his successor to the position of Party Secretary, Mr. Longo, however, had not made any policy change. Indeed, Mr. Longo submitted to the delegates a policy statement which differed in no way from the attitude previously adopted by the PCI except with regard to a greater opening towards the Catholic Church. The proposed policy statement decisively rejected the idea of a socialist unification and the whole domestic and foreign policy of the centre-left Government.

In the report which Mr. Longo read on 25 January to explain his policy statement there did, however, emerge a new trend with regard to the European problem. The Italian Communist Party now considered that it ought to discontinue its wholesale rejection of the European integration process: whence its request that it be allowed to take part in this process. The PCI was opposed to the Europe of monopolies and, therefore, to any policy of cartels and agreements within or beyond the bounds of the EEC but it recognized - as Mr. Longo pointed out in his report - "that the European working class movement and the forces working for democracy in Europe should follow their own independent line, and there should be economic co-operation between all the countries of Europe, on the one hand, and between the European countries and developing countries, on the other, in order to ensure an effective consolidation of their independence." Mr. Longo went on to say: "We Communists consider that action should be taken within the Common Market to obtain a revision of all those decisions that may hamper the growth of trade between all the countries of Europe (both capitalist and socialist) or which involve a subjection to monopolistic interests. It is our view that action should be taken now against any consolidation of a supranational authority which could limit the independence of national parliaments in the decisions they take."

Despite this statement Mr. Longo repeated that the Italian Communists had on many occasions recognized the objective nature of the new forms of international co-operation and economic integration but the Italian Communists reaffirmed that the interests of the big capitalists should not be the ones that guided the economic life of Western Europe. The speaker said that the Communists were ready to hold discussions at any level in order to make this requirement prevail: "we have no difficulty in entering new paths and in seeking points of contact with other democratic groups. We are of the opinion that the working class movement should strive to ensure that pub-

lic intervention in the economic life should be anti-monopolistic in its emphasis and provide an effective defence for the national and European interests."

Mr. Longo addressed these remarks to all the forces on the left in Western Europe and to all the democratic currents of opinion, even though, as at present, the remarks were mainly addressed for practical purposes to the European Communist parties, especially to the French Communist party with which the PCI co-operated closely. Mr. Longo also recalled the co-operation between the Italian Communist union, (CGIL), and the French Communist union (CGT); this had found expression in the decision to set up a standing committee which would be responsible for reaching agreements and in the important statement of attitude adopted by the Belgian Labour Federation in favour of a common programme on the part of the European trade union organizations affiliated to the International Confederation of Free Trade Unions (ICFTU) and to the World Federation of Trade Unions (WFTU).

Mr. Longo once again asserted the claim to a right for the Communists and for all workers parties, such as the Italian Socialist Workers' Parties (PSI and PSIUP) to be adequately represented in the European Parliament. He said that there, too, the Communists wished to develop their united front on European problems.

Mr. Longo concluded his report by renewing his call for unity within the European working class movement as well as for unity between the latter and liberation movements and progressive forces in the former colonial countries with a view to imparting a new direction to European policy, particularly against the predominance of monopolies and the neo-colonialist penetration policies that work in the African countries, the Middle East and Latin America, so that new relationships of economic co-operation might be established at the international level. (L'Unità, 26 January 1966)

3. The attitude of the German Congress of Industry and Commerce to the EEC crisis

On the occasion of the first annual meeting of the Hanover Chamber of Commerce and Industry on 24 January 1966, Dr. Alwin Münchmeyer, Vice President of the German Congress of Industry and Commerce (DIHT), described solving the

EEC crisis as the most important problem of 1966. He regarded financing agriculture as having been no more than a pretext to open discussions on fundamentals. France dreaded the transition to the third stage which would entail majority decisions on the Council of Ministers; moreover, she mistrusted the Hallstein Commission. This stemmed from France's fear of any form of supranationality. Dr. Münchmeyer thought that until the Six were agreed on a common foreign policy, France would want to feel free to pursue economic and trade policies of her own.

Dr. Münchmeyer pointed out that in the autumn of last year industry throughout the EEC had come out unequivocally in various resolutions in favour of pursuing the economic integration of Europe for the crisis spelled only uncertainty for business and trade decisions, particularly those about investments. It was to be remembered that French industrial concerns had adjusted themselves to the larger European market. They would be sorely tried, Dr. Münchmeyer felt, by any sudden restoration of customs barriers and by the suppression of harmonization measures that had been successfully carried through. This held equally for France's partners, although it had to be remembered that the collapse of the Common Market would not hit German industry as hard as that of France.

He described the present political phase as a "sham policy" hardly suited to effective decision-taking. Yet, despite all the difficulties, there could be no progress without France's participation. A formula had therefore to be found that was acceptable to all the Member States. The alternatives that had been considered, in particular that of substituting the United Kingdom for France, could only lead up a political cul-de-sac for then there would be not only two blocs, as heretofore, but three. He felt that a bridge between the EEC and EFTA could be built, for the time being at least, in the form of a multilateral convention between the two economic blocs. He pointed out that he had already suggested in 1960 that the EEC as a whole should join EFTA. This proposal had, as the years passed, come more and more into the foreground of economic discussions and he felt that, through a multilateral approach, such a bridge could quickly be built. He suggested that exploratory talks on this subject should begin as of now between the EEC and EFTA.

He went on to warn of the dangers of weakening the Brussels Commission, for the authors of the Rome Treaty had deliberately conferred strong powers on the Commission as they knew that the integration process could not be

carried through without a powerful driving force. If compromises were accepted now, this would merely lead to further crises. Consequently, he felt that the settlement of issues involving personalities had not to lead to a curtailment of the powers of the Commission. With regard to majority decisions on the Council of Ministers, Dr. Münchmeyer stated that one should not be unduly particular about this question for, after all, "one of the imperatives of sound politics was not to put a partner in a minority position on a matter of vital interest to him, were it only not to be put in the same position on a similar issue". With regard to financing agriculture, it had to be remembered that this problem stemmed from the particularly high level at which EEC agricultural prices were set in order to adjust them to German prices. Germany had therefore as soon as possible to exert pressure to ensure a balance between industrial and agricultural integration; for the counterpart to a common agricultural market was economic union and not merely customs union.

Addressing the Chamber of Commerce in Hamburg on 26 January 1966 Dr. Münchmeyer stated that the current EEC crisis should not be settled by further compromises of the type liable to lead to further crises. On this occasion too, he stated that the actual cause of the crisis was not, as alleged, the question of financing agriculture: it was the foreign and world policy complex of questions. He called for closer co-operation in Europe; this was imperative in view of the present world situation. (Industriekurier, 25.1.1966; Frankfurter Allgemeine Zeitung, 25.1.1966; Neue Zürcher Zeitung, 27.1.1966; Die Welt, 27.1.1966)

4. Motion of the Executive Bureau of the European Organization of the International Federation of Christian Trade Unions (IFCTU) on the merger of the European Executives and of the Communities

In a motion passed according to the written procedure at the beginning of January 1966, the Executive Bureau of the European Organization of the IFCTU stated that the period provided for drawing up and negotiating the Treaty in respect of the merger of the Communities should not go beyond 1 January 1968. The responsibility for drafting the Treaty should not be vested in the permanent representatives but in the single Commission which should draw up a draft Treaty and remain associated with the subsequent negotiations.

When drawing up the single Treaty, the Commission will have to consult the European trade union organizations, the latter acting as observers, without prejudice to consultation of the Social and Economic Committees of the EEC and of the EAEC, and of the Consultative Committee of the ECSC. The European Parliament will have to be associated with this work both at the preparatory stage and during the negotiations themselves.

Membership of the single Commission should reflect the balance between nationalities, trends and economic and social groups; it should also ensure that the trade unions are represented on the Commission.

The Executive Bureau was in favour of the joint responsibility of the Commission, particularly with regard to staff management. Trade union organizations of European officials would have to be consulted on the various staff problems that would derive from the merger of the Communities.

Finally, the motion recommended that the European institutions be endowed with a broad measure of financial independence based on independent revenues and that the present system for financing the ECSC be continued in respect of sectors that come under the Paris Treaty.

5. The European Secretariat of the International Confederation of Free Trade Unions (ICFTU) and the European Organization of the International Federation of Christian Trade Unions (IFCTU) on the eve of the 2nd Council Meeting in Luxembourg

On 27 January 1966 two delegations representing the Executive of the European Secretariat of the ICFTU and the Executive of the European Branch of the IFCTU unanimously passed the following resolution:

"The Trade Union Organizations consider that the negotiations with a view to settling the present crisis must be based on achievements since 1962 and promote real progress in regard to European integration, in accordance with the Community Treaties.

Such progress can only result from the permanent confrontation between the Community concept, as represented by the European Executives, and national interests, as

defended by the Governments.

This confrontation alone, if stimulated by the European Executives, will foster the efficient operation and smooth development of the Community, whose rule on majority decisions, laid down in the Treaties, represents one of the basic and essential factors. In this connexion, the Trade Union Organizations consider that the drawing up of a working schedule, without consulting with the Commission, is a blow at the institutional balance of the Community.

As promoters of European unity and sponsors of its development, the Trade Union Organizations wish to be associated to a greater extent with the Community's work and decisions. They reject therefore any interference with the Commission's right to inform public opinion of its work and to maintain direct contacts with the professional organizations.

The ICFTU and IFCTU Organizations have decided to strengthen their co-operation with a view to intensifying the active development of the Community."

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The Montecatini-Edison merger

On 16 December 1965 the Montecatini and Edison firms issued an official statement announcing their intention to merge in order to create an industrial group "on a European scale" in the chemical sector; in other words, in order to adjust their production to the needs of the European Common Market. While this was the fundamental reason for the merger, there were others: 1) the need for a chemical concern that was commensurate with the size of the Italian market where three rival groups had been competing with one another (i.e. Montecatini, Edison, ANIC); 2) the shortage of capital on the part of Montecatini in relation to its industrial projects; 3) the capital available to Edison as a result of compensation for the nationalization of electrical energy; 4) Edison's chemical facilities could easily be combined with those of Montecatini.

Montecatini's registered capital as at 31 March 1965 was 257,000 million Lire subdivided into 257 million ordinary shares, each of 1,000 Lire. There were 215,480 shareholders. In 1964 Montecatini's turnover was 217,004 million Lire. At that time Montecatini's labour force was 33,260. Edison's registered capital as at 31 March 1965 was 437,500,000 Lire divided in 218,250,000 shares with a nominal value of 2,000 Lire each of which 187,500,000 had in fact been issued (for 375,000 million Lire) with 31,250,000 to be issued as conversion shares in June 1964. There were 205,000 shareholders. In 1964, Edison's turnover was 145,735 million Lire to which had to be added 20,500 million Lire in financial returns; the turnover of the Edison group in 1964 was 365,000 million Lire. The Edison group, as at the end of 1964, employed 43,500 people.

The talks on the merger between the two companies began in the summer of 1965 and were conducted with the consent of the Italian Government which studied the matter on 11 December at a meeting between Mr. Moro, President of the Council, Mr. Nenni, Vice-President of the Council, and Mr. Pieraccini, Minister for the Budget and for Programming, Mr. Colombo, Minister for Treasury, and Mr. Bo, Minister for State Participation, and Dr. Carli, Governor

of the Bank of Italy. Opposition to the merger came only from the Italian Communist Party which called upon the Government, in the Chamber of Deputies and in the Senate, to state whether "the merger did not conflict with the provisions on freedom of competition" and whether it were not likely to create a dominant position on the market.

Montecatini and Edison together represented 75 per cent of the Italian production capacity in the chemical industry in 1964 and 15 per cent of the EEC production capacity in that sector. A breakdown of their individual products showed that they produced 64 per cent of the ammonia in Italy and 14 per cent of that of the EEC; for sulphuric acid the respective figures were 75 per cent and 18 per cent; for caustic soda, 50 per cent and 13 per cent; for fertilizers, 50 per cent and 9 per cent, and for plastics the figures were respectively 90 per cent and 25 per cent. At the European level Montecatini-Edison would therefore be able to compete with the other major European chemical firms such as Unilever and Pechiney-St.Gobain. At the world level, it becomes the sixteenth largest undertaking (whether chemical or other), excluding the United States companies. (Il Sole, 24 Ore, 17, 21 and 23 December 1965; L'Espresso, 19 and 26 December 1965)

2. The Italian CGIL Union asks to be represented on the EEC institutions

The General Italian Workers Confederation (CGIL) which represents Socialist and Communist workers called upon the President of the Council, Mr. Moro, and the Vice-President of the Council, Mr. Nenni, and the Minister of Labour, Mr. Delle Fave, to admit its representatives to be admitted to the economic and social bodies of the EEC on which representatives of the Italian Workers Unions Confederation (CISL) and the Italian Workers Union (UIL) were already present.

In its letter, the CGIL argued that the present representation which excluded the CGIL from the Community bodies, although it represented 3 million members, meant of course that the desires and interests of the Italian workers could not be fairly or completely defended. In view of this, the CGIL wished to point out that, while retaining its freedom of opinion on the various questions relating to the European Common Market (and this freedom of opinion should be the right of all organizations), it

called for recognition of its right to be represented in the economic and social bodies of the Community, in order that it might, in accordance with the powers conferred upon trade unions by the Rome Treaties, defend the interests of the workers. This was not only legitimate, it was essential, because the working classes of Italy ought to be represented in full. Developments in the international situation as well as developments in relations between the public authorities and all the unions necessitated a change in the discriminatory selection that had been made in the past.

The letter concluded by saying that the Italian Government should appoint candidates to the Consultative Committee for the free movement of workers, the Consultative Committee for the occupational training of manpower and the Economic and Social Committee and that, in doing so, it should include CGIL members. (L'Unità, 19 January 1966)

3. The International Federation of Christian Trade Unions programme for action in the sphere of social policy within the EEC

The International Federation of Christian Trade Unions (IFCTU) had submitted to the EEC Council and Commission a full-scale social programme.

Social policy ought to be directed at promoting the prosperity and happiness of the individual in society. It should make for the organization of that society by encouraging the acceptance of joint and individual responsibilities at every level of social life.

- 1) Employment policy should be directed at achieving full employment within the Community in so far as this was possible, in terms of both quantity and quality. This predicated an active policy directed on the one hand at creating employment for all those who can and want to work and, on the other, at a constant adjustment of the individual to economic and technical opportunities and vice-versa.

This policy would further require attaching special importance to regional planning at the European level, to decentralizing industry and to a regional development policy. It was to be stressed that the free movement of workers within the Community was the right

of each individual European worker and was in no way a means whereby large-scale unemployment in a given area of the Community might be dealt with. Such unemployment should be prevented by the creation of local jobs. The crisis called for a quicker approximation of social laws and the harmonization of social policy; it further necessitated a European Worker's Code for migrant workers.

The IFCTU called for the early introduction of a community policy in respect of teaching and occupational training and stressed the need to achieve equal pay for men and women.

- 2) Incomes and working conditions: Workers' organizations felt that wage-setting should be done on a basis of contractual independence on the part of the social partners. There could be no question of an incomes policy without a fairly radical structural reform; without effective economic and social planning, nationally and at community level; without discussions being set in motion on a permanent basis on how the fruits of the joint effort should be shared.

At the European level it would be advisable to pursue with vigour the efforts to enter into negotiations on a parity basis in every branch of industry and to take stock of the social benefits, wages and social laws obtaining in the Member States. Measures likely to promote the harmonization and standardization of working conditions ought also to be examined.

The plans drawn up in the various Community countries with a view to giving the workers their share of new investments would only be successful if extended throughout the Community. It would be desirable for the Commission to take the initiative in preparing a co-ordinated approach to this problem.

Social security developments in the Community countries showed an increasing trend towards improving the laws in force and extending their scope. The workers' dispensations were becoming appreciably similar. This trend should be actively promoted.

As to the length of the working week, the IFCTU called for a phased reduction in the number of hours worked and for a minimum of four weeks annual paid leave.

The approximation of fiscal policies in the EEC States ought to be effected with due regard for the interests

of the workers.

With regard to housing, action was particularly necessary on behalf of migrant workers.

- 3) The social policy of the Community with regard to different sectors of the economy: Generally speaking, the IFCTU felt there was an imbalance between what was done in Europe in general terms and what was done for individual sectors. This was regrettable for the social repercussions of economic and industrial progress did not register only at the general level but above all in the branches of the economy concerned. Hence, if the necessary measures were to be taken in time, a vigorous effort had to be made to make good the leeway in the activities conducted on behalf of specific sectors.

For this reason the IFCTU advocated certain measures in the sphere of agriculture (full employment of farm workers, occupational training, security, health and industrial safety, working conditions, housing), transport (length of the working week, social security systems, etc.), public services (European Public Service Code).

- 4) Bipartite and tripartite consultations: In order to carry out this social programme the IFCTU felt that employers and their organizations must demonstrate their readiness to initiate consultations at the European level with the workers' organizations which had to be regarded, both generally and in individual branches of the economy, as essential partners in the making of a Europe that was economically and socially sound. The European Branch of the IFCTU urged the Community bodies to take measures with a view to possibilitating the necessary European negotiations between labour and management. The IFCTU called for the social partners to be fully associated in framing policy, especially medium-term economic policy and a social policy in this context at every stage and at every level.

The European Branch of the IFCTU had several suggestions to make about the consultative bodies (Economic and Social Committee and ECSC Consultative Committee) and the negotiating machinery for the implementation of a practical and effective social policy would be possible only on the basis of discussions between the social partners and the European institutions. (European Branch of the IFCTU, Action Programme)

III. EXTERNAL RELATIONS

Professor Röpke advocates a free trade area embracing the whole of Europe

On 16 January 1966, Professor Wilhelm Röpke, the Geneva economist, spoke at the 137th Anniversary of the traditional "Bremer Eiswette" to about 600 German and foreign representatives of the spheres of economics, shipping and transport.

To make good the split across Europe that had resulted from the creation of the European Economic Community and the European Free Trade Area, he suggested that the EEC should become part of a free trade area embracing the whole of Europe and thus incorporating the two economic blocs. As there were special relations between France and Germany and as the latter was the economic and financial core of Europe, the initiative for creating such a free trade area should come from Germany to demonstrate to France how unfortunate the division of Europe into two economic blocs was. In order to create a "house for all Europe", Professor Röpke advocated that concessions be made to the French President with regard to the supranational issue and that of the powers of the EEC Commission. Professor Röpke spoke of "Germany, the EEC and the rest of Europe" and he described the difficulties experienced by the EEC in the last six months as a "salutary crisis". He emphasized, however, that the gulf between the EEC and EFTA would widen as liberalization went forward within the two blocs. He felt that France's rejection of the majority vote system within the EEC and her desire to curtail the powers of the EEC Commission were far from exceptionable. Concessions in this direction might be the price for France's agreement to creating an all-European free trade area, i.e. one in which every European country would have its place.

In making this speech, he had acted as the interpreter of the Gaullist theory of a "Europe of Nation States" and come out against the geographical exiguity of the Common Market. Considering the ever widening rift which the process of European economic integration seemed to be causing, it was, in his opinion, developing in fact into a process of "increasing disintegration." (Die Welt, 17 January 1966 and Industriekurier, 18 January 1966)

P a r t II

THE PARLIAMENTS

I. EUROPEAN PARLIAMENT

a) Session of 18 to 22 January in Strasbourg

1. Organizing the common market for transport

In his report (1), Mr. de Gryse (Christian Democrat, Belgium) referred to the Council agreement of 22 June 1965 upon a system of common market organization for transport; the agreement had followed an examination of the EEC Commission proposals of 10 May 1963.

The Rapporteur considered that the system differed from the EEC Commission proposals of 10 May 1963 in one essential respect: namely that the same tariff bracket system would not apply to all modes of transport but that, running parallel to obligatory rate-fixing, there would be optional rate-fixing (known as "guide rate-fixing") and that the opportunities for special contracts would also be considerably increased. The system therefore offered much greater freedom in pricing than that originally proposed by the EEC Commission.

The Transport Committee noted with satisfaction that the pricing system set out in the latest EEC Commission proposals, was now more closely in line with the proposals which the Transport Committee made originally in earlier reports.

The Transport Committee felt that despite the differentiated regulations, the new scheme would safeguard the principle of equal treatment for different modes of transport and help to establish a European transport policy based on this principle, provided that discrepancies be-

(1) Doc. No. 115, 1965-66

tween cost elements were successfully eliminated by recourse to the essential approximation measures and provided that the problem of infrastructure costs was soon solved.

The Rapporteur then examined the draft regulation, article by article, and proposed a number of amendments to the EEC Commission text.

Mr. Brunhes (France), speaking for the Liberal and Allied Group, said he would have preferred a single set of regulations to the system of obligatory and optional rate-fixing proposed by the Commission. His Group would, however, vote in favour of the text, for it was a first step.

Mr. Laan (Netherlands) said that the Socialist Group would abstain; it made reservations about the Commission proposal and, in particular, about the procedure adopted. Indeed, the speaker noted, it was a regulation submitted directly by the Commission to the Parliament. It was much more liberal than the previous ones.

Mr. Rossi (Liberal, France) felt that the principles underlying the new Commission text differed completely from those underlying earlier proposals submitted to the Parliament and which it had adopted.

Mr. Lardinois (Netherlands), speaking for the Christian Democrat Group, said that what was essential was to harmonize the conditions governing the various modes of transport in the six countries. Under the new Commission proposal, it would be possible for the Member States to amend rates within their territories - a point to which the speaker took exception.

Mr. Schaus, a member of the EEC Commission, agreed that there were basic differences between the present and the original Commission proposals. He recapitulated the relevant developments and stated that the compromise reached was valid, economically and politically. The proposed system was experimental; final arrangements had not yet been agreed. Under the present proposal, it would be possible to make adjustments at any time if the system proved too difficult to apply, especially after the experimental period had run its course. Mr. Schaus made it clear that there was no question of introducing obligatory rate-fixing for Rhine shipping and that the measure of freedom proposed by the Commission was not inconsistent either with regional policy or with the common agricultural policy.

At the close of the debate, the European Parliament passed a resolution (1) whereby it considered that the proposed system could be the starting point of a European policy on transport tariffs; it felt, however, that the system would not work in the long term unless it were embodied in the overall system of a common transport policy. It therefore called upon the Council, the Member States and the EEC Commission to accord the greatest attention to questions of technical, social and fiscal harmonization and to endeavour to find a solution to the problem of infrastructure costs. It particularly asked the EEC Commission to submit - at once rather than at the very end of the period laid down by the Council, i.e. in three years - a draft regulation on the question of capacity.

The Parliament then passed the amendments to the Commission text that had been proposed by the Transport Committee.

2. Freedom of establishment in agriculture

On 3 February 1965, the Council referred two EEC Commission draft directives to the European Parliament; the Parliament was being consulted on freedom of establishment in agriculture, in respect of which the general programme incorporates a special timetable.

In April 1963 the Council passed two directives enabling farmers and farm workers to settle on farmland that had either been deserted or left fallow for more than two years. The two new proposals took the special timetable through its third stage. The first proposal was designed to give those emigrant farmers who had been accepted as farm tenants in another Member State the benefit of all the rights attaching to a tenancy agreement. Under the second proposal, it will be possible for those farmers from another Member State who have been on a given farm for more than two years, to move from one farm to another irrespective of the original or current dispensation.

These two texts were referred to the Internal Market Committee which appointed Mr. R. Tomasini as Rapporteur (2).

(1) Resolution of 19 January 1966

(2) Doc. 117/1965-66

Mr. Tomasini expressed satisfaction in his report at the new opportunities that would be open to farmers in the Common Market. It appeared to him that in point of fact any discrimination against a non-national farm tenant could be prejudicial to the national farm tenant in so far as the landlord might give preference, *allis paribus*, to a less demanding non-national tenant. The right of farmers to move from one farm to another would, furthermore, prove valuable from the point of view of the mobility of farmers and the "regrouping" of farms.

The very limited scope of the two proposals under examination was, however, a point the Rapporteur felt it pertinent to stress. To benefit under the proposals those concerned had first to have a tenancy agreement; those wishing to take advantage of their right to move had to have been settled on a farm for two years. The Commission texts, furthermore, did not make it perfectly clear what the rights and advantages attaching to farm tenancies were.

The Rapporteur compared the two proposals with the two directives adopted on 2 April 1963 enabling farm workers and farmers to settle on land either deserted or left fallow for more than two years. He observed that the Council had been particularly generous on their behalf. In particular, they were entitled to various general or special forms of credit, financial aid and subsidies; they might belong to any co-operative or farming association concerned with their general interest either as members or directors at whatever level. They could exercise the most varied types of agricultural activity, even including forestry, at least as a secondary occupation.

Farmers availing themselves of the two new proposals would not enjoy these advantages.

It was for this reason that the Internal Market Committee had endeavoured to increase the scope of the directives somewhat. It was faced with the following alternatives: to grant more extensive benefits similar to those enjoyed by the beneficiaries of the first two directives adopted in 1963 or they could increase the number of these beneficiaries. It seemed unnecessary and even unwise to create restricted categories of beneficiaries enjoying different rights and advantages for a very short period - approximately two years. The advantages mentioned were furthermore the subject of recent EEC Commission proposals to the Council.

The Internal Market Committee, furthermore, suggested

deleting the words "pursuing a farming activity on its territory and settling there for this purpose", from the first article of the directive on farm tenancies. It sought to eliminate the prior settlement qualification.

Other questions examined by the Internal Market Committee included one raised by the Rapporteurs of the Agricultural Committee, Mr. Estève and Mr. Loustau. Should the term farm tenancy be defined, if not at once at least in due course? Clearly the answer predicated a large-scale harmonization drive.

The report by Mr. Tomasini was discussed at the plenary session of 21 January 1966. Mr. Estève (European Democratic Union) acting in a conciliatory spirit, withdrew his amendment whereby foreign farmers would not be able to avail themselves of financial, economic or social opportunities until they had been naturalized in the host country.

He also wished to draw the attention of the Parliament to the difficulties that would arise if any national parliament refused to amend its laws in compliance with the directives. The Parliament came out unanimously in support of the two draft resolutions submitted by the Internal Market Committee. Bearing in mind the observations and amendments referred to, the Parliament approved the text of the two directives in these resolutions.

3. Budgetary questions

On 17 December 1965 the EEC and Euratom Councils referred two draft supplementary budgets for 1965 to the Parliament for its Opinion. The additional funds requested amounted to 315,000 units of account and related to the operating expenditure incurred through making available to the Councils, the Secretariat and the Delegations, new working premises in the building at present occupied by the Secretariat.

The Budget and Administration Committee to whom this supplementary budget was referred, appointed Mr. Carcaterra as Rapporteur. In his report, which was adopted by the Commission (1), Mr. Carcaterra noted that the funds re-

(1) Docs. 119 and 120/1965-66

requested related to the expenditure incurred through the hire of premises that had been occupied since March 1965. He pointed out that the correct employment of expenditure authorizations referred to future expenditure and not to expenditure already incurred. He finally stressed the fact that the Council ought in any event to have drawn up a draft supplementary budget at the beginning of the year since the expenditure involved dated from 1 March 1965.

This report was submitted and discussed at the plenary session on 21 January 1966. Following a short debate, the Parliament approved two draft budgets subject to the observations submitted by the Rapporteur.

On the same day the Parliament also approved a draft supplementary research and investment budget for Euratom for 1965. This was referred to the Parliament on 31 December 1965 for its Opinion and involves an increase in the funds requested by the Euratom Commission for the RWE-Bayernwerk GmbH (KRB) nuclear power station.

In the report which he drew up for the Budget and Administration Committee, Mr. H. Aigner pointed out that the Council had been very slow in meeting the requests for funds submitted by the Euratom Commission and that the Parliament was surprised at having to return an Opinion in 1966 on a draft supplementary budget affecting the previous year.

4. Non-wage earning activities relating to the personal service sector (Restaurants and hotels)

On 14 May 1965 the EEC Council submitted to the Parliament for its Opinion two draft directives on implementing the freedom of establishment and the freedom to supply services in respect of the non-wage earning activities under the heading of personal services in "restaurants, cafés, hotels and similar establishments". The first proposal was designed to eliminate restrictions on establishment and on the supply of services. The second dealt with the interim measures that the Member States were asked to take in order to make access to the profession easier pending the mutual recognition of diplomas, certificates and other qualifications and the co-ordination of laws relating to access to the profession.

The Internal Market Committee to whom these draft directives were referred appointed Mr. G.L. Moro as Rapporteur (1). In his report Mr. Moro stressed the need for a set of regulations at the Community level governing tourism and the hotel industry. This was why he asked the EEC Commission to complete as soon as possible its studies in preparation for further directives to achieve a complete liberation in this sector. The Rapporteur further stressed the fundamental importance for the Community for the Commission to co-ordinate the criteria laid down in the laws of the Member States; these would be preferable to new and restrictive principles.

This report was submitted and discussed at a session on 18 January 1966. After a brief introduction by the Rapporteur, the Parliament passed a resolution submitted by the Internal Market Committee. In this, it called upon the Committee to amend its text to give a larger measure of freedom for the activities covered by the two directives; subject to it approved the text submitted for its Opinion.

5. The food industries and drink manufactures

On 14 May 1965, the Council referred two draft directives to the Parliament for its Opinion; these were drawn up by the EEC Commission and concerned non-wage earning activities coming under the heading of the food industries and drink manufactures.

These two proposals form part of the series of measures taken in application of the general programmes gradually introducing freedom of establishment and the freedom to supply services.

The first draft directive defined the conditions under which restrictions on establishment and the freedom to supply services were to be eliminated. The second proposed interim measures designed to "overcome the major difficulties resulting from differences in definition and in laws regarding access to the profession until such time as co-ordination can be achieved."

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The Internal Market Committee to whom these draft directives were referred appointed Mr. J. Wohlfart as Rapporteur (1).

Among the observations submitted by the Rapporteur, were two that deserve emphasizing. It is first of all a question of a special procedure involving the inclusion in the minutes of the Council of certain provisions proposed by the Commission. The object of this procedure is to smooth out some of the difficulties that have arisen in defining the activities affected by the directives. But it appeared impossible to the Internal Market Committee to endorse this because no provision exists in Article 109 of the EEC Treaty for such inclusion in the minutes of the Council. This is why the Internal Market Committee in its report suggests adding to the text of the directive the phrases that the EEC Commission intended to include in the Council minutes.

The second observation concerns the principle underlying the interim measures. The Internal Market Committee feels that these measures ought by definition to cease to apply at the end of the transition period and that as soon as possible the conditions for access to the profession should be co-ordinated.

This report was submitted at the plenary session on 18 January 1966. Mr. Schaus, a member of the EEC Commission, found no objection as to the principle to incorporating in the text of the directive the additions suggested in the Council minutes. He did point out however that such an attitude would mean that the additions in the minutes with regard to subsequent decisions would attract legal doubts. As regards the co-ordination of laws, the EEC Commission representative gave an assurance that this would, in compliance with the Parliament's recommendation, be done as far as possible.

Following this speech, the Parliament adopted a resolution in which it approved the two directives supplemented by the said additions and, on the other, it recommended that the work on co-ordinating laws should be speeded up with reference to the mutual recognition of diplomas, certificates and other qualifications.

(1) Doc. 112/1965-66

6. The protection of young people at work

On 18 January Mr. Troclet submitted to the Parliament the report he had drafted on behalf of the Social Committee on the draft EEC Commission recommendation to the Member States concerning the protection of young people at work (1).

Mr. Troclet pointed out that he was also speaking on behalf of the Socialist Group; he recapitulated the development of laws to protect young people at work; he commended the Commission's concern with this matter and he felt that "the choice of a recommendation appears to be precisely the legal instrument indicated in this case."

Mr. Troclet then reviewed every aspect of the draft recommendation; he drew attention to a certain number of principles, some of which would be the subject of amendment proposals. He stressed that the proposed provisions were of a general nature, i.e. they would embrace all young workers; this necessitated provision for exemptions; the Rapporteur dwelt on the problem of settling a minimum age at which the young might begin work: the Commission had, in the same way as the European Social Charter, opted for 15 years of age. While endorsing this proposal, the Social Committee felt that provision should also be made as of now subsequently to increase this to 16 years of age. In the Opinion that it appended to the Social Committee's report, the Health Committee pointed out that the Member States ought to raise the school-leaving age in sympathy with the minimum age increase. The EEC Commission and the Social Committee both considered there should be certain exceptions to this age limit rule, in the case of family businesses, for example, where exemptions could extend down to the age of twelve. Young workers might not work more than 40 hours per week, i.e. 8 hours a day, including no period longer than 4½ hours without a break in any one day.

The Social Committee considered excessive the time of day limitations - no work before 5 a.m. or after 11 p.m. - proposed by the Commission. It suggested that the relevant times should be 6 a.m. and 10 p.m.; similarly, there had to be a guarantee of 12 hours rest during the night. Mr. Troclet was in favour of the same stringency with regard to the ban on work on Sundays or public holidays, with the exception of work on farms, aboard ship or work

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done in a domestic context: in these cases the working week ought not to exceed 48 hours. He approved the proposal that young workers should have at least 24 calendar days holiday a year and found highly commendable the anticipated exemption from work for occupational training. Similarly, he agreed with the ban on dangerous or unhealthy work.

Speaking on behalf of the Christian Democrat Group, Mr. van Hulst laid emphasis on the responsibilities of the families of young workers; he stressed the significant part played by 19th Century novelists in bringing this problem home. Mr. Santero then took the floor to underline the importance of the amendments proposed by Mr. Troclet. Lastly, Mr. Levi Sandri, Vice-President of the EEC Commission, said that new ground had been broken and he explained the difficulties the proposals might encounter in certain countries. He felt that the level of protection for young people at work was a gauge of that country's level of development. He refrained from adopting any position on the Social Committee's amendments because the Economic and Social Committee had not yet returned its opinion on the draft recommendation.

In the resolution adopted by the Parliament, the draft recommendation was endorsed subject to the amendments proposed by its Social Committee.

7. Conditions governing compensation terms in respect of occupational diseases

On 19 January, Mr. De Bosio submitted a report to the Parliament on the draft EEC Commission recommendation to the Member States on compensation terms in respect of occupational diseases. The report (1) was submitted on behalf of the Health Protection Committee.

The recommendation covered minimum requirements only and was not to be binding on the Member States. It constituted a second stage towards approximating and improving national laws on occupational diseases and supplements the 1962 recommendation which introduced a "European list" of occupational diseases. The latter was also designed to introduce a "mixed system", allowing even those work-

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ers suffering from diseases not classified in national lists to obtain compensation under certain conditions. The main purpose of the latest recommendation was to eliminate some of the restrictions attaching to the award of benefits to which reference is made in national lists of occupational diseases or noxious agents. The Social Committee was asked to submit an Opinion and, on its behalf, Mr. Troclet suggested that the decision as to a cause and effect relationship between occupation and disease should be taken by a doctor. The EEC Commission had endorsed this view: the Health Protection Committee commended the EEC Commission intention to publish information pamphlets to supplement the recommendation and it called upon the Commission to publish these as soon as possible.

In conclusion, the recommendation called upon the Member States to take the relevant measures pursuant to the recommendation's aims as soon as possible. The Rapporteur stressed that a third stage should follow, with the introduction of community provisions on the level of benefits to be awarded; he further stressed the need to harmonize the methods of preventing occupational diseases.

During the discussion which followed, Mr. Troclet, speaking for the Socialist Group, agreed with the three-part reform proposed, viz: the standardization of lists, the discontinuance of the lists articulating the machinery attaching to conditions and the "mixed system" to which he attached special importance.

Mr. Levi Sandri, EEC Commission Vice-President, then took the floor; he accepted the amendments suggested, his only reservation being on a technical point.

In the resolution that the Parliament then passed, it endorsed the draft recommendation, stressing how urgent it was that the measures concerned be given effect at once and that new community provisions be adopted, especially concerning preventive action against occupational diseases and the level of benefits awarded.

8. The economic situation in the Community

Part of the traditional report of the EEC Commission on the economic situation of the Community, submitted to Parliament on 18 January by Mr. Marjolin, Vice-President of the Executive, was devoted to economic trends in the Com-

munity since 1958. In view of the proposed merger of the Executives, this was the last time when the EEC Commission as such had the opportunity to submit to Parliament a report of this type.

The Vice-President of the EEC Commission pointed out that the Community's production had increased considerably since 1958 and that the standard of living had improved very markedly. While in 1958 the gross product of the Community at current prices was about \$165,000m., it reached about \$305,000m. in 1965. In view of the rise in prices, the increase in volume remained very high; it was in fact of the order of 44 per cent. During the same period the gross national product of the United States had increased by 35 per cent approximately and that of the United Kingdom by about 29 per cent. This fast expansion was essentially due to progress in productivity.

The displacement of the active population to industrial sectors where the level of productivity is the highest, was one of the main causes of the improved productivity. According to the latest estimates, the active population engaged in agriculture decreased by 22 per cent between 1958 and 1965, whereas in industry and in the supply of services it increased respectively by 13 and 15 per cent. Greater productivity was due for a large part to the progress achieved in each branch of activity as a result of further investments which increased the degree of mechanization and gave to productivity the benefit of scientific and technical progress. In this connexion, the trend since 1958 showed a remarkable advance. According to Mr. Marjolin, it was important that this trend should continue.

The insufficient progress of directly productive investments in France and in Italy may have serious repercussions in terms of long-term growth. If it was intended to pursue the progress which the Community had achieved since 1958 in regard to production and productivity, it would presumably be necessary to stimulate the investment efforts made by enterprises in the various countries. This was one of the essential problems that had to be solved by introducing a mean-term Community policy.

As compared with 1958, private consumption for the whole of the Community had increased by one third in volume and per inhabitant in 1965, viz. by an annual average of 4.2 per cent. The speaker concluded that the standard of living had gone up quite substantially over the past seven years.

With regard to trade trends, Mr. Marjolin observed that intra-Community trade had trebled since 1958. There was, however, an unfavourable aspect to this encouraging trend: from 1960 to 1965 consumer prices had increased by 24 per cent in Italy, by 20 per cent in the Netherlands, 19 per cent in France, 16 per cent in Germany and 15 per cent in Belgium. Although this development, according to Mr. Marjolin, originated in the private sector, public finance had not in general produced the stability factor which was essential to economy.

The lesson which the Vice-President of the EEC Commission drew from this experience was the following: the pursuit of an anti-cyclical budgetary policy, coupled with an appropriate monetary policy, had become an inevitable necessity. What had to be avoided was that the ever deeper influences mutually exerted by the Member States should create in the long run an inflationist situation in the whole of the Community. Likewise, a recession in an important country of the Community could involve its partners in a similar recession. It was therefore vital for the Community to achieve an efficient co-ordination of economic policies.

Concerning economic trends, Mr. Marjolin emphasized that the excessive increase in prices registered in previous years went on in 1965. However, this trend was less marked in several Community countries. According to consumer price indices, the annual rate of increase was 4.5 per cent in the Netherlands and in Italy, 4 per cent in the Grand Duchy of Luxembourg, 3.5 per cent in Belgium and in the Federal Republic of Germany and 2.5 per cent in France. The speaker ascribed the price increases in Germany and in the Netherlands in the first place to a much too rapid growth of overall demand in relation to the possibilities of increase in production. In the other EEC countries, higher production costs were the direct cause of this situation.

According to the EEC Commission, it was interesting to note that among all the Community countries the one where action against excessive expansion in demand was carried out at the earliest stage (i.e. France) was also the country where the level of prices had least increased.

Mr. Marjolin then went on to discuss prospects for 1966. Countries that had suffered a setback in 1965 would witness a resumption or an acceleration of their economic activity in 1966.

In the Netherlands, production would continue to increase

rapidly as a result of firm demand and also as a result of a marked increase in the active population. In the Federal Republic of Germany, overall demand would, in general, be smaller, and in several branches, the inadequacy of availabilities will again slow down, particularly at the beginning of the year, the development of production. Under these conditions, the gross product of the Community would increase in 1966 by 4.5 per cent as against 4 per cent in 1965. According to these trends, the rate of increase of the gross national product would go up in France from 2.7 to 4.5 per cent, in Italy from 3 to 4.5 per cent, in Belgium from 3 to 3.5 per cent, in the Netherlands from 5 to 5.5 per cent and in Luxembourg from 1.5 to 2.5 per cent. In the Federal Republic of Germany, on the other hand, the rate of growth of the gross national product might be slightly lower and, in fact, fall from 5 to 4 per cent.

With regard to the essential question with which the Community was faced, i.e. the problem of prices, it was felt that in the countries where expansion had been slower and where there had been surplus production, the recovery that might be expected for 1966 should occur without an undue increase in prices. In the final analysis, the solution to this problem would depend on the economic policy which the Governments of the Member States would pursue in 1966 and upon the degree of co-operation they would obtain from the social partners.

Mr. Marjolin then suggested a number of practical steps that could be taken by the countries concerned.

The Federal Republic of Germany and the Netherlands were asked to reduce the growth in demand by applying a more strict policy on budgetary matters while continuing to pursue a restrictive monetary policy. Belgium should put a curb on her public expenditure. Luxembourg should either restrict, much more strictly, State expenditure or endeavour to increase receipts. France was asked to continue to promote investments and, should the results be inadequate, she should resort to fiscal measures. Prices need no longer be blocked, but they should continue to be controlled.

In conclusion, Mr. Marjolin pointed out that the economic policy that should be pursued in 1966 must aim at preventing an excessive growth in demand in countries whose economic development will be speeded up. But any measures that might be envisaged would only be efficient if they were applied within the framework of the Community.

9. The Orange Market

On the basis of a report (1) by Mr. Boscary-Monsservin, Chairman of the Agricultural Committee, the European Parliament returned its Opinion on a draft regulation amending Article 11 of Regulation No. 23 in respect of oranges.

The draft regulation provides for a derogation from Regulation No. 23: the duty applicable to imports of sweet oranges shall be calculated on the basis of a reference price reduced by 15 per cent. Hence the Member States will be subsidizing their sweet orange producers for quantities imported on to the Community market. Expenditure by the Member States will be borne by the EAGGF.

The Italian Government, however, submitted that it was unable to enforce this system of subsidies to the producers within two years; the draft regulation therefore provided - for that period - for the system of subsidies to production to be replaced by a system of subsidies on exports to Member countries.

The Agricultural Committee's report expressed misgivings about the new regulation because it amended the agreement in principle reached by the Council of Ministers on 15 December 1964.

The Agricultural Committee was, furthermore, astonished at the reactions to the enforcement of the regulation because the resultant increase in the wholesale price of oranges had been only 3 per cent.

The report, therefore, made serious reservations about the new regulation which, by introducing a special system for a specific product under a given market organization, was liable to be prejudicial to the other products covered by these regulations. Similar requests for exemption could be submitted with regard to other products every time a difficult situation arose for any one of them and this would generalize the system of deficiency payments.

Lastly, the report stressed that it was not proven that the system in force, which was based on reference prices, would lead to a reduction in the quantities imported by the EEC by the end of the exporting year or that it had already done so.

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The Agricultural Committee, in a proposal for a resolution appended to the report, therefore returned an unfavourable Opinion on the draft regulation. Similarly, it considered that it was necessary in order to find a better solution to the problem, to consider what improvements could be made to the production and marketing structure, if necessary by recourse to increased Community aid.

Mr. Richarts (Germany), spokesman for the Christian Democrat Group, endorsed the views put forward in the Parliament on 19 January by Mr. Boscary-Monsservin, Committee Chairman and Rapporteur. Mr. Richarts felt that the only complete solution to the problem would be to improve the orange production system in Italy. It was, therefore, essential that efforts be made in the direction outlined in Mr. Boscary-Monsservin's report.

The conclusions to the report were endorsed by Mr. Sabatini, Mr. Braccesi and Mr. Bersani (Italy, Christian Democrats) who all expressed serious doubts as to whether the Italian Government would accept the proposals under examination in the European Parliament. They further felt that if the regulation were accepted, the agreements of December 1964 would be called into question as would the whole system of Community agricultural regulations.

Mr. Mauk (Liberal, Germany) and Mr. Briot (EDU, France), also agreed with the Rapporteur's conclusions. Mr. Briot thought that the new regulation would complicate the problem of Italian oranges. He therefore called upon the EEC Commission to work out a system that would be acceptable to the farmer and yet be without prejudice to the consumer.

Mr. Kriedemann (Germany) speaking for the Socialist Group, said he could not endorse the draft resolution, for neither the system in force nor that proposed would solve the problem in a manner acceptable to farmers and consumers, since both had an undue effect on the price of the product.

Mr. Lardinois (Netherlands, Christian Democrat) and Mr. Baas (Netherlands, Liberal) also came out against the Agricultural Committee's conclusions. The speakers criticized the application of the price reference system to oranges whose prices were always agreed in a closed market and consequently, artificial to some extent. The speakers, therefore, trusted that these prices would gradually be lowered through a change in the structures that would normalize the markets.

Mr. Mansholt, Vice-President of the EEC Commission, regretted that the Council had gone back on its decisions of 15 December 1964 and he agreed with the Agricultural Committee that the introduction of the new regulation would lead to an increase in orange prices of the order of 3 per cent.

He pointed out to the Parliament that the object of the regulation in force was to organize the orange market on a Community basis but especially with regard to imports from third countries.

With regard to the system proposed about which the Agricultural Committee had made reservations, the speaker said that this had been requested by the Council and that the Commission had endeavoured to comply with this request in the best possible manner.

At the close of the debate, the Parliament voted on the draft resolution submitted by the Agricultural Committee returning an unfavourable Opinion on the regulation and observing that the better to solve the problem, a study should be made as to how production and marketing methods could be improved, if necessary through increased Community aid.

The Parliament also rejected the clause in the draft resolution that suggested that the regulation in force represented the most effective solution to the problem.

10. Exchange of views between the European Parliament, the Councils and the Executive Commissions of the Communities on the present situation in the European Communities

Following immediately the Council meeting held in Luxembourg on 18 and 19 January 1966, the seventh exchange of views on the above subject was held on 20 January. It was attended by Mr. Werner, Luxembourg Minister for Foreign Affairs and President-in-Office of the Council, as well as by Mr. Luns (Netherlands), Mr. Spaak (Belgium), Mr. Lahr (Federal Republic of Germany) and Mr. Storchi (Italy).

After having outlined the situation in the Community since 30 June 1965, Mr. Werner, President-in-Office of the Council of Ministers, stated that the five Governments

meeting on the Council had been guided since the above date by four basic considerations, to wit:

- a) Full allegiance to the Paris and Rome Treaties;
- b) The desire to examine in common, on the Council, any general and political problems which one of the Governments might wish to raise;
- c) The desire to see France fully taking part again in the Council's work;
- d) The conviction that the agricultural problem must be settled as soon as possible to ensure the smooth development of the Community.

The extraordinary Council meeting on 17 and 18 January 1966 in Luxembourg was held in a frank and constructive atmosphere. During the meeting, the Council dealt in detail with the two political points raised by the French delegation, namely: a more frequent recourse to the majority vote in view of the third stage of the transitional period, and the problem of co-operation between the Commission and the Council. This was a matter of finding a suitable procedure for a smoother development of the whole of the Community and the Member States.

Speaking on behalf of the Christian Democrat Group, Mr. Edoardo Martino (Italy) stated that one of the positive results of the Luxembourg meeting was the fact that the various viewpoints had now been made clear. Owing to the serious consequences of a slowing down in the Community's activities, it had become imperative to reach early agreement among the Six.

However, such agreement should not be reached at any price. It must definitely guarantee the essential structures of the Community and its harmonious development, in accordance with the letter and the spirit of the Treaty. This implies, in particular, closer co-operation between the Council and the European Parliament.

According to Mr. Edoardo Martino, the compromise proposal made by Mr. Spaak and Mr. Colombo in regard to majority votes embodies rules of procedure that are not in the least in conflict with the Treaties provided that the European Parliament is afforded the possibility of expressing its opinion not only on the Commission's initial proposal but also on the proposal discussed during the second and third reading that may lead to a majority decision.

With regard to the Commission's "style", the speaker re-

called that the Commission was primarily answerable to the Parliament, which cannot remain indifferent to any judgment on the activities of the Executive Commission whatever the explanation that may be given. Although certain points of the French "Ten Commandments" are acceptable, the EEC Commission is bound to reject any other points that would prevent it from fulfilling the task assigned to it by the Treaty. If it is felt that the Treaties no longer meet present requirements, then they must be amended by legal means and not by distorted means.

The speaker then stated that the French timetable would not make it possible to achieve a smooth implementation of the Treaties and that the Governments could not commit themselves to a particular date for submitting instruments of ratification in respect of the merger treaty.

Through Mrs. Strobel (Federal Republic of Germany), the Socialist Group also made it clear that it was against any attempt to circumvent the Treaty by means of specious interpretations or by compromises likely to be interpreted in different ways. The Council, whose intention it had been not to go beyond the letter of the Treaty in regard to the democratization of the Community, could not now go back on its stand.

In fact, the points at issue were not merely matters of protocol but basic principles of European and Atlantic policy; the French Government disputed the principle of integration not only in the EEC but also in NATO and was therefore calling in question the very foundations of Western solidarity. Such a policy would lead to the Community's destruction. The speaker also deplored the fact that the Five had taken up a purely defensive attitude.

Dealing with the problems discussed in Luxembourg, Mrs. Strobel pointed out that the Treaty itself specified the type of important decisions that called for unanimity. In granting an additional right of veto to a State, one would run the risk of arresting the Community's progress. Furthermore, the Community would become involved in wrangles over national interests. In fact, French distrust was not in the least justified considering the way in which the Council of Ministers had acted so far.

The attempt made by the French Government to place the EEC Commission under the Council's tutelage, would be a further breach to the already restricted powers of the European Parliament. Moreover, according to Art. 162, co-operation between the Council and the Commission cannot be modified unilaterally. When would the Council do what

was necessary in order to reach agreement with the Commission on this point?

Mr. Gaetano Martino, speaking on behalf of the Liberal and Allied Group, stated that the independence and the political status of the Commission should not become a kind of scapegoat for differences of opinion between France and her five partners. The EEC Commission was just as much entitled to demand respect on the part of the Governments as the latter were to demand the Commission's respect. In addition, it would be improper to judge the Commission in its absence. If the Council intended to become the only political institution of the Community, then one would ask whether it was prepared to assume before the European Parliament full responsibility for the possible consequences of a motion of censure. Even if the qualified majority rule were never applied in practice, it was, however, an essential rule for arriving at compromises. A gentleman's agreement aiming at avoiding the ratification procedure in the national Parliaments would certainly not be an agreement between gentlemen, the speaker added. The Liberal Group regarded the compromise suggested by Mr. Spaak as acceptable provided that the Parliament were also consulted before the second and third reading. The European Parliament was conspicuously absent from the Luxembourg meeting. It would, however, fully support all the efforts made with a view to finding a satisfactory solution so long as this was consonant with the Treaties. The Parliament hoped, on the other hand, that its rôle, powers and competence would be protected.

According to Mr. de Lipkowski (France), spokesman of the European Democratic Union, it was the duty of all concerned not to complicate in any manner the task of the negotiators. The European Parliament should not run the risk of jeopardizing its influence by systematically inflating differences of opinion.

Mr. de Lipkowski considered that majority voting, in the minds of the authors of the Treaty, should coincide with a similar evolution in the political sphere, but this had not taken place so far. It was, in his view, necessary to temporize with regard to the implementation of the majority rule because economic decisions were assuming an increasingly political character. It was therefore necessary to reach a form of political agreement that made it possible to build up not only an economic Europe but also a political Europe. This would be the only way to prevent further difficulties. The speaker was in favour

of retaining the unanimity rule, based on a gentleman's agreement, pending a political agreement.

The French memorandum on relations between the Council and the Commission concerned certain time-honoured practices which could be detrimental to the essential co-operation between these two institutions.

Lastly, the timetable submitted by the French delegation did not appear to be imperative. It was quite natural that a purely European priority list should be drawn up. France did not wish to withdraw from the Kennedy Round of negotiations, but it was hardly possible to subordinate the international structure of the Community to the reactions of third countries.

Mr. Luns, Dutch member of the Council of Ministers, unlike Mrs. Strobel, did not feel that the Five were in a defensive position vis-à-vis France. No one had certainly envisaged a position where one could talk of victors and vanquished.

If the unanimity rule were to be followed where one of the Member States considered that a particular matter was of such vital national interest that it could not be placed in a minority, then each member country of the Community would in fact have a right of veto and, in addition, each Government might find itself in a situation where it would have to yield, even in regard to minor problems, to the influence of pressure groups and resort to this clause. Hence this formula could not be adopted in practice.

It would, moreover, be inconceivable for decisions always to be taken on the majority principle, in the first place because certain vital interests should never be lost sight of, including minority interests, and secondly because a Community where the vital interests of one partner are constantly ignored, would be doomed, with or without majority decisions, to rapid disintegration.

However, during the Luxembourg meeting no progress was made on this point.

Like Mrs. Strobel, the speaker felt that "by minimizing the Commission's rôle, the European Parliament's rôle is being automatically reduced". Considering that the Parliament had very few powers as it is, this point (which the speaker had not clearly realized so far) was all the more reason for following current developments with utmost attention. When the Six will have reached agreement

on the French memorandum regarding the "style" of the EEC Commission and its relations with the Council of Ministers, they will be forced to discuss the memorandum with the EEC Commission. This clearly followed from Article 112 of the Treaty.

Moreover, the Dutch Government maintained its viewpoint concerning the broadening of the European Parliament's powers.

With regard to the French time-table, it seemed absolutely unlikely to Mr. Luns that the Dutch Parliament, which was quite independent on this matter, would be "prepared to adopt the merger treaty in the knowledge that the Dutch Government would submit the instruments of rectification before being informed of the membership of the new fourteen-member Commission, of its powers, of the distribution of duties and whether the presidency would be assumed in turn and, finally, who would be in charge of the new Commission."

In conclusion, the speaker stated that he had returned from Luxembourg rather perturbed, because discussions had not advanced very much. However, he was inclined to take an optimistic view because he could not imagine that "it could be found necessary to make us return to Luxembourg for a further decisive meeting since the positions sought by each one of us are known and since it is also known that these positions cannot be changed."

Speaking as the second spokesman of the Christian Democrat Group, Mr. Furler (Federal Republic of Germany) stated that it was in the interests of all the countries concerned that the crisis be rapidly settled but that this solution should not contain the seeds of further and more serious crises.

Speaking on behalf of the Budget and Administration Committee, Mr. Vals (Socialist Group) gave an outline not only of the political and institutional sequels of the crisis but also of the serious consequences it might have for his Committee, for Euratom's research and investment activities and for the Community's economic and social situation. It would be regrettable, the speaker added, if use were made of budgets that create no political difficulty, as a means of negotiating on entirely different matters.

Mr. Spaak, Belgian member of the Council of Ministers, felt convinced that if the process of disintegration which started on 30 June 1965 went on for a few more

weeks or a few more months, then it might endanger the very existence of the Community. It was therefore of vital interest to end the present crisis as soon as possible.

In Mr. Spaak's opinion, the EEC Commission in spite of the excellent work it had done could not be regarded as sacrosanct. There was nothing derogatory to the Commission's dignity, at the close of eight years of co-operation between that body and the Council and before appointing a new Commission, in considering whether relations between the two institutions could not be improved. This "self-criticism" concerned both the Council and the Commission. To some extent, however, the French "Ten Commandments" concerned only the work of the Council of Ministers.

The Commission would, in fact, never tolerate a breach to its powers, prestige and authority. Any agreement among the Ministers would of necessity have to be discussed with the Commission. Nor was there any question of impairing, be it only indirectly, the powers of the Parliament or its possibilities of receiving essential information.

Majority voting was a necessity. Without true authority, any organization remained ineffective. Majority voting was in fact laid down in the Treaty whereas unanimity voting was regarded as an exception. On behalf of the Belgian Government, Mr. Spaak stated that he was prepared to run the risk of being put in a minority position because he believed that this was a negligible risk and that this principle and its application must be accepted if one wishes to "build Europe". Experience had, moreover, confirmed the feeling of the signatories to the Treaty who knew that important decisions would always, as far as possible, have to be unanimous decisions.

Amending decisions unanimously passed and resorting to majority decisions would be excluded because the Commission would not submit proposals that would destroy its own achievements. It would, moreover, be improper for any Member State to have such intentions. In regard to a number of decisions that should have been taken in the course of the previous year, the unanimity rule could still be applied during the transitional period.

As to the French time-table, Mr. Spaak did not regard it as an ultimatum. With regard, in particular, to the ratification of the merger treaty, Mr. Spaak considered that all were agreed that the rôle of the new Commission

should be defined before ratifying the Treaty.

The Belgian Foreign Minister would not, therefore, submit instruments of ratification in respect of the merger treaty before agreement had been reached on the new Commission.

In conclusion, the speaker wondered whether it was not possible to complete the economic development of Europe without a political prerequisite. Contrary to what was expected, the Rome Treaty had not proved to be a first stage towards a political Europe. The speaker remained opposed to the Fouchet plan but this matter, as well as the question of Great Britain's accession, called for great attention.

Speaking after Mr. van Offelen (Belgium, Liberal), who had suggested a form of a compromise with France, Mr. Lahr, Secretary of State and German member of the Councils, endorsed all of Mr. Spaak's statements. It was true, he stated in reply to Mr. de Lipkowski, that Community problems could not be subordinated to the attitude of Governments of third countries. Regarding Germany, however, the smooth development of the Community was linked to internal questions such as the achievement of full customs union, the complete financing of the agricultural policy, the harmonization of fiscal policy and the need to introduce a common commercial policy.

The outcome of the Kennedy Round depended largely on the Community attitude. The problem of relations between the Council and the Commission was less difficult to solve. The practical scope of the question of majority voting should not be underestimated. The problem did not concern France only. The risk that a Member State's interests might be jeopardized would not be frequent if there was a sufficiently strong Commission which would take into account, in its proposals, the interests of the Community as well as those of the various Member States.

The more the interests at stake are important, the more the Member States would be inclined to take unanimity decisions.

Mr. Blaisse (Netherlands, Christian Democrat) shared Mr. Luns's opinion on the chance that the merger treaty might be ratified by the Dutch Parliament at present. Mr. Blaisse felt that at any rate it was possible that in 1966, the Six or the Five would approach other countries, particularly the United Kingdom, with a view to extending co-operation to a supranational scale. As integration

went on, it was becoming increasingly necessary to associate the Parliament to a greater extent with decisions to be taken so that, at present, the question of enhancing the Parliament's powers had not lost any of its importance.

For Mr. Vredeling (Socialist, Netherlands) agricultural policy was already defined as a whole in the agricultural regulations. The unanimity required during the third stage of the transitional period meant, therefore, that adjustments to the common agricultural policy, particularly with a view to the Kennedy Round, might come up against the right of veto of a Member State.

Mr. Storchi, Secretary of State and Italian member of the Council of Ministers, approved the statements made by Mr. Luns, Mr. Spaak and Mr. Lahr, particularly with regard to compliance with the powers and competence of the European Parliament.

Mr. Hallstein, President of the EEC Commission, stated that the problems discussed in Luxembourg concerned very closely his Commission in its capacity as custodian of the Treaties. The silence kept by the Commission was proof of the fact that it was prepared to contribute, within its powers, to a solution of the crisis.

Speaking on behalf of the Euratom Commission, Mr. Sassen reported that, as far as the European Atomic Energy Community was concerned, the question of relations between the Council and the Commission had been settled long ago by the setting up of an advisory committee on nuclear research which could serve as a model in the present situation.

Mr. Sassen then went on to describe in great detail the budgetary problems of Euratom and, in that connexion, he urged that Euratom's budget be adopted as well as its payment commitments.

Mr. Sassen was followed by Mr. Dichgans (Christian Democrat, Federal Republic of Germany) who spoke in favour of broadening the Community by admitting the United Kingdom, Austria and Spain. Mr. Metzger (Socialist, Federal Republic of Germany) stated that if it was not possible to induce France to resume her duties on the Council, then the Five would be bound, in pursuance of the Treaty, to ensure its implementation. France could not claim a right to the benefits deriving from the Treaty if she was not prepared to accept all the obligations it entailed.

In his reply Mr. Werner, President-in-Office of the Council of Ministers, recalled that it was incumbent upon him to reconcile the various viewpoints. He had, however, to express his opinion as representative of the Grand Duchy of Luxembourg and that was what he had done in connexion with the proposals jointly adopted by the Five.

The improvement which it was endeavoured to introduce in the relations between the Council and the Commission should maintain a fair balance between these two institutions and take into account the dual character conferred upon the Executive by the Rome Treaty. Such an improvement should not result in minimizing the Parliament's rôle. The Council and the Commission should, in accordance with Art. 162 of the Treaty, jointly organize the terms of their relations.

The speaker felt that this debate would be of valuable assistance in regard to future Council discussions which in the decisive Luxembourg negotiations would duly take account of the concepts expressed by the Parliament.

At the end of the meeting, the President of the Parliament emphasized the particular importance of this exchange of views and recorded the fact that the Council of Ministers enjoyed the Parliament's full confidence.

b) Work of the Committees in January 1966

Political Committee (1)

Meeting of 13 January in Brussels: Discussion, at a meeting attended by representatives of the EEC, ECSC and EAEC Executives, on the current political situation in the Community and on questions arising in connexion with the transition from the second to the third stage in the Common Market and in particular:

- a) the gradual abolition of customs duties between Member States (Articles 12-17 of the EEC Treaty);
- b) the gradual introduction of the common customs tariff (Articles 18-29 of the EEC Treaty);
- c) the GATT negotiations and relations with third countries;
- d) the application of the majority rule to Council deci-

sions and to the cases specified for the third stage of the EEC Treaty;

- e) the necessary procedure for the entry into force of the Treaty merging the Executives.

Exchange of views with regard to the forthcoming "Annual colloquy" between the Parliament, the Councils of Ministers and the three Executives.

External Trade Committee (2)

Meeting of 10 January in Brussels: Discussion with representatives of the EEC Commission on problems connected with:

- a) the abolition of customs duties between Member States;
- b) the gradual introduction of the common customs tariff;
- c) the multilateral GATT negotiations (Kennedy Round).

Drafting and adopting an Opinion intended for the Agricultural Committee and concerning a draft regulation amending Article 11 of Regulation 23 on the gradual introduction of a common market organization for fruit and vegetables. Examination of a draft report by Mr. Bading, on an EEC Commission proposal to the Council, regarding a regulation on a common definition of the concept of "goods originating in".

Agricultural Committee (3)

Meeting of 11 and 12 January in Brussels: Speech by Mr. Mansholt, Vice-President of the EEC Commission, on a draft regulation amending Regulation No. 23 on the gradual completion of a Common Market organization for fruit and vegetables. Exchange of views, attended by Mr. Mansholt, on current problems connected with the Community agricultural policy.

Meeting of 18 January in Strasbourg: Examination and approval of a draft report by Mr. Boscardy-Monsservin on a

draft EEC Commission regulation submitted to the Council amending Article 11 of Regulation No. 23 on oranges.

Social Committee (4)

Meeting of 10 January in Brussels: Exchange of views on the social sections of the draft EEC budget for 1966, drawn up by the Councils.

General examination, on the basis of a memorandum by Mr. Sabatini, Rapporteur, of the common occupational training policy part of the action programme, with particular reference to agriculture.

Meeting of 25 January in Brussels: Examination of the draft report by Mr. Sabatini on a draft EEC Commission recommendation to the Member States designed to develop occupational training.

Exchange of views on progress made in applying Article 119 of the EEC Treaty (equal pay for men and women); report by Mr. Berkhouwer.

Establishment of a procedure for continuing work on re-conversion.

Internal Market Committee (5)

Meeting of 10 and 11 January in Brussels: Examination, at a meeting attended by representatives of the EEC Commission, of a draft report by Mr. Moro on freeing non-wage earning activities coming under the heading of restaurants, cafés, hotels and similar establishments, and camping sites; vote taken on the draft report.

Examination, at a meeting attended by EEC Commission representatives, of a draft report by Mr. Seuffert on approximating the laws of Member States with regard to turnover taxes; vote taken on the draft report.

Examination, at a meeting attended by EEC Commission representatives, of the draft report by Mr. Tomasini on farm

tenancies and on changes of residence from one farm to another.

Resumption of the examination of a draft report by Mr. Berkhouwer on co-ordinating the guarantees required in Member States from limited liability companies; this meeting was attended by representatives of the EEC Commission.

Economic and Financial Committee (6)

Meeting of 11 January in Brussels: Exchange of views, attended by Mr. Marjolin, Vice-President of the EEC Commission, and Mr. Reynaud, Member of the High Authority of the ECSC, as well as by a delegation of the International Union of Towns and Local Authorities, on a preliminary draft report in connexion with the first report of the Commission on regional policy in the European Economic Community.

Meeting of 19 January in Strasbourg: Appointment of Mr. Kriedemann as Rapporteur for the survey on the economic situation in the Community submitted by the EEC Commission. Appointment of Mr. Dichgans as Rapporteur on the future activity of the Community in the field of monetary policy.

Meeting of 31 January in Brussels: Preliminary exchange of views, attended by Mr. Marjolin, Vice-President of the EEC Commission, on a draft report drawn up by Mr. Kriedemann on the survey of the economic situation in the Community submitted by the EEC Commission.

Transport Committee (8)

Meeting of 7 January in Brussels: Adoption of a report by Mr. de Gryse and a draft resolution concerning a system for organizing the transport market adopted by the Council on 22 June 1965 and the amendments which the EEC Commission decided on 27 October 1965 to make to its proposals of 10 May 1963 regarding the introduction of a tariff

bracket system. Exchange of views on potential competition tariffs. The EEC Commission was represented by Mr. Schaus and the High Authority by its Vice-President, Mr. Coppé.

Energy Committee (9)

Meeting of 18 January in Strasbourg: Discussion at a meeting attended by Mr. Marjolin, Vice-President of the EEC Commission, on a draft working programme for the Committee.

Health Protection Committee (11)

Meeting of 28 January in Luxembourg: Exchange of views with the High Authority on its activity in the sphere of research into health and industrial safety.

Exchange of views with the High Authority on the results of the "Study and information symposium" organized by the High Authority in Strasbourg from 21 to 22 June 1965 with regard to a programme of medical research on rehabilitating the victims of accidents at work and of occupational diseases.

Exchange of views with the High Authority on the activity of the Mines Safety Commission.

Exchange of views with the High Authority on setting up a "General Committee for safety at work in the iron and steel industry".

Exchange of views with the High Authority on the circumstances surrounding the mining disaster of 24 November 1965 at Carmaux (France).

Budget and Administration Committee (12)

Meeting of 14 January in Brussels: Examination of and vote on the draft report by Mr. Carcaterra on a draft supplementary budget for 1965 for the EEC and Euratom.

Examination of and vote on the draft report by Mr. Aigner on a draft supplementary research and investment budget for Euratom for 1965.

Exchange of views at a meeting attended by the EEC and Euratom Commission representatives on the procedure for drawing up the EEC and Euratom budgets for 1966 and the political implications of this.

Committee for Associations (14)

Meeting of 26 January in Brussels: Examination of the working programme relating to the EEC-Greece Association.

Examination of the working programme relating to the EEC-Turkey Association.

Sub-Committees of the External Trade Committee, the Agricultural Committee and the Committee for Co-operation with Developing Countries responsible for studying the problem of stabilizing world raw material markets

Meeting of 28 January in Brussels: Examination, at a meeting attended by the EEC Commission representatives, of a draft working paper by Mr. Kapteyn on stabilizing world raw material markets.

II. THE CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE

17th Ordinary session of 24-28 January 1966 in Strasbourg

The focal points of the January session of the Consultative Assembly of the Council of Europe were a speech by Mr. Sean F. Lemass, Prime Minister of the Irish Republic, and a draft recommendation by Mr. Duncan Sandys (British Conservative), both aiming at a widening of the EEC and at the opening of political consultations.

The session opened with the customary report from the Committee of Ministers to the Consultative Assembly, submitted by Mr. G. Thompson, Minister of State for Foreign Affairs, United Kingdom, representing Mr. M. Stewart, Secretary of State for Foreign Affairs. Mr. Thompson's address centred on the continuing difficulties of the EEC: "It is precisely because of the harm which any set-back to progress within the Community must do to the cause of European unity as a whole that we express this regret. We earnestly hope that these difficulties will be overcome quickly so that progress towards that wider unity in which we believe can be resumed. The Kennedy Round negotiations must be resumed without delay so that they can be brought to a successful conclusion..." Mr. Thompson recalled in this connexion the British Foreign Secretary's words in the House of Commons on 6 December: "It is clear that the Government is ready and willing to join the EEC provided that essential British interests are safeguarded." The original members of the European Economic Community had quite properly taken account of their essential interests in drafting the Treaty of Rome. Mr. Thompson went on: "So far as Britain is concerned some of the difficulties in the way of British entry into the EEC have ceased as circumstances have changed, but there are obviously still important aspects for the EFTA nations ... which will require to be resolved when the time comes by negotiation and compromise!"

Mr. Sean F. Lemass, Prime Minister of the Irish Republic, addressed the Consultative Assembly on 24 January. He referred to the Free Trade Area Agreement, signed between the Irish Republic and the United Kingdom in December 1965 (to become operative on 1 July 1966) which, he said, "is important for us in that it marks a step closer to Europe." The Irish Republic, which belonged to neither of the European groups, had applied for membership of the EEC in the summer of 1961. It had been a grave set-back to the hopes and plans of the Irish Republic when consideration of her

application for membership of the Community had to be suspended following the Brussels breakdown of January 1963. He was convinced, however, that this was no more than a temporary suspension of progress towards European unity. With reference to the Anglo-Irish Free Trade Area Agreement, he said: "We are prepared to consider every possibility such as seeking membership of the EFTA to enable us to participate in a wider European grouping as a further interim step towards our ultimate objective which is to form part of an economically integrated Europe. Whether this objective is to be reached either directly by entry into an enlarged European Economic Community or via EFTA, we would hope that the terms of transition would correspond to those of our free trade arrangements with Britain." (Addressing the National Parliament in Dublin on 4 January 1966, Mr. Lemass had stated that he had accepted the invitation of the President of the Council of Europe, because he felt that this would provide an opportunity for him to set forth Ireland's policy of support for the economic integration of Western Europe.)

In reply to questions from journalists, Mr. Lemass later explained that the Irish Republic had so far made no approach to EFTA because this would offer no economic advantage, especially for as long as the conditions under which her agricultural products were exported to the British market continued to obtain. Here, the need would arise to conduct and to conclude bilateral negotiations with the United Kingdom. In reply to a question whether the Irish Republic ought now to apply for membership of EFTA, Mr. Lemass said that this depended on developments between the two European groupings; if the situation continued as at present an initiative from his country could be expected within the next two years.

Mr. Liam Cosgrave (Irish Republic, Leader of the Opposition), discussed the midsummer crisis which struck the EEC last year: "We are all aware that this crisis is not just about the financing of the institutions of the EEC... There are, it is clear, many divergent views on the way to achieve European unity ... for differences exist as to what is meant by Europe and what is meant by unity." He said that the Opposition Party shared the Irish Government's aim that Ireland should join the EEC as soon as possible. "One of the consequences," he said, "of the Free Trade Agreement with Britain is that for the future any initiative on the part of this country is unlikely in the absence of British participation. For that reason we held the view that the shortest route to Brussels might not have been through London."

Mr. Maurice Edelman (Labour, United Kingdom), Rapporteur of the Political Committee, said that "the idea of joining Europe ... is the official policy both of the Conservative and Liberal Parties. It commands wide, though still unassessed, support inside the Labour Party. If I may express an entirely personal hope - and I emphasize that this is a personal view - it is that the Labour Government should, at the earliest opportunity, make a Declaration of Intent, followed by practical negotiations for Britain to join the Common Market."

Mr. Duncan Sandys (United Kingdom) submitted a Resolution to the Assembly concerning "the immediate situation in Europe" and aiming at an extension of the EEC and the organizing of political consultations. The Political Committee adopted this Resolution which, in its operative paragraphs:

"Urges the Governments of the EEC

- a) to resolve their differences as quickly as possible in a manner consistent with the Treaty of Rome;
- b) to recognize the urgent need to enlarge the Community and accordingly to announce their readiness to consider applications for membership from other European countries which are willing to accept the obligations involved; and
- c) to declare their intention to develop progressively a European political association based on an enlarged EEC, and as a first step to arrange regular consultations between the European countries which wish to participate, with the object of evolving together a common European external policy;

Urges the EFTA Governments

to affirm or confirm their readiness to examine with the Governments of the EEC the question of their joining the Community as full or associate members."

Some differences of opinion emerged between the views of Mr. Duncan Sandys and those of some Labour MPs and of some EFTA parliamentarians.

Mr. Heffer (United Kingdom, Labour) said: "I think it necessary ... to make it quite clear that some of the views expressed (by Mr. Duncan Sandys) are not necessarily those expressed by the British people." He said that he felt it would be quite wrong and in fact it would be "cheek" for

countries which are not in the EEC to spell out in detail what the European Economic Community countries should do to overcome their difficulties.

Mr. Hagnell (Sweden, Socialist) said: "It is an open question whether the EEC presents the best or the only means of achieving greater unity in Europe. There is not even an agreement between the Six on the interpretation and application of the Rome Treaty, now or in the future." He went on to say: "First of all we support the cause of close co-operation between the peoples of Europe and we deplore the fact that the present fundamental crisis within the EEC has brought that development to a halt. But in our desire to assist co-operation in Europe we must not forget that we are dealing with a very complicated situation. For this reason we should avoid committing the Parliaments of the EFTA countries to policies which several of them would find it difficult to accept. It is an open question whether the EEC presents the best or the only means of achieving greater unity of Europe... The Community as it existed up to 30 June last had aspects which were not adapted to the special position of some of the EFTA countries. Moreover, none of us knows what the future foundation of the Community will be by the time the EEC crisis has been resolved.

We believe, therefore, that it would be most unwise to pass any resolutions committing European parliamentarians to a single and rigid policy. We also think that it would be wrong for the Assembly to urge once again the EFTA Governments to declare a readiness to negotiate with the EEC. Many EFTA initiatives have not met a response. Up to this moment the communication addressed by the EFTA Ministers to the Six after the Copenhagen meeting last October is still without an answer. The Copenhagen communiqué said that the EFTA Governments are convinced that possibilities of their final goal, a wider European market solution, would be considerably improved if a dialogue were established between EEC and EFTA at all possible levels. EFTA stands ready for this. Surely, the realities of the situation now call for the initiative to come from the EEC. There is nothing to be gained by inviting EFTA to encounter yet another rebuff.

The successful construction of a European Free Trade Area has demonstrated that economic integration can be achieved by different methods without raising prematurely all the very difficult questions of supranationalism, questions which are today damaging even the co-operation of the Six countries of the Community and would create even greater problems for some EFTA countries. There is no cause for

the EFTA countries to abandon their own philosophy. We are just as true believers in European unity as the advocates of the Treaty of Rome, but we believe that the objective can better be attained by co-operation and by gradual surrender of sovereignty than by attempts to force on Europe a political and economic system as provided for in the Treaty of Rome for which Europe is not yet adequately prepared either in terms of public opinion or in terms of the institutions which would be required to retain genuine democratic control of the future development of European co-operation..." (Council of Europe, Consultative Assembly, AS (17) CR 17-23)

III. NATIONAL PARLIAMENTS

a) Belgium

Approval of the European Community Treaty setting up a single Council and a single Commission

On 5 January 1966, Mr. Radoux (Socialist) submitted a report, on behalf of the Foreign Affairs Committee of the Chamber of Deputies, on the Treaty signed in Brussels on 8 April 1965. This document was more than a commentary and more than a compendium of general details on the significance and the application of certain articles of the new Treaty. It also dealt with certain important aspects of the Treaty and, above all, with its political implications. The Rapporteur wrote in this connexion: "It is a matter of attaining the political objective, i.e. creating a politically united Europe, which the authors of the Treaties of Paris and Rome had in view and this political objective is to be seen as over and above (a) rationalization at the level of the existing Councils and Communities; (b) measures likely to lead, within a reasonable period, to the merger of the Communities; (c) the beneficial way in which these mergers will serve the purposes of authentic economic integration."

With reference to voting on the single Council, the Rapporteur stressed that the signatories had brought the Treaties of Rome and Paris into line with each other in a few instances only - eleven in all - and that the harmonization of the voting system had been shelved in the remaining cases until the merger of the Treaties went through. In connexion with the single Commission, the Rapporteur observed that the voting procedure had been laid down for the final stage only when the Commission would comprise nine members; the Treaty did not specify the machinery for deliberations in the interim period when it would still comprise fourteen members. "It is, however, reasonable to suppose," he concluded, "that the principle whereby the single Commission of nine members will take decisions on a majority basis will apply, by analogy, to its deliberations in the interim."

The report of Mr. Radoux was discussed during the public sessions of 26 and 27 January 1966. The Rapporteur set the problem of the merger against the background of the concurrent negotiations on a return to business in the Common Market that were being conducted by the representatives

of the six Governments. It was the Rapporteur's opinion that only if the present crisis were resolved beyond equivocation would the merger represent a definite step forward towards the merger of the Communities.

With reference to current political negotiations between the Governments of the six Member States, the Rapporteur laid stress on the following points:

- a) If the suggestion made by the Belgian Delegation, viz. to introduce a "shuttle service" for the Commission's proposals, were adopted, the problem would arise as to when the European Parliament would be able to intervene. It was the duty of national parliaments to question their Governments about proposals; they would be unable to do this if the shuttle service operated within a closed circuit;
- b) The part played by the European Parliament ought in any event to be a greater one. This could not but be conducive to a better flow of information and have a favourable effect in regard to consultations between trade unions and management organizations;
- c) With regard to the appointment of members to the single Commission, the Belgian Government should withhold its instruments of ratification until the single Commission was set up;
- d) The reorganization of the Joint Press and Information Service should not result in any slackening of its activity;
- e) The articulation of a new Kennedy Round mandate for the EEC Commission could not be deferred until May 1966 to meet the requirements of a mere time-table; the stakes were too high.

In conclusion, the Rapporteur did not conceal that his main concern centred on the form he desired Europe to assume; the logical conclusion to the process of European integration was, in his view, a politically united Europe. He affirmed the following principles:

- a) The Treaties of Paris and Rome sought to establish a Community and, hence, to make common stock of the higher interests of the States who, in turn, had to accept a curtailment of their national sovereignty;

- b) Access to Europe had to be open to all those who accepted its rules. Europe would in due course have its own foreign policy. It would then no longer be a mere "walker-on" on the world stage;
- c) The West had to be stronger so that it might, with the help of the Americans, conclude an agreement with the East European countries. This predicated a common foreign policy.

Mr. Van Offelen (Freedom and Progress Party) referred to the time schedules, submitted by the French Delegation, which required the Benelux countries and Italy to accelerate the ratification of the merger Treaty; the French and German parliaments had already voted on this issue. Such diligence was praiseworthy in itself but the request that the European institutions be concentrated was being made in terms out of all proportion to any desire to succeed in making Europe. He felt this diligence was directed against the EEC Commission, which he considered, should continue its political work. If the Members of the Commission were to lose their ministerial status, they would become paralyzed. None the less, his Party would vote in support of the Bill.

Speaking for the Social Christian Party, Mr. Dewulf asked the Foreign Minister to confirm his recent statement in Strasbourg to the effect that he would not apply the Treaty until he had obtained full satisfaction with regard to the single Commission. The speaker was concerned at another statement by the Minister; the latter thought that the crisis had to be overcome as soon as possible, for if it lasted a few weeks longer, the incipient disintegration would jeopardize the very existence of the Community. The Social Christian Party could not subscribe to the idea of an agreement at any price between the Six. It could not resign itself to complete subjection to a French policy directed at making the Common Market inoperative.

Mr. Tindemans (Social Christian Party) made reservations about a move that aimed at obtaining early approval of the merger Treaty in order to eliminate certain members of the EEC Commission as soon as possible. He warned the Foreign Minister of the danger of allowing the Europe of Nation States to replace the Europe of Monnet and Schuman. He felt it would be ill-advised to ask the Chamber to vote on this. Consequently, he and some of his political friends would abstain.

Mr. Van der Elst (Volksunie - United People's Party) said he opposed the French views which hinged on an out-of-date theory of national sovereignty. It was an attitude which came naturally to him because the Flemish Movement had always been in favour of a European solution and was opposed to the absolutism of States. Mr. Van der Elst said he would abstain because he did not want to lend himself to the manoeuvres of the French Government to which Mr. Tindemans had taken exception. Lastly, he regretted that the European Parliament was without any real power. The lack of any effective control over the single Executive was liable to be a future source of danger.

Mr. Larock (Socialist) also expressed his concern about the setting up of the new single Commission. It would have been better for the Treaty to come into force only when the Six countries had reached formal agreement on the membership of the single Commission and particularly its presidential bureau.

It ought furthermore to be understood that questions that had virtually been settled previously would not be discussed again right out by the new single Commission and by the new single Council of Ministers. Mr. Larock here referred to the agricultural regulation, which had played such a large part in the present crisis. The principles for reaching a solution had been laid down. There was nothing to be gained by calling them into question.

The speaker felt that the statements made on every hand about the European crisis, which had been extremely severe in tone had done no more than provoke a reaction of unreasonable intransigence. Article 2 of the Treaty of Rome laid down that "it shall be the task of the Community (...) to promote (...) closer relations between its Member States." The French did not seem to have evaluated the full implications of disruption: not only would the risks be serious for French industry and agriculture; the French Government would also be obliged, within the space of one year, to negotiate 108 trade treaties. Other Members of the Community had stated that the Five would be able, without France, to continue as a compact group and that the United Kingdom would in all probability then join them, which would be a substantial compensation. Such assumptions appeared highly dangerous and, to say the least, seemed to serve no useful purpose. Mr. Larock commended the Foreign Minister's efforts to avoid any rupture and to enable the European Community to progress.

Mr. Burnelle (Communist) stated that he would vote against the Treaty. He was opposed in particular to the text of the declaration by the Federal German Government on the Treaty's application to Berlin. He thought that one could not state that Berlin was part of the Federal Republic without implying a desire to pursue a bellicose policy.

Mr. Fayat, Minister and Secretary of State for European Affairs and Deputy Foreign Minister, sought to reassure the Members of the Chamber of Deputies by stating that all the amendments to the texts of the Treaties were in respect of practical adjustments. He did not think that the powers of the European Parliament had been called in question. The procedure offered guarantees, for the Council took into account the Opinions returned by the Parliament. In his opinion, the system of three readings would be a great step forward because at present many more readings were sometimes necessary. With reference to the majority vote system and to the powers of the single Commission, the Belgian Government wished to make it clear that it had no desire to make any substantial amendment to the Treaties. The Government would not submit its instrument of ratification until it had obtained guarantees, particularly concerning the membership of the Commission.

When the vote was taken Mr. Fayat, Mr. Van Acker, President of the Chamber, the Rapporteur and Mr. Larock urged the large fraction of the Assembly which thought that the time was not ripe for signing the Treaty, not to abstain.

The Bill approving the Treaty was passed by 138 votes for, with 6 votes against and 34 abstentions. (Belgian House of Representatives, Summary Account, 26 and 27 January 1966 and Doc. No. 52/1965-66)

b) Germany

The debate in the Bundestag on the EEC crisis

On 27 January 1966 - the day before the second extraordinary meeting in Luxembourg of the six Foreign Ministers - the Bundestag debated the EEC crisis.

Dr. Schröder, Foreign Minister, said that the negotiations had been and would remain difficult. "The German Government is approaching these negotiations with an open mind without any set ideas about integration; its approach,

however, is based on the Treaties. It will be at pains to defend the interests of our country which have been well looked after by the Community." Dr. Schröder spoke three times in the debate; he emphasized that the present crisis revolved around the structure of the Communities. Consequently, the discussions in Luxembourg had at present to be confined to the two key political issues: majority vote decisions and the status of the Commission. "We are going to Luxembourg to find answers to these questions, if this be possible, and then to Brussels in order to discuss at the Council of Ministers - where all the seats will be resumed - economic and personality problems." He stressed, quoting Article 148, that the EEC Treaty laid down that "the Council's resolutions shall be reached by a majority of its members." His view was that this had proved satisfactory in the relevant instances to date. It acted as a spur to understanding and provided a means for dealing with obstructions. Where, patently, the vital interests of a Member State were endangered, an attempt would be made to find an alternative solution. He opposed the unrestricted right of veto advocated by France and favoured a prudent exercise of the majority principle in a manner consistent with the Community spirit and the Treaty.

Dr. Schröder opposed the French ten-point programme concerning the status of the Commission; in practice, this would jeopardize its position under the Treaty, if it did not do so in law. He described the Commission under Dr. Hallstein's leadership as the driving force of the European Community; he therefore argued that it had to remain in being as an independent Community body. Hence the Council of Ministers could give it no directives; there had to be two-way discussions between the Council and the Commission; the criticism concerning the diplomatic activity of the Commission he described as exaggerated. Referring to the French proposal that the Commission's president be changed every two years, he observed that no provision had been made for this in the Treaty. The German Government, however, would not make an issue of this point and he observed that the House could perhaps guess along which lines the German Government's thoughts were running.

Dr. Schröder said that the French time-limit proposals would introduce additional conditions; there was, moreover, no indication that there would be a balanced development in every EEC sphere, such as the Kennedy Round on customs duty reductions. He described the time-limits

as too close and he continued: "Bonn will not allow itself to be induced under the pressure of an empty chair policy into accepting deadlines." In his view all the other questions could only be discussed when France definitely returned to Brussels. He said that finalizing the Common Market was in the interests of all the Member States.

Mrs. Käte Strobel, member of the SPD and chairman of the Socialist Group in the European Parliament, fully endorsed Dr. Schröder's statement. She regarded the EEC as one of the keystones of European development, and Franco-German friendship as its twin. She expressed concern at the fact that Bonn allowed itself to be taken in over the EEC crisis; she advocated firmness on the part of the Five in order to bring the crisis to an early close. She added that a "change of persons" might also weaken the EEC Commission. The origins of the crisis lay in a fundamental difference of opinion among the Six as to which course should be followed towards a united Europe. In her view, there were differences of view not only between France and Germany, as unfortunately sometimes appeared to be the case, but also between the French Government and the other five partners. Firmness on the part of the Five offered the strongest hope of achieving progress towards integration, she felt.

To pursue negotiations, she considered it particularly necessary that the colloquy with the Council of Ministers be held in the European Parliament in between the two Council meeting dates. She went on to say that this was something that had been and would continue to be desirable from the point of view of both the Parliament and the three institutions. The colloquy had been thoroughly prepared by representatives of the Council of Ministers and by the Commissions in conjunction with the Parliaments of the Six countries. In her view, this would be a sound arrangement for the future and the Parliament would welcome it.

Dr. Furler, the CDU member, dealt in particular with the question of resolutions reached by a majority of Council members; he pointed out that this was not a theoretical disputation; it was a practical matter of outstanding political relevance, to wit the effectiveness of the EEC in the conduct of its business. This point had to be clearly understood: this was no theoretical conflict but rather a conflict of political attitudes. With reference to the Commission and to the comprehensive ten-point memorandum submitted by France, Dr. Furler said that France intended to turn this driving force of integration

into a sort of glorified general secretariat of the Council of Ministers. This would also affect the European Parliament, to whom the Commission - not the EEC Council - was answerable. He commended the excellent European work done by the Commission under President Hallstein; it had been objective in its dealings with all the six countries and he called upon the Bundestag to stand by the European institutions and President Hallstein in the days ahead.

Mr. Starke, the FDP member, stressed that France had to return to Brussels as a full working partner. He thanked the German Government for what it had done in the negotiations so far and called upon it not to lose its nerve. He further warned against any partner being conceded the right of veto for this would impede the balanced development of the EEC.

Mr. Birrenbach, the CDU/CSU Union member, described the EEC crisis as "neither the first nor the last" to be seen in relation to the sharpening conflict as to whether the Community or the nation states should take precedence - a conflict which seemed to grow as the EEC itself was gaining in importance. After discussing the progress of the economic union between the Six, he said that it was important, in the general interest, that a principle that had proved so sound should not be changed in a way that placed the burden of relations between the main institutions on the EEC Commission. The majority rule, based on the integration principle should not, he felt, be impaired. He suggested that the Federal Government had to proceed along Treaty lines in seeking a solution and should endeavour to ensure there were neither misuse of the right of veto nor misuse of the majority rule. In his view, no signatory country had to be firmer in its allegiance to the Treaties than the Federal Republic; a spirit of conciliation, firmness and understanding was required and a balance had to be kept between the common agricultural and the common industrial markets.

With reference to the merger of the Executives, Dr. Birrenbach said that the Federal Republic had ratified the Treaty at an early date - earlier than most of the other EEC Member States, thus giving unequivocal proof of its constructive interest in this merger. "We do understand, however, that it is difficult to set deadlines to the Parliaments of other Member States for the ratification of this merger." With reference to the solution of "personality" problems, he felt that there were many points of view to be taken into consideration, such as the continuity of the Commission's work which, in the

days ahead, was going to be more important and more indispensable than ever. Moreover, past achievements ought not to be forgotten; he said: "Institutions are as strong as the people who run them and go to make them up."

Baron von und zu Guttenberg, the CSU member, warned against any set ideas about the EEC. The axiom that excessive attention to the letter could kill the spirit of a principle also held good for integration. This led him to say "Either we have an EEC that includes France or no EEC." In his view it was not in any way in the interests of France to break with the EEC, although extreme measures on the part of France were always possible; he felt that the French methods were indefensible. Yet criticism should stop at the point where it jeopardized Franco-German relations for what France said had, at least in part, to be given consideration. He saw the reason for the present EEC crisis in the French hostility to the principle of integration and in the present difference of opinion between the partners over important political questions, particularly in the disagreement between Germany and France on these problems. Until there was agreement on Europe's rôle in the world of today, either within the Western Alliance or in regard to relations with the East European countries, there would always be difficulties within the EEC.

Dr. Apel, the SPD member, described the present crisis in the Common Market as a structural crisis. Turning to the future structure of the European Economic Community, he dealt at length with the possibility of Council resolutions being passed by a qualified majority of its members. He stated that those issues where a simple or qualified majority decision had been possible from the beginning had been of minor importance; he thought that in the future France would certainly be ready to co-operate with regard to such issues, particularly as they related to technical points only, such as the management of the Social Fund, customs machinery and so on. He took the view that, in the future, effective resolutions on points of substance in the EEC would only be reached if the Council were unanimous. A common short-term economic policy was only possible on terms of unanimity. The same applied to the approximation of: a) social security systems, b) conditions governing the flow of capital between EEC States and third countries, c) taxation systems and d) laws as well as to new accessions and associations with third countries. He pointed out to the Parliament that in future it had to be accepted that these vital issues were ones in which the veto, as it were, of any one partner would block the path to economic

union. Qualified majority resolutions would be possible on agriculture and on shaping the common external trade policy. With reference to the latter, the connexion with general policy was clear, for external trade was part of foreign policy; it was thus quite clear that this was something new, transcending the normal integration developments of recent years. Turning to Baron von und zu Guttenberg, who had expressed a measure of understanding for the views expressed by the French Governments and for the attitude of the gaullist members in Strasbourg, that integration could not be pursued by recourse to underhand political means, Dr. Apel said that the EEC Treaty had its own political aim. It was not simply a question of creating, under the Treaty, an association based on mutual economic advantages. It was rather a matter of achieving political integration "through the medium of economic integration". Dr. Apel emphasized that the Treaty had also been signed by the French Government and now that the process was in motion it was not possible for any to say: "This is not what we wanted." To do this was to depart from the EEC Treaty principles for the aim of political integration was quite clearly stated in its preamble. Dr. Apel spoke in favour of a balanced development of the EEC which meant not merely a customs union with an ancillary agricultural market but also a common economic policy and a common short-term economic policy, jointly introduced by the Six as required by the Treaty. In the sphere of agricultural policy, qualified majority resolutions would be possible but, in the case of financial or economic policies, Dr. Apel felt that one would continue to come up against the French veto if sufficient care were not taken by securing certain guarantees beforehand.

Mr. Lenz (CDU) said that a strong Europe was the aim of German policy. Yet such a Europe needed an organization, the foundations of which lay in the three Community Treaties that had already been concluded. They were a sort of constitution for the Europe under construction and the present crisis was in fact a crisis over the structure of the Community or, to put it another way, a constitutional crisis. Dr. Lenz described this as a natural development in a Europe that was settling into shape; but the question had always to be asked what line one was to take. If one wanted to change Treaties that were in fact constitutions, then one had at least to follow the procedure that they laid down. To date, there had been no question of any revision of the text. If there were no desire to change the text of the constitution, then definite limitations had to be put to the prevailing tendency to make certain changes in the text. Thus, in a State in the making, it

was essential not to go beyond what was lawful, since resolutions by a majority and the status of the Commission were the core of the constitution, any attempt to change the core would be an attempt to change the constitution.

Mr. Wehner, the SPD spokesman, signified his party's full support for the Government. He would, however, have liked to hear statements on relations with the United Kingdom and EFTA, and on the wide range of Franco-German relations in respect of culture, student exchanges, technology and research.

Dr. Schröder replied that the Federal Government had always emphasized the significance of its relations with the United Kingdom and had acted accordingly. It would furthermore do everything possible to achieve further progress within the framework of the Franco-German Treaty. Finally, he thanked the Parliament and added that he was always ready to share his concerns with the members. (Bundestag, 5th legislative period, 17th Sitting, Thursday, 27.1.1966, FAZ, 28.1.1966, Die Welt, 28.1.1966, Le Monde, 28.1 and 29.1.1966, Neue Zürcher Zeitung, 28.1 and 29.1.1966, Bulletin of the Press and Information Department of the Federal Government, No. 13, 28.1.1966)

c) Luxembourg

Luxembourg's European Policy

On 6 January 1966, Mr. Pierre Werner, Minister of State and Foreign Minister, defined his Government's attitude to the merger of the Institutions and to the crisis in the Common Market. He was speaking in the Luxembourg Chamber of Deputies on the occasion of a debate on the Foreign Ministry budget.

The Government's attitude to the problems arising from the crisis was, he recalled, that a solution had to be found within the institutional framework and on the basis of the Treaties; an attempt had to be made to settle the issue of financing the agricultural policy as soon as possible. This ought to be envisaged in terms of balanced progress towards finalizing the Customs Union and the Economic Union in every sector; lastly, the institutional structure of the Communities in its present form appeared

essential to success in integrating Europe and an effort had therefore to be made to preserve this structure.

With reference to merging the institutions, Mr. Werner warned against the disappointments that would follow any attempt to question the value of the results achieved. This did not mean that the reservations made by the Luxembourg Government about the proposed merger of the Communities were entirely groundless. Indeed, it would not have been inappropriate to reach agreement on the aims of the merger before taking a partial and purely institutional measure. It was not illogical to advocate some degree of administrative decentralization.

It was, however, impossible to conceal the fact that the idea of a single Executive appealed to the vast majority of Europeans including some of the most eminent among them; their feeling was that this would make for more concerted action and a better co-ordinated economic policy. This was, in any case, the professed and indisputable conviction of the five partners who considered that the merger had from the outset been an integral part of the development of the European institutions.