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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION



## I. GENERAL PROBLEMS

### 1. Mr. Pierre Werner, Luxembourg Minister of State, discusses the situation in the EEC at the beginning of 1966

In his New Year message, Mr. Pierre Werner, Luxembourg Minister of State, stated, inter alia: "The possibility of settling the persistent differences between the Six as soon as possible is the only frame of reference against which I can envisage Europe's developing in an orderly manner.

Luxembourg feels honoured that all five partner Governments proposed that the extraordinary session of the Council in January should be held in the capital of the Grand Duchy. While we are grateful at this confirmation of Luxembourg as the setting for the European Communities, we are fully aware of the responsibilities that will fall to the Luxembourg Delegation, at every level, during its presidency of the Council of Ministers in the first half of 1966. It may perhaps be feared by some that the weight of the smallest partner may be unable to prevail against the centrifugal forces that are liable to make their presence felt.

I base my hopes mainly on the actual weight of the Community, on the need for a Common Market in the interests of the expansion and of the prosperity of all of our six countries. I base them on the authority the Community already enjoys in the third world.

I also believe in the value of discussions, even if these do at times involve a clash of views. The Luxembourg Government envisages the hopes of reconciling the various views inherent in the presidency not with the resolve to reach fallacious or ambiguous compromises at any price, nor to evade the practical and real issues that may arise from the operation of the Community not all of which could have been anticipated; it intends to face the problems without equivocation on points of procedure or principle. Its action is based on the sound rule that undertakings must be kept and that these problems must be solved within the framework of the institutions established and confirmed by the Treaties." (Luxemburger Wort, 3 January 1966)

### 2. The Congress of the European Union of Christian Democrats

The European Christian Democrat Union held its 17th Congress in Taormina from 9 to 12 December under the chairmanship of Mr. Mariano Rumor, Secretary of the Italian Christian Democrat Party. The theme of the Congress was "the democratic future of Europe". The EUCD is the new organization, founded last

year, which co-ordinates the activities of the various European parties whose political emphasis is Christian Democrat and which, a year ago, took the place of the "Nouvelles Equipes Internationales".

The Congress began with an introductory report by Mr. Rumor in which he stressed the "world-wide implications" of the basic issues and underlying problems of our time. He looked for "close co-operation between peoples" to stamp out poverty in the world and he said that the Christian Democrat Party repudiated any form of racial discrimination or continental political monopoly, either on the part of individual States or any one social class.

He dwelt on the most important political problems facing the world and discussed the Christian Democrat attitude to NATO and to the European Community. He said that the basic options held out "opportunities, at once pluralistic and polycentric", in keeping with the inherently democratic structure of the western world. In this connexion he said that even if, as had indeed been the case, there was a temptation to return to the pattern of inward-looking national egotism, the West had, in its very nature, original formulae to satisfy the legitimate requirements of each individual nation provided this were not prejudicial to other countries.

He expressed the conviction that the idea of a Europe that was free, united and outward-looking was too deeply entrenched in the minds of governments and the hearts of the peoples to be cast aside. Mr. Rumor said that the EEC had promoted the supply-of-services potential of many countries while at the same time many of their structural weaknesses were edging towards a solution: these weaknesses had emerged as the result of a sudden transformation of small markets as they give way to a new order of much keener competition in a larger industrial area. The present crisis, Mr. Rumor felt, was a growth crisis. In overcoming this crisis, the aim of the European Christian Democrats, i.e. that steps be taken towards political integration, assumed fresh relevance. He considered that the action taken by the five governments, after France had broken off the discussions, had been prudent and responsible to the highest degree. He felt that maintaining agreement among the Five was a sine qua non if the efforts to resolve the deadlock were to be successful. He was in favour of the majority-voting principle on the Council of Ministers. It was inconsistent with the logic of the Communities to admit of any right of veto comparable to that obtaining at the U.N., although it was also in the logic of the Community that none would wish to prejudice the vital interests of one or more partners by exercising the majority vote.

On the other hand, he continued, the Commission proposals, whatever one might feel about their actual timing, were in

themselves a request for potential powers: one had only to think of independent revenues from the levies and customs duties or the demarcation line vis-à-vis third countries or the arrangements with regard to the revenues of the Member States. This initiative represented the emergence of sovereign and supranational powers: it also meant that the dialectic of facts was of greater moment than the dialectic of words. With regard to the problem of the powers of the EEC Commission, that is of the Executive body, now soon to be merged with the other Executives, the powers of the European Parliament assumed immediate relevance. It was not so much a question of increasing its supervisory powers but rather, in a democratic way, of bringing into being a body that was representative and had constitutional and legislative powers which would give added depth to the Community in its representational dimension.

After Mr. Rumor had submitted his report, the Congress divided its subsequent discussions between five committees, each dealing with a specific subject. The report of the first committee on "The Development of the Community" was presented by Mr. Fritz Hellwig, a member of the ECSC High Authority. Discussing the phase the Community was going through, he said that for a long time economic integration had been looked at on the basis of two, diametrically opposed, assumptions: the first was that economic integration was a stepping stone, to political integration; the other, put forward by France, was that the prerogatives of the Community bodies should be confined to the economic area, i.e. disregarding the need for the political integration others were urging. In looking for possible solutions to the present crisis, Mr. Hellwig said that between the two extremes of pessimism and optimism, a half-way solution could be found which took into account some of the French demands, such as, for example, those concerning the re-examination of the voting procedure on the Council of Ministers and the status of the Commission. A slower rate of economic integration might also be contemplated in individual sectors. The speaker then referred to the problems of merging the Communities and he averred that the problem of relations between the institutions was one that could not be shelved indefinitely.

The report of the second committee on "Democracy in Western and Eastern Europe" was presented by Mr. W.K.L. Schmelzer, President of the K.W.M. Group in the Second Chamber of the Dutch Parliament. For Christian Democrats, he said, democracy, while not a dogma, was the system that best guaranteed a respect for and the realization of the principles that should underlie international life. He analyzed the factors liable to undermine democracy in Europe and he outlined the means that could be employed to influence the direction it took. Inter alia, he stressed the need to make the democratic institutions less technocratic, the need for politicians ready, in supervising the policy of the Government, to restrict their attention to essentials; he emphasized the positive rôle that the communication media, especially television, could play in providing a steady flow of information about European politics.

He drew special attention to what Christian Democrats could do in this connexion, especially in relations with the East European countries, bringing a positive influence to bear on the development of democracy.

The third committee dealt with relations between "Democratic Europe and Latin America" (Rapporteur: Mr. Edoardo Martino, Italy). He outlined the background to these relations, bedevilled as they were at present with controversies and attitudes of preconceived hostility. Despite the opposition of the Council of Ministers, it was pertinent to stress the need to co-ordinate the policies of the EEC States vis-à-vis the Latin American States at the European level. What individual EEC States were doing in the various Latin American countries was indeed valuable but it could not touch off the acceleration in economic development and social progress that was called for. In recent years, he went on, there had been an appreciable increase in trade between the two areas: Latin American exports had increased by 35 per cent in the four years from 1958 to 1962 - a much faster rate of growth than that of world trade generally. To overcome Latin America's difficulties on the world market, the speaker felt that three possible solutions suggested themselves:

- a. an expansion of domestic demand and regional co-operation;
- b. a regional programme for Latin America on the part of the Community;
- c. a solution on a world-wide scale.

There was, however, one prerequisite for closer co-operation between the two communities: Latin America should endeavour to understand European problems to a much greater extent than it had done so far.

In conclusion he said that those who thought that Communism in Latin America could be defeated by giving support to military adventures or to the most scandalous state of economic privilege that had ever existed, had lost touch with reality. "We are convinced," he said, "that no dictatorship, whether left-wing or right-wing can solve the distressing problems afflicting that continent. At present, Europe can offer something for the consideration of the Latin American peoples and their endeavours: its experience and its solidarity."

The other two committees dealt primarily with party business. These reports were on co-operation between Christian Democrats and other currents of political opinion (report to the fourth committee by Mr. Alain Poher, President of the Christian Democrat Group in the European Parliament, France) and on "the activities and prospects of the EUCD" (report to the fifth committee by Mr. Leo Tindemans, Secretary-General of the

EUCD, Belgium).

At the close of the Congress, a resolution was passed calling upon France to return to the European Community and the other five governments (in which the Christian Democrats had relative majorities) to stand fast by the Treaties of Rome and go on with economic integration. In the resolution the Christian Democrat parties considered that the Commission should retain its independent powers, that the Council of Ministers should adopt the majority-voting principle, that the European Parliament should be elected by universal suffrage and that there should be closer economic ties with third countries and especially the EFTA countries. It trusted that there would be closer co-operation on defence and foreign policy, joint action on behalf of the developing countries, co-operation with the Christian Democrat parties in Latin America whom Europe could help by virtue of its experience, that it would take action on the scientific, social, economic and cultural levels in its relations with the East European countries and lastly that there might be co-operation with all the other democratic movements that wanted to build the United States of Europe. (Il Popolo, 10, 11, 12 and 13 December 1965)

3. Federal Economics Minister Schmücker and Dr. J.M. den Uyl, Netherlands Economics Minister, discuss the current situation of the EEC

On the occasion of the 60th anniversary of the German-Dutch Chamber of Commerce, Federal Economics Minister Schmücker and his Dutch colleague addressed an extraordinary plenary session in Amsterdam on the aims of the EEC and the situation in which it now found itself.

Mr. Schmücker emphasized that the great economic progress of post-war years had been achieved only with the help of the market economy principle. It was essential therefore to continue following this course in the years to come. The traditional Dutch policy of free trade would continue to receive the enthusiastic support of the Federal Government.

Mr. Schmücker warned against using trade relations with the Eastern bloc in order to indulge in reciprocal overtrumping of credit terms. This would certainly not be in the interests of Western countries. The Kennedy Round should lead not only to reductions in duties but also to further abolition of various practices that were bringing discredit to international trade. Stability and sound economic policy must be accompanied by an efficient currency system. The first need was to tighten up monetary discipline and avoid drawn-out imbalances in payments. Turning to the adverse German balance of payments, Mr. Schmücker

observed that high imports under current economic conditions ensured a necessary and desirable increase in domestic supply. He warned, however, that a protracted shortage in Germany's production could be a danger for the EEC as a whole if pressure on the Community's production potential again showed a substantial increase. He reiterated the Federal Government's appeal for a common short-term economic policy with built-in long-term facilities for the shaping of an overall economic policy. Turning to the current crisis, Mr. Schmücker pointed out that the Community's achievements to date could not be surrendered without damage to all Member States. The present difficulties must be surmounted within the framework of the EEC Treaty and of the existing Community institutions.

Dr. J.M. den Uyl (Socialist) emphasized that economic growth and the establishment of the EEC had given a powerful stimulus to the traditional economic unity of Germany and the Netherlands. There was not, in his opinion, a country in the Community that had not profited by this market expansion. He regarded the investments of industry as a positive factor for the continued expansion of the Common Market. It was inconceivable that Member States would tighten up national frontiers again as this would bring the Kennedy Round to a standstill and indefinitely shelve satisfactory solution of international trade policy problems. The unsuccessful attempts of the former OEEC had already shown that a supranational solution was essential to reconcile national clashes of interests. "This idea was rooted in the concept of a politically united Europe to which we must hold fast." Dr. J.M. den Uyl wound up his address by pointing out that in addition to a common short-term economic policy, a co-ordinated structural policy - including an agricultural policy, energy policy, etc. - would have to be hammered out. (Industriekurier, 20 November 1965)

4. The CEPES (European Committee for Economic and Social Progress) advocates a united Europe

The International Executive of the CEPES met in Rome on 7 December under the chairmanship of Professor Vittorio Valletta. It unanimously passed the following five-point statement summing up the situation in the Community, and stressing the need to go on with the making of Europe:

- "1) Recent events have left no doubt as to the seriousness of the crisis the European Economic Community is now going through. At such a critical juncture, it is vital to avoid injecting any bitterness into the discussions now in progress, to remember the benefits that the making of Europe can bring to each of the Six countries and to suggest ways of breaking the vicious circle in which the Six are now locked.

- 2) In view of the foregoing, the CEPES Executive is convinced that the peoples of Europe will not be able to achieve maximum economic and social progress until they become united; only a united Europe will enable the States concerned to exercise an influence in world affairs that is commensurate with their collective potential. The enthusiasm for European ideals, engendered among the younger generation must, moreover, not be turned to disappointment.
- 3) For these reasons, the CEPES considers it necessary:
  - a) that there should be no thought of abandoning the pursuit of political unification. To achieve this common goal, all those concerned will have to make the necessary concessions while respecting the identity of each individual country;
  - b) that the establishment of common policies (for trade, agriculture, etc.) should be accelerated, for these alone justify a new thrust forward towards complete integration and the efforts so far made in terms of tariffs;
  - c) that the future development of the Customs Union should be effectively controlled so that it keeps pace with integration and the approximation of economic policies.
- 4) In this connexion, a number of things have to be done simultaneously; any attempt to do these things separately would be prejudicial both to the spirit and to the letter of the Treaty of Rome, viz:
  - i) to establish the bases of a common external trade policy and gradually to ensure its application;
  - ii) to bring the common labour and capital markets into operation, while guaranteeing the free movement of persons, services and capital;
  - iii) to finalize the common agricultural policy;
  - iv) to approximate national short-term economic, monetary and credit policies;
  - v) to finalize the approximation of fiscal systems, beginning with turnover taxes and indirect taxation, as laid down in Article 99 of the Treaty;
  - vi) to guarantee fair competitive conditions through a common policy to enable firms to adjust to new market conditions (internal re-organization, co-operation, concentrations);
  - vii) to approximate company laws and examine whether a new set of articles of association is called for;

viii) achieve better co-ordination between aid given by the Community to developing countries and aid emanating directly from individual Member States, and thereby achieve the greatest possible effectiveness;

ix) to step up co-operation in scientific research, technological progress and foreign investments.

5) In the longer term, the CEPES Executive does not think that merely to achieve the Common Market can be regarded as the ultimate objective of European unification. The final aim should be to create a Community Power, which should be endowed with specific powers with respect to defence and foreign policy. (Agenzia Europa Unita, 7 December 1965)

5. Mr. G. Martino on the structure of the Treaties as a guarantee of European unity

By agreeing to the principle of modifying or revising the Treaty of Rome one would be confronted with certain dangers. For it was only the structure of the Treaty that guaranteed that the ultimate end of the integration process, that is the complete economic and political unification of the Six countries would not be betrayed.

These statements were made in Forli by Mr. Gaetano Martino, member of the European Parliament and former Italian Minister of Foreign Affairs, in a speech on the current situation in the EEC. Mr. Martino felt that to abandon or betray this ultimate aim, by agreeing to the proposed amendments to the present Treaties, would be tantamount to abdicating any reason for living in order to live. It was impossible to accept this. The Treaties had to be adhered to for they represented a solemn undertaking which the peoples of the Six countries had assumed through the ratification of the Treaties by their respective Parliaments and they called for their strict application, without impatience and without concessions.

Referring to the appeal that the EEC Council of Ministers had made to the French Government on 26 October, which had so far met with no response, he said that the common agricultural policy was not the real reason for the controversy; this had simply brought it out into the open. In actual fact, the difference between them was political; to solve it France was asking for the Treaties to be revised completely.

Above all, France wanted to "clip the wings" of the Executive Commission and to eliminate the majority voting rule at the deliberations of the Council of Ministers, a rule which was

scheduled, as from 1 January, to take the place of the unanimity rule which had been in force so far. Such were the preconditions upon which France would agree to accept the invitation extended to her by the Five.

But if the structure of the Treaties were amended in any way, this would be tantamount to denaturing them and it would make them worthless. Hence, Mr. Martino stressed the need to stick to the Treaties as they stood if the ultimate objective of European political and economic integration were not to be betrayed. (Agenzia Europa Unita, 1 December 1965)

6. Franz-Josef Strauss addresses the European Economic Union on European policy

Franz-Josef Strauss, CSU Chairman, addressing the European Economic Union (UNEUROPE) in the Milan Chamber of Commerce on 3 December 1965, called for a "forward in Europe" policy.

Mr. Strauss argued that West Berlin should be invested with European functions and that the European Communities should set up "liaison offices" in West Berlin for negotiations with countries of the Eastern bloc.

Speaking in Milan, Mr. Strauss stated that "Washington would do well to encourage the British to collaborate with France in the manufacture of nuclear arms with a view to building the nucleus of a European atomic force." The idea of a NATO without France was "a blow at Europe's security". Washington could support a Franco-British nuclear policy by making available the technical "know-how" of the USA. "The Federal Republic and Italy would no longer feel pushed into the background in this sphere once the basis for a European nuclear strike force had been created in the form of a Franco-British arsenal."

The notion that Britain could one day assume France's place in the EEC spelt "the end of any European policy". A basis for European unity could only be laid by working out with Paris a common approach to defence as an essential part of a European foreign policy. The possibility of incorporating the French nuclear force in a European organization had for some years been lightly hinted at in Paris.

To overcome the present NATO crisis, Mr. Strauss recommended a new form of co-ordination between American units on European soil and a future European defence organization. "The supreme command of a European defence community would naturally have to be in the hands of a European. I should have no

hesitation in entrusting it to a Frenchman; if Great Britain later decides to pool its nuclear potential with that of France in order to join such an organization, Frenchmen and Englishmen might perhaps take the supreme command over in turn."

Mr. Strauss felt that France owed its nuclear strike force in part to its membership of the EEC. He warned against the co-existence of national States and of premature supranational institutions. "Our political programme should not be wholly taken up by considerations of defence. It must be geared first and foremost to a positive task - to ensure our peoples' survival within a larger bloc still to be created."

Within the context of such a "forward in Europe" policy, it seemed likely that Germany's desire for reunification would no longer be expressed in terms of national restoration. "We Germans must grasp the fact that the vital interests of every one of us coincide with those of all those Europeans whose common task it is to create for themselves a political and economic area on a completely new scale." The German people should therefore cease to regard their tragic lack of unity as an isolated problem but view the division of their country in terms of a Europe partitioned in the middle. Such an approach to the problem could serve as a basis for an active West European policy towards Eastern Europe. This could only be successful, however, if it was pursued by a strong West European Community. Bilateral relations between East and West would only be of value on the basis of a co-ordinated West European policy.

Any European country that tried to "go it alone" would tend to become isolated and be doomed to failure where its vital interests were concerned. The example of France demonstrated that it was no longer possible, at national level, to create facilities for even a limited political freedom of movement. Turning to the drive for European unity, Mr. Strauss pointed out that Rome was not built in a day and that Europe could not be united by means of the Rome Treaties alone, even in decades. It was also partly up to the Italians and Germans to "demand for our continent those rudimentary bases for a positive, forward-looking development already contained in French policy, by standing up for a European defence community within the Atlantic Alliance, for West European unity of action towards the East and a common policy towards Africa. Let us not shun France", concluded Mr. Strauss, "but take her in our midst." (Die Welt, 4 December 1965; Industriekurier, 4 December 1965)

7. Professor Röpke, Genevan economist, on European integration

Professor Wilhelm Röpke, Genevan economist, in an address delivered at the Antropos Institute in St. Augustine (near Bonn) on 8 December 1965, had some critical things to say about current efforts to bring a supranational Europe into being.

He warned against overestimating what could be achieved along economic lines, and labelled as a fallacy of an economic theory the belief that political union would necessarily emerge from economic integration. The present issue was how to set about, at regional level, surmounting national sovereignty by introducing real forms of supranational organization. This called for considerable tact and circumspection. If, despite all obstacles, political integration was achieved by economic means, this would be a mighty achievement. "It would be the first time that a supranational union - in itself a miracle, or bordering on a miracle - had come into being at the lowest stage of integration - the economic. This," Professor Röpke observed with heavy irony, "would be equivalent to achieving union between France and Germany on the basis of their trade in Kaloderma and Camembert."

Such a possibility - he went on - should not however be ruled out. But a supranational State must be more than a customs union or a cartel authority. "What is required is a community consciousness springing from deep moral roots. Switzerland, so often held up as a model for European union, did not emerge from the merging of cantonal cheese-factories in the Middle Ages." Its political structure stems from the political will of free burghers and peasants to assert themselves. Given a structure such as the European Economic Community as the first stage towards political union, one could not fall back on any one political model. Professor Röpke went on to say that the German Customs Union could not be regarded as a historical precedent. He then referred to his Cologne colleague, Professor Müller-Armack, who had described the proposal to merge the nations of Europe into one State as utterly Utopian. Professor Röpke could not moreover see that anything would be gained by replacing national patriotism by patriotism of a supranational kind.

In his view, a great many economic difficulties were due to the breakdown of "meta-economic conditions". Even international trade was no longer based on the theory of comparative costs but ultimately on the broader principle that treaties should be respected.

Professor Röpke showed some understanding for General de Gaulle's European policy. If de Gaulle was holding back the

EEC's development, this reflected the feeling in France, "as the French have not experienced the trauma of nationalism like the Germans." (Frankfurter Allgemeine Zeitung, 9 December 1965; Handelsblatt, 9 December 1965)

8. Professor Müller-Armack's memorandum on future European integration

At the beginning of December 1965, Professor Müller-Armack, the Cologne economist and former Secretary of State in the Federal German Ministry of Economics, sent a memorandum on European policy to leading politicians of the day.

In his view, purely economic facts could be used to impart meaning to European co-operation; moreover, a more modest, constitutional approach of this kind made it easier for neutral EFTA countries to unite with the EEC. Neither of the two blocs would be injured in this way, although such co-operation would lead to a larger European market. For the purposes of economic co-operation between the EEC and EFTA, Professor Müller-Armack advocated an "outline" treaty as well as the abolition of customs barriers between the two blocs, a European short-term economic policy, a budget policy, investment and research policy, a common European transport system, and co-ordination of development policy and policy on trade with the Eastern countries.

The task of the Federal Government was to act as an intermediary, for which purpose it would have to work out a fresh approach to the continued pursuit of European unification. Moreover, the Bonn plans must take French requirements into account. In this connexion, Professor Müller-Armack in no way regarded the French desire to revise the provisions of the EEC Treaty on majority decisions as misguided. The notion of some specialists in constitutional law that Europe could be welded into a single State on the basis of majority decisions was unrealistic because on vital questions a majority decision would be accepted by no one. Technical questions and problems concerning co-ordination of economic policy could, on the other hand, be made into a list on which majority decisions would be possible.

Any German initiative for the pursuit of European integration should take France's special interests into account so as to facilitate the overall process of unification of Europe; at the same time the wishes of the other States should not be ignored. It was essential therefore to negotiate a bargain by accepting certain of General de Gaulle's concepts and demands in return for his agreement to a European solution for union with EFTA. One-sided concessions, on the other hand, would amount to an undignified retreat.

Before the Federal Government put forward concrete proposals for European policy, France must first define its attitude more clearly. Turning to the merger of the ECSC, EEC and Euratom Treaties, Professor Müller-Armack declared that it would provide an opportunity of clarifying two critical issues - the change in the method of voting and the enlargement of the Community.

According to Professor Müller-Armack, the voting procedures laid down in the Rome Treaty were too complicated. In his view, the French demand for a unanimous vote on all vital questions was also in line with German interests. Should any change be made to the Treaties, however, it was essential to ensure that the principle of unanimity was not misused contrary to the meaning and clear wording of the Treaty, for example by opposing the entry of a new member to the EEC. (Die Welt, 15 December 1965)

#### 9. Banker Abs on European policy

Banker Abs, Chairman of the Board of Governors of the Deutsche Bank, in an address to the European Luncheon Club in London on 2 November 1965, stated that the EEC could not dispense with France in pursuing its economic and political objectives. At the same time, he opposed any revision of the Rome Treaty and spoke out in favour of strengthening political co-operation between the Six and widening the powers of the European Parliament in Strasbourg. So long as France declined to co-operate, attempts to pursue these objectives appeared hopeless. Dr. Abs suggested that there should be a gentleman's agreement under which particularly important decisions would have to be taken unanimously for a certain period, even after the majority rules came into force in 1966. Such a procedure would not be in conflict with the provisions of the Rome Treaties. As regards the problem of liquidity, there would be no point in discarding the existing key currencies as this would merely weaken the International Monetary Fund. Nor did Dr. Abs approve of the creation of an artificial international currency; in his opinion national currencies were more suitable for the maintenance of adequate national liquidity.

In an address to the Antwerp branch of the Banque de Paris et des Pays-Bas, Dr. Abs remarked that it was impossible to have a supranational currency without a supranational policy. He did not, however, rule out any possibility of the creation of a special international currency unit some time in the future. The effects of introducing such a currency unit alongside the leading currencies - dollar and pound sterling - should not however be overestimated. Moreover, no country in Europe at present possessed the potential needed for a European-scale key currency. Moreover, even an international currency bank could only operate really successfully if international governments and an

international parliament were in existence.

Dr. Abs then raised the question whether steps should already be taken in anticipation of a surrender of what had been achieved in the Common Market; his personal view was that the negative attitude of one country had gone so far that the extraordinary enthusiasm of recent years was now on the ebb. "The EEC countries must now hold fast to the Treaty to preserve whatever can still be preserved." The EEC was inconceivable without a common agricultural policy, but this should not be made a pretext for holding up integration in other sectors.

In the latest issue of "Wirtschaftliche Mitteilungen" of the Deutsche Bank on the EEC's future, Dr. Abs once again advocates forging ahead with European integration. Countries that are not prepared to see the substance of the Rome Treaty weakened must be in a position to hold on - in essential matters - to what had already been achieved. The writer refuses to entertain the possibility that a State now belonging to the EEC can be replaced by one at present not a member. But provisional arrangements existed to enable countries in favour of continued integration to conclude special agreements with States at present outside the EEC. Such arrangements cannot of course ever take the place of the ultimate objective - the complete integration of the Six in the Common Market. The geographic expansion of the EEC also implies a measure of supranational sovereignty, which is essential if the Community is to operate satisfactorily. The position of the EEC Commission should not therefore be weakened on any account. (FAZ, 31 December 1965; VWD-Europa, 3 and 8 November 1965)

10. Address by the President of the Federal Association of German Industry on European questions

On 6 December 1965 Mr. Fritz Berg, President of the Federal Association of German Industry (BDI), spoke on European questions at a dinner given by the Foreign Press Association in London.

Mr. Berg observed that industry throughout the world was at present in a difficult situation. The present period was one of radical change with a growing trend towards vast economic blocs - EEC, EFTA, Latin American Free Trade Area - closer world-wide economic co-operation, e.g. the Kennedy Round and trade with the Eastern countries, development aid and improvement of the Bretton Woods Agreement. From Germany's point of view special importance attached to the overcoming of the EEC crisis and the introduction of stabilizing factors in the domestic economy, particularly by checking sharply risen labour costs. Economic progress in and outside Europe would mark time as a result of the

deadlock within the EEC. Mr. Berg stated that the idea of integration should on no account be imperilled. Obstacles arising from the integration process itself should not always be regarded as tantamount to a step back. The successes of the EEC, which German industry regarded as an outward-looking Community, were manifest for all to see. For its part, the BDI had done all in its power to enable Great Britain to enter the Common Market and would continue to pursue this goal. The crisis within the European Economic Community would have to be overcome by mid-1966 in view of the time-limit for the American "Trade Expansion Act". The Kennedy Round in turn offered a chance of bridging the gap between the EEC and EFTA. Mr. Berg emphasized that failure would weaken the Atlantic alliance, thwart the hopes of the developing countries, and threaten GATT's existence.

In this connexion, Mr. Berg favoured reciprocal agreements on special questions such as credit policy in trade with the Eastern countries. He emphasized that German industry would pursue a liberal policy towards foreign investments and imports and reject State control measures.

In an address on 10 December 1965 before the South-Westphalian Chamber of Industry and Trade in Hagen, Mr. Berg stressed the determination of industry to go ahead with the task of uniting Europe. The initial objective remained a customs and economic community of the Six. Over and above this, German industry wished to help to narrow the gap between the EEC and EFTA and to turn the EEC - as an outward-looking Community - into an effective instrument of Atlantic partnership. He called for as rapid a solution as possible of the European crisis. (Industriekurier, 7 December 1965; VWD-Europa, 10 December 1965)

11. Dr. Alwin Münchmeyer, Vice-President of the Conference of German Industry and Commerce, on Common Market questions

Dr. Münchmeyer, Vice-President of the Conference of German Industry and Commerce and President of the Permanent Conference of the EEC Chambers of Industry and Commerce, speaking at the 28th plenary session of the Permanent Conference in Brussels on 23 November 1965, argued that the EEC countries should not oppose a common interpretation of the EEC Treaty provisions on the adoption of majority decisions. He was sure that even in the third stage of the Common Market "political sense" would prevail and that the EEC States would not outvote each other in the Council of Ministers on matters of vital interest as such a trial of strength could lead to counter-moves by an outvoted State when the next opportunity arose. Dr. Münchmeyer felt that as the Common Market progressed, greater caution should be exercised as regards the EEC Commission. He felt sure that the framers of the EEC Treaty were fully aware of the relatively strong and

independent position they allowed the Brussels Commission vis-à-vis the national Governments. They had worked on the assumption that without such a driving force the integration of several different economies could not be achieved. Before any limitation of the Commission's powers was contemplated, the whole question would have to be thoroughly reviewed, particularly as it appeared that since the start of the 1965 crisis the EEC Commission would mainly concentrate on economic integration. Dr. Münchmeyer regretted the limited scope available to industrial and business circles to help in solving the crisis. Everything would however be done to influence the national Governments so as to ensure that the process of European integration was again got under way.

A communiqué issued by the Permanent Conference of the EEC Chambers of Industry and Commerce stressed that balanced development of the Community called for the simultaneous completion of both the agricultural and the industrial market. The Governments of the six EEC States were called upon to enter into fresh negotiations with a view to overcoming the EEC crisis. On no account should anything that had so far been achieved be imperilled. The Chambers of Industry and Commerce were determined to go ahead with their efforts and to contribute to the balanced development of the Common Market.

At a conference of the Bayrische Staatsbank in Augsburg on 25 November 1965, Dr. Münchmeyer described continuous and balanced growth of the Federal Republic's external trade commitments as vital to the economy as a whole. The overcoming of the EEC crisis was essential for satisfactory development of German external trade. Dr. Münchmeyer felt that before any efforts were made to reach a compromise, the political prerequisites for the integration and future political pattern of Europe would have to be clarified.

His observations on EEC policy fell under two main heads:

1. Absolute priority had to be given to the overcoming of the EEC crisis. The first step would be to clarify the political prerequisites for the integration and future political pattern of Europe. The difficulty of these negotiations should not be further aggravated by formal considerations of prestige.
2. Once the EEC has regained its ability to negotiate, it must spare no effort to ensure that customs negotiations in GATT - at present held up - are again pushed ahead with. Failure of these negotiations would have grave consequences for the German economy. The question of building a bridge between EFTA and the EEC also called for a prompt solution. (VWD-Europa, 23 November and 25 November 1965)

## 12. Mr. Linthorst Homan and European integration

At a press conference given on 10 December 1965 at the Netherlands Office of the European Communities' Information Service in The Hague, Mr. Linthorst Homan, a member of the High Authority, outlined his views on European integration problems: "The need to re-cast Europe in a new mould compels us to continue vigorously the boldest task we have undertaken, that is the task of the Six; but we must try to improve the economic, social, legal and political structure, for this is a prerequisite. Only on this condition will the work of the Six be constructive in its effects for Europe itself - and Europe will have to assume greater dimensions than the over-restrictive ones of the Six - and from the standpoint of efforts to achieve sufficient cohesion, enough specialization and an adequate legal system at the world level. It will also serve as an example to those endeavouring to form regional groupings elsewhere."

He said that the Six's only *raison d'être* was that they had agreed to play the part of pioneers for Europe. This emerged clearly from the Treaties and their Preambles. The requests made in 1961 and 1963 by countries that originally disagreed with their views to accede to the Community, justified them in their undertaking. If ever the Six were diverted or if they strove after political ends at odds with those of other States in the Atlantic world, their co-operation would lose its *raison d'être*. The economic and social prospects that the Treaties afforded could not be capitalized if the methods employed lacked the dynamism of the EEC or if the Six became politically isolated from the rest of the Atlantic world. It was a form of self-deception to hope otherwise.

The need for a structural policy transcending national frameworks became more urgent every day. If the Community could work out a structural policy appropriate for heavy industry, it would be well on the way. If it failed the economic and social foundations of the whole European integration process would be undermined. Considerable problems had to be solved now that the production, sales and consumer patterns of the world became more clearly defined. This was another reason why the crisis was unfortunate, for in industry and in the professions people had to know what they could expect from a sustained drive to modernize, for substantial investment was involved.

Mr. Linthorst Homan outlined the trade policy measures taken by the ECSC; thanks to a better understanding on the part of the peoples concerning European integration, it was now generally realized that the coal and steel sectors could not be fully integrated without a customs and economic union that was at least as tightly-knit as that which the EEC was to become. "The integration of a given area is only possible if the whole area

has its own individual character. The "Europe of sectors" has no better chance than the "Europe of nation States" - simply a juxtaposition of national economies - of bringing about territorial integration." Throughout Europe the coal industry was faced with particularly serious structural problems. Subsidies to mining firms in some ECSC countries totalled considerable sums which proved just how artificial the present economic and social situation had become. The Treaty structure, which dated from 1950-1951, was no longer in key and since the Council refused in 1959 to endow the High Authority with special powers, it had been a time of uncertainty until 1964. When the present political crisis had been overcome, it would be necessary to get to work fast.

## II. ECONOMIC POLICY AND ECONOMIC SECTORS

### 1. The CISL (Italian Confederation of Trade Unions) and relations between the CGIL (Italian General Confederation of Workers) and the World Federation of Trade Unions

At a meeting held to discuss the outcome of a recent congress in Warsaw, the CISL Secretariat issued a communiqué stating that the CGIL as a whole and the Socialist delegates in particular had made praiseworthy efforts to promote moves towards the syndicalization of the WFTU.

With regard to the part that the CGIL aspired to play in Europe, the CISL felt that even the attitude recently adopted by the CGIL could only be taken into consideration if the following two essential conditions were met: the CGIL must sever its association with the WFTU, in compliance with the express wish of the socialist movement, and the CGIL must pledge its support for the Treaties of Rome and Paris in the same way as all the political and trade union movements collaborating in the making of Europe.

The affiliation of an organization that was hostile to European integration in the non-Communist countries, and, in fact, concerned solely with the development of the Communist society and the strategy of their struggle in the non-Communist countries, was obviously incompatible with a process of European integration which the CGIL delegation in Warsaw had judged to be irreversible.

The second condition could not be regarded as discriminatory or prejudicial to the practical action that the CGIL intended to take in Europe. Yet the full acceptance of the Treaties that founded the Communities was a sine qua non, if the CGIL were to be accepted in the Community at any level. (CISL - Press Release)

### 2. Co-operation between the French C.G.T. Union and the Italian C.G.I.L. Union

The executives of the French "Confédération Générale du Travail", which has a large Communist membership and the Italian "Confederazione Generale Italiana del Lavoro" which incorporates Communist and left-wing Socialist workers, met in Rome on 25 and 26 November. On 26 November they issued a joint statement on "Defending the interests of the worker in Western Europe." In this statement the C.G.T. and the C.G.I.L. declared that they were ready, "at any time, to hold discussions with the union Executives affiliated to the C.I.S.C. (International Confedera-

tion of Christian Trade Unions) to work out the bases of an agreement on all the practical problems arising in connexion with defending, together, the interests of the worker in Western Europe."

This was addressed to European democratic unions. The two unions then put forward the idea of a common front of all unions in the Common Market and claimed the right to be represented in the Community bodies. "In view of the increasingly close understanding between monopolies at the expense of the interests of the worker and in view of the measures to co-ordinate governments economic policies, it is essential for the union organizations in the six EEC States to form a common front. Under present conditions, however, the C.G.T. and the C.G.I.L. are being discriminated against in a prejudicial way, especially at the level of the EEC institutions. The workers in France and Italy are not all represented on them."

The two unions, while retaining the right to their own opinions on everything connected with the Common Market and recognizing the right of the other union executives, claim the right to be represented in the Community bodies in order to act, within the framework of the powers allotted to the unions under the Treaty of Rome, in the defence of the interests of the worker.

Their participation will not simply be the recognition of a legitimate right; it is also essential if the working classes in the Six countries are to be represented in full strength. This can not but contribute to the achievement of a united union front, not only at the level of the EEC institutions but also in its action against the monopolies of the Six countries concerned."

The two unions stated that they had decided to set up a Standing Committee for agreement between them "to pool all their resources to promote progress towards unity in the countries of Western Europe."

### 3. French industrialists and the ten per cent reduction in intra-Community duties

"La Vie Française" has published the opinions of several professional organizations on the ten per cent reduction in customs duties between the Six.

The car industry: "We are 'Europeans'; we believe that it would have been anomalous to defer the duty cut; several manufacturers, furthermore, cut their prices in anticipation of this

reduction so that it will not have any noticeable effect."

Constructional engineering: "We opposed any acceleration of the customs dismantlement but we do support its being carried out according to the schedule laid down in the Treaty of Rome."

Electrical engineering: "On the whole, our industry exports more than it imports so that the customs duty reduction will be in our favour. One reservation should, however, be made with regard to consumer goods for we buy more of these abroad than we sell."

Chemical industry: "Our competitors will have easier access to our market but we shall have easier access to theirs."

This universal approval is, after all, quite natural since, on the whole, more than a third of France's exports go to other Common Market countries. The Treaty of Rome confers reciprocal advantages on its members.

In this connexion, one observation may be made: French industrialists are concerned about a reduction in customs duties on products from the East European countries for they are afraid that concessions made by France might not be counterbalanced by equivalent benefits." (La Vie Française, 31 December 1965)



### III. EXTERNAL RELATIONS

#### 1. Austrian views on East European and EEC policy

Addressing the press on 14 December 1965, Mr. Bruno Kreisky, Austrian Foreign Minister, described the notion entertained in various Western circles that the Communist States of Eastern and Southern Europe could be "weaned of Communism by a kind of economic homeopathy" as "sheer illusion". On the other hand, there could be observed in those States a political process of differentiation that was more rapid than generally assumed. This offered entirely new opportunities for the foreign policy of democratic States in Western Europe. The Austrian Foreign Minister, who had been invited to speak to the "Overseas Club" of Hamburg on "Austria and current developments in the Danube area", expressed the hope that the loosening-up process in East European countries would continue and lead to "relatively independent States" which would no longer be mere appendages of a powerful political State.

Austria's task today was to help to establish in the Danube area conditions of stability that had not existed for hundreds of years, without however resorting to a policy of appeasement. In the light of the relatively good understanding that existed between Vienna and the capitals of Eastern Europe, Mr. Kreisky was concerned about the fact that complete integration of Europe - which would embrace both the EEC and EFTA - had still not been achieved. Should such a bridge not be built within the next five years, then a competitive struggle "for the hungry market" of Eastern Europe would be inevitable. In the process - and this was particularly regrettable - any grounds for respect and understanding towards European institutions would lose their force. Mr. Kreisky instanced the current crisis in the unification of Europe which had already led to false assessments in Eastern bloc States of "capitalistic Europe".

In a special "EEC" issue of the "Volkswirt" (supplement to No. 39 of 1 October 1965) Dr. Karl Bobleter, Secretary of State in the Austrian Federal Ministry for Foreign Affairs, asked in an article entitled "A bridge to Eastern Europe" whether admission of Austria to the EEC might not perhaps be the first step towards expansion of the EEC towards the East. Dr. Bobleter recalled the decision taken by the EEC Council of Ministers to enter into negotiations with Austria under the chairmanship of the Foreign Minister of France - a signatory to the Austrian State Treaty and at present actively concerned with an Eastern bloc policy. Dr. Karl Bobleter was convinced that Austria, in view of her long experience in the Danube area, could play a valuable part in the changing political relations between Western and Eastern Europe. This did not of course mean that Austria was prepared "to accept compromises with the ideals and outlook of a Communist-atheist ideology."

Dr. Bobleter devoted his attention mainly to the markets of the Eastern bloc, whose potential - particularly for the expanding economy of the EEC - was far greater than was generally realized. So long as relations with the Eastern bloc were hampered by barbed-wire fences and minefields, the policy towards the East would be faced with difficult obstacles. It was here that the Austrians could, and indeed must, play a major European rôle. Austria's neutrality, though it precluded full membership of the EEC and necessitated special arrangements for her participation, was a suitable soil for a successful Eastern policy. This was why in all negotiations with the EEC to date, Austria had claimed the right to maintain, and even extend, trade relations with the Danube States and all Eastern countries. By suitable means, Austria would strive to avoid any short-term disadvantages to the EEC presented by relations with the East. Dr. Bobleter was convinced that an agreement with the EEC would not obstruct the expansion of trade between Austria and the States of Eastern Europe. "When we speak of European unification, we must not lose sight of the fact that Europe ends not at the Elbe, the Bohemian Forest and the river Drava. We must realize that behind the Iron Curtain there are Europeans who desire, and are entitled, one day to take part in the unification of our Continent."

The special issue of the "Volkswirt" entitled "Trotz Krisen - Magnetfeld EWG" (in spite of crises, the EEC continues to act as a magnet) also contains the following articles: Dr. Walter Hallstein: "Die Anziehungskraft der EWG" (The pull exerted by the EEC), Dr. Andreas Fredöhl: "Das europäische Kraftfeld in der Weltwirtschaft" (The European field of force in world trade), Mr. Knut Hammerskjöld: "Die EFTA als Instrument gesamteuropäischer Integration" (EFTA as an instrument of overall European integration), Dr. Karl Schiller: "Wege zur wirtschaftlichen Einheit Europas" (Ways of achieving economic unity in Europe). (Die Welt, 15 December 1965; Neue Zürcher Zeitung, 16 December 1965; Der Volkswirt, supplement to No. 39, 1 October 1965)

## 2. Great Britain and the EEC

At Question Time in the House of Commons on 6 December, Mr. Stewart, British Foreign Secretary, stated:

"Her Majesty's Government's policy remains that we are ready and willing to join the European Community provided that essential British interests are safeguarded... The Government have also on several occasions made it known that they would like to see a wider European unity. It follows, I think, from those two things that such a wider European unity would partake more of the nature of EEC than of EFTA. But one of the British interests to be safeguarded is our good reputation with the EFTA partners, and any approach to EEC would have to be in consultation with them."

Asked whether this meant that the Government still insisted on the five conditions originally laid down by the Labour Party, Mr. Stewart replied:

"... These five conditions still remain and to my mind they are essential. I think that it is true that the actual passage of events makes some of these conditions easier to fulfil now than at the time when they were formulated."

In answer to a question as to whether this view was consistent with "bridge building" between EFTA and the EEC, Mr. Stewart further stated:

"I never use the phrase "bridge building" myself because I think that these metaphors are misleading. There is nothing inconsistent between readiness to join EEC, provided that essential British interests are safeguarded, and the pursuit of practical projects on which we and other countries in Europe can work together. It is that which is commonly described as "bridge building", though I think it is a misleading name. Some of the contacts which we have been able to make with Europe are both useful in themselves and will make the atmosphere more favourable for a wider European unity." (Weekly Hansard No. 675, House of Commons, 6 December 1965)



P a r t   I I

PARLIAMENTARY ACTIVITY



## I. EUROPEAN PARLIAMENT

### a. Activities of the Committees in December 1965

#### Political Committee (1)

Meeting of 16 December in Brussels: Discussion - in the presence of representatives of the EEC Commission, Euratom Commission and High Authority of the ECSC - of the political situation of the Community and of arrangements for the "annual colloquy" - scheduled for the January session 1966 - between the Parliament, the Councils and the Executives.

#### Agricultural Committee (3)

Meeting of 16 December in Paris: Examination and adoption of a draft Opinion by Mr. Klinker, to be referred to the Internal Market Committee, on a proposal by the Commission of the European Economic Community to the Council on a second directive on the approximation of the laws of Member States on turnover taxes, concerning the structure and machinery for applying the common system of added value taxation.

#### Social Committee (4)

Meeting of 14 December in Brussels: Statement by Mr. Pêtre on the progress of the Committee's work on reconversion. The study of a report by Mr. Troclet on the draft recommendation concerning the protection of young workers was continued and the report adopted.

Meeting of 21 December in Brussels: Examination of the working paper drafted by Mr. Carcaterra on a Commission note on the action taken by the Member States in compliance with the recommendation concerning the activity of social welfare departments in regard to workers changing their residence within the Community. Examination, on the basis of a note drafted by Mr. Sabatini, Rapporteur, of the draft EEC Commission recommendation designed to promote occupational training. Examination of a draft regulation amending and supplementing regulations 3 and 4 concerning social security for migrant workers.

### Internal Market Committee (5)

Meeting of 13 and 14 December in Rome: Examination, at a meeting attended by representatives of the EEC Commission, of the draft report by Mr. Berkhouwer on a draft directive to co-ordinate guarantees required in Member States of firms or companies as defined in Article 58,2 of the Treaty to protect the interests both of associates and third parties. Examination, at a meeting attended by representatives of the EEC Commission, of the draft report by Mr. Wohlfart on (a) a directive concerning the freedom of establishment and the free supply of services in non-wage-earning activities in the food and drink production industries (classes 20 and 21 I.C.T.I.), (b) a directive on the transitional machinery affecting the same. Vote on the draft report. Resumed study, at a meeting attended by representatives of the EEC Commission, of a draft report by Mr. Seuffert on the draft relating to a second directive on the matter of approximating the laws of the Member States on turnover taxes with special reference to the structure and implementing machinery of the common added value taxation system.

### Committee for Co-operation with Developing Countries (7)

Meeting of 17 December in Paris: Brief discussion of the results of the last meeting of the Parliamentary Conference of the Association (Rome, 6-9 December 1965); appointment of Mr. Metzger as Rapporteur. Discussion, in the presence of the EEC Commission, of the state of relations between the EEC and non-associated developing countries.

### Transport Committee (8)

Meeting of 16 December in Brussels: Exchange of views, at a meeting attended by Mr. Schaus, Member of the EEC Commission, on the draft report by Mr. de Gryse on the system approved by the Council on 22 June 1965 for regulating the transport market and on the modifications made by the EEC Commission to its proposals of 10 May 1963 concerning the introduction of a tariff bracket system.

## Committee for Research and Cultural Affairs (10)

Meeting of 2 December in Brussels: Exchange of views on the draft resolution submitted by Mrs. Strobel on creating a European Youth Organization. Examination of the draft report by Mr. Merten on the creation of European schools where the training given would be up to pre-university level. This meeting was attended by Mr. Sardo and Mr. Voss, head-masters of the European Schools at Brussels and Luxembourg respectively, and by representatives of the three Communities on the European Schools Board. Exchange of views on a draft resolution, submitted by Mr. Bernasconi, on instituting a European sports qualification.

## Health Protection Committee (11)

Meeting of 3 December in Brussels: Examination and adoption at a meeting attended by EEC Commission representatives of a draft report by Mr. de Bosio on a draft EEC Commission recommendation to the Member States on the possibilities of indemnification in the case of occupational diseases.

### b. Parliamentary Conference of the Association with the African and Malagasy States

#### Second meeting of the Conference (Rome, 6-9 December 1965)

The second meeting of the Parliamentary Conference of the Association set up by the Yaoundé Convention, signed in July 1963, was held in Rome from 6-9 December 1965.

In addition to the Council of Association, the Committee of Association and the Arbitration Court of the Association, the Parliamentary Conference is one of the institutions of the Association; it is important in two ways: on the one hand it enables the peoples concerned to take a more direct part in implementing the Association and, on the other, it each year examines an activity report drafted by the Council of Association. The Conference consists of 54 members of the European Parliament and 54 members of the Parliaments of the African and Malagasy States (i.e. three delegates for each associated State).

The constituent session of the annual meeting was opened by Mr. Lamine Gueye, the retiring President; in welcoming the delegates he stressed the importance of the peoples' being represented in the Association. The new Bureau was then elected by acclamation. Mr. Victor Leemans, Belgian Senator and President of the European Parliament was elected as the new President and Mr. Lamine Gueye was elected first Vice-President. At this formal session Mr. Leemans, Mr. Lamine Gueye, Mr. Colombo (President-in-office of the EEC Council of Ministers), Mr. Hel Bongo (representing the Chad Government and President of the Council of Association) and Mr. Rochereau (Member of the EEC Commission) all took the floor.

The subsequent sessions revolved round the discussion of various reports submitted to the Conference. These reports had been drafted by the Joint Committee which is, as it were, responsible for continuity between meetings of the Conference. Mrs. Strobel began by submitting a report on the rules of procedure of the Conference; a resolution appended to the report was passed, thus giving the Conference a final set of rules of procedure. Mr. Guillabert submitted the report on the financial arrangements for the Conference and Mr. N'Gom presented the management accounts for 1964 and the draft budget for 1965.

A report on the Council of Association's first annual activity report covering the period from 1 June 1964 to 31 May 1965 was drawn up by Mr. Pedini. In his report he stressed that the Association was, in its own sphere, an answer to some of the great problems the world was trying to solve, such as peace, security, regulating world markets and sharing the wealth of nations fairly. He made the point that trade had increased since the Yaoundé Convention came into force and that the obligations stemming from it had been fulfilled with regard to liberalizing markets. There were still certain difficulties due to the delay in the EEC's classifying products originating from the Associated States. As for the European Development Fund, Mr. Pedini emphasized how necessary it was to achieve maximum co-ordination between financial and technical assistance. The Association had to dovetail its work with that of other international institutions working to combat under-development.

During the debate Mr. Rochereau, speaking for the EEC Commission, went some way to meeting the concern expressed by the Rapporteur. He emphasized the promising trends in evidence in Africa, especially with the "Union Douanière et Economique d'Afrique Centrale" then in session and whose aim was to organize a full-scale economic union. As regards financing agreements, the Association's work was continuing: since 26 November 1964, 93 schemes had been approved at a cost of 193 million units of account. The European Development Fund provided a focal point for discussions between Associates and Member States and it had two distinct ends in view:

- a) industrialization - three teams were at work on a purely experimental basis in three associated States,
- b) market promotion - surveys had been initiated to gather more information about marketing problems concerning bananas, fats, leather and hides; also the subject of special studies were agricultural problems, product packaging, product processing and marketing. The EEC Commission was still convinced that the work being done at the economic level under the Convention had to be dovetailed with that of other international organizations, such as GATT and the "Union Douanière et Economique d'Afrique Centrale". The Yaoundé Convention served as an example but was not a solution in itself.

Mr. Del Bo, President of the ECSC High Authority, laid stress on the need to reorientate the economies of the industrialized States: it had been found in fact that very often the per capita incomes of people in industrialized States were increasing, whereas the incomes of people in developing countries did not enable them even to satisfy their most pressing needs.

Various speakers then took the floor in the discussion to speak of the concerns of their own particular countries of origin: Mr. Nyamoya (Burundi), Mr. Ratsima (Malagasy Republic), Mr. Hagi Bachir Ismaïl (Somalia) and Mr. Sissoko (Mali).

Several members of the European Delegation intervened to stress how important the aims of the Association were and how necessary it was to look ahead beyond 1967.

Mr. Rochereau and Mr. Hel Bongo replied to the various speakers who had made criticisms or expressed approval.

The draft resolution put forward by Mr. Pedini was then passed unanimously.

Mr. Margulies, a member of the Euratom Commission, drew the attention of the Conference to the possibilities of making use of nuclear science in the Associated States. He quoted four projects, the study of which was nearing completion and which concerned respectively the action against the tsetse fly, freeing cattle from parasitic larvae, freezing or canning sea-fish and improving the millet yield.

At the close of the proceedings the Conference elected the Bureau of the Joint Committee : Mr. Georges Damas, President of the National Assembly of Gabon, was elected President and Mr. Gaston Thorn, Vice-President. Mr. Alioune Sissoko was later to

be appointed Rapporteur-General.

During the session the Conference delegates were invited to a reception given by Mr. Saragat, President of the Italian Republic. Pope Paul VI, furthermore, gave an audience to the Conference, thus underlining that the Association was a peaceful venture whose representational and democratic character were expressed in the Parliamentary Conference. In his homily, the Pope returned to the themes of his speech at the United Nations, laying stress on the efforts that had to be made to preserve world peace.

## II. NATIONAL PARLIAMENTS

### a. Germany

#### European questions discussed during the debate in the Bundestag on the Government statement (29 November to 2 December 1965)

Dr. Rainer Barzel, Chairman of the CDU/CSU Group in the Bundestag, observed at the start of the debate how much easier it would be if NATO States decided to co-ordinate their foreign policies. This particularly applied to negotiations on the control of armaments and to the Alliance's policy in times of acute crisis. Dr. Barzel appealed to his audience to make of NATO something more than a mere military alliance. As the peoples of the Atlantic Community were all faced with the same, or similar, social and political problems, the Atlantic Defence Community should be increasingly transformed, by a combined effort, into a great Society (this in allusion to the US President's speech in September 1965).

Germany was bound to France above all by the inseparable destinies of the two countries; there could be no place, therefore, for either resignation or misguided love. But Frenchmen and Germans depended on a Europe dedicated to peace; and since differences had arisen between them in different spheres, they must step up talks with each other. France too should give a sign of re-entering the partnership, as she too needed Europe. Germany sought friendship not only with France, the United States and Great Britain, but also with all other States.

After dealing in detail with the problems of reunification and of Central and Eastern Europe, Dr. Barzel turned to the unification of Europe. Europe - he stated - should not be regarded as a "third force" but as a partner of her Atlantic friends and of all States who prized freedom. Lack of unity was impairing Europe's standing in the eyes of the world: "We want to unite Europe on the lines already embarked on. Our energies should be devoted to purposeful progress rather than to the discussion of ever new methods and projects. In Europe as a whole there can be differences in the degree of integration, in areas of co-operation and in the formulas adopted for co-operation; the number of States belonging to European organizations may also vary widely from case to case. In short, we must concentrate on the creation of further - if possible permanent - Community factors, rather than insist that all regulations should fit neatly into a system."

Dr. Barzel expressed the CDU/CSU Group's regret at the EEC crisis and his disappointment at the demands made on farmers and taxpayers by the policy followed on cereal prices. He called upon the Federal Government to see to it that both the

burdens and the advantages of the Common Market were equitably shared. "Progress in Europe depends on a spirit of give and take and joint discussion, not on issuing and obeying orders." The EEC Treaty itself offered all the facilities needed to overcome the EEC crisis. Treaty provisions must be faithfully complied with, and Dr. Barzel welcomed the proposal made by the Community to France in October 1965. His Group was in favour of large-scale talks between the Six for the purpose of studying the European situation and working out new common approaches for the future. He was convinced that a connexion existed between the EEC crisis, Europe's progress and the proposed NATO reforms, and wound up his address with the words: "It is high time to press on with the unification of Europe. Our political will remains unbroken."

Mr. Erler, spokesman of the SPD Group, did not think that the EEC could be delivered from the crisis by any magic formula. But anyone who set store on preserving what had already been achieved - of a further step forward he would not venture to speak - should above all take no hand in the undermining of Community institutions. He welcomed the Five's invitation to France and the Governments' attempt to discuss - in the absence of the Commission - a way out of the present deadlock. The Governments should not however contravene the provisions of the Treaty by allowing themselves to be drawn into a discussion of the internal affairs of the Communities, and the talks of the Ministers should not be used as a means of revising Community decisions. The Community could only be saved if the Five held fast to the Rome Treaties. Anyone who acted against them would carry the responsibility. Undermining the Treaties would merely mean wrecking a great undertaking and the hopes of the peoples of Europe. German interests were better served by the Community than by a national "go it alone" policy which carried the seeds of total isolation. The task ahead lay in strengthening and democratizing the Communities, augmenting their powers and membership, and establishing their partnership with the USA.

In spite of the difficulties through which the EEC was passing, any attempt to bring about effective collaboration between EFTA and the Common Market should be welcomed, as the existing rift in free Europe could not be allowed to widen. In Mr. Erler's view, the difficulties encountered by European policy pointed anew to the interdependence of political and economic questions. A muddled approach to foreign policy also had serious consequences for the economy. Economies throughout the world were now so closely interwoven that only a sound foreign policy could ensure that climate of confidence so necessary for a healthy capital market and a high level of investment.

The current crisis should not be allowed to mar the reconciliation between Germany and France as this was the mainstay of the European Community. Social Democrats in both countries had a great tradition for reconciliation, always aiming at col-

laboration between peoples on the basis of freedom and equality, and not at the submission of one to the will of the political rulers of the other. It was in this spirit that the Bundestag had conceived the preamble to the Franco-German Treaty which anchors the Treaty in the European Community and in Atlantic solidarity.

Dr. Franz-Josef Strauss, CSU leader, placed the emphasis on nuclear questions in the part of his speech devoted to foreign policy. He pleaded that the opportunities for the creation of an independent European nuclear force should not be obstructed. He warned against ill-considered approval of a multilateral or Atlantic nuclear force and opposed participation in such a strike force - with, perhaps, Germany's signature to a non-proliferation agreement - because this might make it difficult to build a European nuclear force. He called upon the Federal Government not to enter into any such arrangement except after the most thorough investigation, and not to allow itself to be put under pressure. Although the principle of equality prevailed in NATO, differences arose because of location, duties, etc., so that some partners were "more equal than others". Dr. Strauss called for real equality of rights with the other European NATO partners. This could not however be achieved by allowing Germany nuclear arms, but only "if, conscious of the goal, we adopt the correct approach, i.e. strive for a European solution, namely that the second great power of the West and not the third force which was in a position to shift the political force relationship in the world in Europe as well as in the East, should claim the same measure of sovereignty for itself over a long term and be in a position to defend itself in the same way as the United States of America."

Dr. Strauss again pointed out that once Europe (if possible including the United Kingdom) was politically united and a European deterrent was in existence, the USA could withdraw a substantial part of its strike force from Europe. After all, one could not expect the USA to bear the sole responsibility because of the deficient participation of the other partners. Washington needed Europe not as bridgehead or as a nuclear protectorate but as a kind of second major western power.

Mr. Helmut Schmidt (Hamburg, SPD), referring to the views of Dr. Strauss regarding a European defence community with its own nuclear potential, pointed out that this presupposed the political union of Europe; it was not at the moment feasible, however, because neither in Britain nor in France did the necessary conditions exist. With regard to the Federal Republic's joint responsibility in nuclear matters and to questions of nuclear strategy and organization, Mr. Schmidt observed that the issue was not one of "right or wrong or of prestige or inferiority complexes; the problems are exclusively of a military nature and, to a lesser degree, of political expedience. The question is not one of rights. We have no right to the bomb

and the question of right or wrong simply does not arise."

Mr. Schmidt then expressed his views on the Federal Republic's joint responsibility in the nuclear sector. This, in his opinion, could be discharged without the possession of nuclear arms and without entering into new agreements. He appealed above all for German participation in contingency planning and in all allied measures for the overcoming of crises that also affected German interests. In addition he was in favour of a right of veto particularly in respect of nuclear arms to be used from or on German soil. On being asked by Dr. Strauss how he thought such a veto could be applied, Mr. Schmidt recommended that the previous Anglo-American talks on Thor rockets - at the time stationed in England - and the two-key system, should be taken as a model. (Bundestag, 5th election period, 7th session, Bonn, 29 November 1965; Bundestag, 5th election period, 8th session, Bonn, 30 November 1965)

b. Netherlands

1. General political discussions in the First Chamber on the Budget for 1966

During the debate, held in the First Chamber of the States-General (30 November to 1 December 1965) on the Budget for 1966, Mr. Cals, the Prime Minister, referred the renewed appeal addressed to France by the EEC Council (30 November) to resume her seat on the Council.

Mr. Cals said that the Five were opposed to any amendment of the Treaty likely to impair the status of the European Commission or prejudice the majority-voting principle. It was well known that with respect to widening the powers of the European Parliament there were differing shades of opinion on the Council. It might perhaps be possible to defer the implementation of the majority-voting principle; but the real issue was rather whether, under the present circumstances, the crisis could be solved in this way.

Majority-vote decisions were of vital importance from the point of view of the status of the European Commission. The institutional structure of the Community formed an indivisible whole and any restriction affecting one institution would rapidly affect the status of the others. (Proceedings in the First Chamber, 30 November and 1 December 1965)

2. Statement on European integration made by the Committee responsible for the Foreign Affairs budget

During the budget debate in the Second Chamber of the Dutch States-General on 2 December, the Committee responsible for the Foreign Affairs budget dealt at length with European integration. Several written questions published in the previous edition of this Bulletin served to clear the ground for the debate.

a) The crisis in the European Communities

Reviewing the events that had taken place since the EEC Council session of 28 October, Mr. Luns, Dutch Foreign Minister, recalled France's reaction to the written invitation of the Council to take part in a meeting of the Council in Brussels; this was to be an extraordinary meeting, at which the EEC Commission would not be represented, held to discuss the political issues raised by France in connexion with the crisis of 30 June 1965.

It was Mr. Couve de Murville, French Foreign Minister, who communicated the French reaction to the Ambassadors from the five countries; the latter gained the impression that France would regard as untimely any meeting in Brussels in the Treaty setting. Mr. Couve de Murville then indicated that the French Government would be ready to take part in a meeting of the Six Foreign Ministers provided it were not held either in Brussels or within the Treaty framework, to discuss political problems. Hence agricultural policy and the financial regulation, which had been the actual cause of the crisis, would give way to a concern with purely political problems. The French Government, furthermore, felt that such a meeting should not take place until the Quai d'Orsay was sure, after bilateral consultations with the various countries, that the meeting would be a success.

It was against this background that talks were held between the French Foreign Minister and Dr. Schröder, German Foreign Minister, within the framework of the Franco-German Treaty. The same was true of talks with Mr. Luns, Dutch Foreign Minister, who, furthermore, simply listened, feeling that negotiations with the French Government could not be entered into until the Five had held reciprocal consultations on the reply to be addressed to France.

At the Council session of 29 and 30 November, the Five felt it would be appropriate to set on record their reaction to France's oral reply and they took advantage of the opportunity to state that they would stand by the spirit and the let-

ter of the Treaties and the institutions.

Referring to the political outcome of the EEC Council meeting, Mr. Luns stated that "the consensus between the Five was even more noticeable at the meeting and it appeared that the aims and views of the Five followed on similar lines." The five Governments would not assent to the Treaties of Brussels being impaired in any way and they felt that the majority vote principle had to be upheld.

Mr. Westerterp (Catholic People's Party) saw the roots of the crisis not only in President de Gaulle's opposition to a greater measure of integration in the EEC, but also in his further attempt to attain to a better bargaining position for achieving a European political union which would be intergovernmental in structure and which would have a clearly defined end in view: the prosecution of what he regarded as "a European policy for a European Europe."

If this were the case he had of course to think in terms of the strategy and tactics that would lead to the political end, so that minor concessions about the Treaty would not even enter his head. The speaker felt that some of the French ideas might perhaps be examined, provided that the structure of the political union, as envisaged by General de Gaulle, did not simply make it impossible to achieve this objective. It was the combination of this intergovernmental and political union and its political implications that made it a threat both to the Netherlands and to Europe itself.

Mr. Patijn (Labour Party) felt that the roots of the crisis lay in the military sphere and in France's attitude to the United States. Yet the rift between France and the other countries had opened up in the Community setting; to be more specific, with reference to the status of the European Commission, the powers of the European Parliament and Council decisions' being taken by a qualified majority. Mr. Patijn felt that making economic concessions, which to some extent simplified the situation, was no way to settle a political dispute. Under present circumstances, the negotiating margin was slim. Verbal protests amounted in fact to very little and for this reason the Five ought to think very seriously about "going it alone" even at the risk of running into opposition from France which was still officially a member of the Community.

Mr. Vredeling (Labour Party) pointed out that the Five had still not made up their minds whether the Council could validly take decisions in the absence of the sixth partner. He warned against the danger of the Community's standpoint being undermined. In its August memorandum the EEC Commission had really given the impression that it had forgotten the European Parliament. Then, when the Council met on 26 October, it too made a

statement in which it appeared to have forgotten the Commission and the five Governments gave the impression that they shared this attitude. Despite their declaration that the Six could only meet once in extraordinary session without the Commission attending, it did not seem to have occurred to the Five that by agreeing to meet a second time without the Commission, there was anything unusual about continuing its work without the Executive. With reference to the French issue, Mr. Lardinois (Catholic People's Party) pointed out that the French absence from the Council had precluded any decision on the Commission proposals. He asked the Foreign Minister whether it was still possible to accept the regulations of the Six and at the same time the EEC Commission proposals on highly controversial issues, when in fact only Five were engaged in the business of the Six. How long could work be continued under these conditions, he asked; until February 1966 or February 1967?

Mr. Luns replied that the Five could continue to implement the Treaties of Rome and Paris for some time, as long as France accepted the written procedure and participated in this way in the taking of certain decisions. But as soon as the moulding of Community policy ceased and the building of the Communities was arrested, it was to be feared that disintegration would set in. The Dutch Government felt, and there was good reason to believe that this was also the opinion of the other four partners, that if France persisted in refusing to attend meetings of the Council, the Five would be induced to go forward on their own. In the long run it would not, however, be possible to apply the rule of Six, so that several of the institutional provisions would have to be modified. This did not mean that the Five could not take any decisions until the Treaty had been revised; they certainly had the power to do so in view of the imperative character of Article 146. A Community of Five would, however, necessitate certain amendments to the Treaty.

The disintegration of the Community standpoint that Mr. Vredeling feared, was not, in Mr. Luns's opinion, the result of any hostile intention. He had intended to say: "on the Council." When he realized the implications of this term, he had insisted on the simpler phrasing: "the Council". The Dutch Government, furthermore was opposed to any interpretative convention and the other four fully agreed here. Although there was still no Community opinion on the possibility of a Common Market of the Five, i.e. without France, this problem had already been discussed between the Five and the outcome of these talks had been viewed with satisfaction by the Dutch Government. When the Council discussed the Commission memorandum, the Dutch Government reserved its position concerning the office of the European Parliament. For France simply to accept the financing of the common agricultural policy would not be a sufficient concession.

As to whether the Governments will or are bound to clash, Mr. Luns replied: "Of course I am not sure, but I think so. I

think that the Five will only reach this stage at the very end. The unknown factors are mainly legal and economic."

The Dutch Government would study what happened if France were absent from the Kennedy Round discussions. A plan to refer the problem arising from the present situation to the Court of Justice was being studied at the moment.

In reply to a question from Mr. Lardinois, Mr. Luns further explained that it would not be possible to continue as at present for very long - at most a few months. He felt, however, that a solution was still possible. Much, if not everything depended on the line the French Government took.

Mr. De Block, Secretary of State, regarded the Commission's reluctance to propose "open prices" for agricultural products as symptomatic of the difficulties; for the Commission had promised to do this at the Council meeting of 25 and 26 October. This showed how far the normal activity of the Commission was being hampered. France's absence, furthermore, was a complication, not to say a complete break with regard to the work in hand, especially that concerning the monetary and the short-term economic policies.

b) Merger of the Executives

At the request of Mr. Berkhouwer (People's Party for Freedom and Democracy) the discussion of this subject was referred forward to a special meeting of the Committee.

c) Powers of the European Parliament and the resolutions passed on 24 September and 20 October 1965

In view of the deferment until 1970 of the debates on independent revenues for the Community and hence on the budgetary powers of the European Parliament, Mr. Vredeling (Labour Party) felt that the main focus of attention should be the legislative powers of the European Parliament. Mr. De Block, Secretary of State, considered that this might well be of even greater moment than the normal budgetary powers. This issue was highly relevant because the common industrial market was due to be completed on 1 July 1967 when the Council of Ministers would be able to take decisions by a qualified majority; the decisions, incidentally, would have far-reaching financial, economic and social implications. The national parliaments would, to some extent, be powerless because they could no longer compel their governments to annul any decision thus taken. This was a matter of deliberate intention and it was well known as soon as the Treaty was signed, but it was a pattern that could not conceivably be established without some of the powers withdrawn

from the national parliaments being transferred to the European Parliament. As Mr. Cals, Prime Minister, said in reply to the authors of written questions, it was not possible to make a majority rule principle subject to such a cession of powers; at the same time the lack of any regulations as to how Community decisions were to be controlled, forced the States to be very circumspect about delegating national powers to the EEC bodies. It was for these reasons that Mr. Vredeling came out against any accelerated implementation of the Common Market as of 1 July 1967.

Mr. Blaisse (Catholic People's Party) pointed out that as long as the Community had no independent revenues it would not be absolutely essential to extend the budgetary control powers of the European Parliament, however desirable this might be in itself. Both the Second Chamber in the Dutch Parliament and the Bundestag wanted the Parliament to have certain legislative powers; the two resolutions passed by the European Parliament on 24 September and 20 October 1965 at this time under discussion had a similar import. The timetable for consolidating the democratic component in the Community had not been drawn up unwisely but there had perhaps been undue haste in the attempt to give it effect. The speaker felt that it would be reasonable to act on the EEC Commission memorandum in slowing down the pace of integration; he found it unfortunate however that the memorandum made no mention of trade policy for he considered the latter of capital importance. The modest motion of the previous year concerning the powers of the European Parliament still held good, he concluded; the requests that the democratic component of the Community be consolidated would not be withdrawn.

Mr. Boertien (Anti-revolutionary Party) and Mr. Bos (Historical Christian Union) both endorsed this view, although the latter felt that it would be preferable first to stave off the attacks on the Treaty and then strive for a more intensive democratization; he regarded this as the essential complement to discussions on majority lines on the Council of Ministers.

Mr. Berkhouwer (People's Party for Freedom and Democracy) disagreed with the latter view. Democratic control was not the complement of majority vote decisions but the reverse side of the same coin. In fact, 200 million Europeans were becoming increasingly subject to European regulations without there being any adequate control over these regulations by the European Parliament. One flagrant example that he quoted was the proposed subsidies to shipbuilding. Treaty Article 138 on the direct election of the European Parliament implied that it be endowed with the necessary powers.

Of course the Parliament had not to become over-absorbed in such technical matters as colouring agents, rear lights or

stud guns. It also had to have its say in the major political decisions. Yet national prerogatives when ceded had to be replaced by adequate European prerogatives in this key. The speaker felt this was vital.

In reply to the speakers from the various groups, Mr. Luns said that "one of the main victims, if not the only victim of the crisis which broke out in Europe on 30 June was beyond doubt the European Parliament and its powers." Certain requirements, justified though they were, could not be considered at present. The Dutch Government felt that it was better to concentrate on preserving what had been achieved, rather than on improving on these results.

In compliance with the Blaisse motion of 8 June 1965, the Dutch Government had vigorously supported the claims for extended powers that the European Parliament had made. The effect was, however, that the relevant proposals had not been discussed during the Council sessions that led up to the crisis. Now that the question of independent revenues for the Community had been referred forward to 1970, the EEC Commission and the European Parliament regarded the problem as not quite so urgent. The Government felt that in future it had to continue to regard the question of granting independent revenues to the Community as connected with that of enhancing the powers of budgetary control of the European Parliament. Its efforts would also be directed at increasing the powers of the European Parliament in other spheres, including that of legislation.

Mr. Luns felt that the Treaty would be liable to lose all its pith if Mr. Vredeling's proposal - to link the application of the majority vote principle with strengthening the powers of the European Parliament - were adopted. This was why the Dutch Government would not endorse Mr. Vredeling's suggestion. Similarly, Mr. Luns felt it would be inadvisable to oppose accelerating the implementation of the Common Market on 1 July 1966 on the grounds that the powers of the European Parliament were too slim. This was too radical a tactic.

After the EEC Commission had submitted its memorandum to the Council, discussions were held at which the Dutch Government reserved its position as to the need to strengthen the powers of the Parliament with respect not only to budgets but also to legislation; it therefore felt that it could raise this issue again whenever it thought fit.

It was the Commission itself that was responsible for the slackened pace of integration. The speaker wondered, furthermore, whether the EEC Commission had been very wise in publishing its second document so soon after the crisis came to a head.

In conclusion, Mr. Luns hoped that the other Parliaments would continue to show the same interest in the status of the European Parliament; if they did so this could be of great value in due course.

The question was referred to a secret committee which was due to meet in December.

d) The external relations of the Community

The Kennedy Round of negotiations

Mr. Westerterp (Catholic People's Party) described the deadlock in the Kennedy negotiations consequent upon the EEC crisis; he asked if the Dutch Government would be ready to ask the Council - if necessary a Council of Five - to give the EEC Commission a new negotiating mandate by 31 January 1966 at the latest. This supplementary mandate was necessary if the negotiations were to be concluded before 30 June 1966. He feared that if the Kennedy Round failed, the protectionists in the United States would be in a stronger position; similarly, if the USA reached agreements with the non-Member States, this could have unfortunate economic repercussions for the Community.

Mr. Vredeling (Labour Party) asked if it were not absolutely essential for the Council to take a qualified majority decision on this point.

Mr. De Block, Secretary of State, pointed out that the EEC Commission's negotiating mandate lent itself to a restrictive interpretation. The Commission would therefore be able to continue its work until January. Its mandate could also be interpreted along broader lines and the question could be debated with the Five; alternatively, the negotiations could be suspended until the deadlock were resolved. He felt it was too soon to introduce the qualified majority system, especially since it would make the negotiations very unrealistic, unless things reached the stage where the split between the Five and France became final and they negotiated separately. This stage, however, had not been reached and would not be as long as there was still hope of mending the Community.

In mid-January, the EEC Commission would submit a fresh memorandum which would pave the way for further negotiations. Yet there was one major snag: negotiations would embrace industry and agriculture and, in the latter case, the negotiations were impossible except in the case of cereals unless prices were set; this could only be done with France's co-operation, hence the Five were locked in a vicious circle.

## Relations between the EEC and EFTA

One of the focal points in the debate was the EFTA memorandum to the Community. Mr. Blaisse (Catholic People's Party) felt that any attempt to make contact with EFTA, whose structure was different, would be inadvisable; it might also carry certain dangers for the organization of the EEC, for the Five would be starting on the downward slope of intergovernmental politics.

There were many in the United Kingdom and in other EFTA countries who thought that bridge-building was both practical and possible. Mr. Patijn (Labour Party) considered this a serious error of judgement. EFTA was in fact set up for no other purpose than to provide a negotiating position vis-à-vis the Common Market. Customs barriers could of course be lowered but this did not add up to any real economic policy. The dangers of bridge-building under present circumstances would be to stimulate the United Kingdom's interest in establishing a free trade area. There was only one solution that could really promote the development of Europe and that was for the United Kingdom and the other EFTA countries to join the EEC.

Mr. Berkhouwer (People's Party for Freedom and Democracy) pointed out that to date EFTA had never ventured so far towards discussions through any of its organs at any level. It was furthermore erroneous to suppose that the accession of the United Kingdom could be considered as an alternative if France withdrew. Although France could not do without Europe, Europe in turn could not do without France and the same applied to the United Kingdom.

Lastly, Mr. Nederhorst (Labour Party) stated that bridge-building predicated two pillars, one of which was in the process of crumbling. All the talks about a rapprochement, furthermore, could only give rise to illusions. The seriousness of the EEC crisis could very soon lead out into a quite different situation calling for quite different measures.

Mr. De Block, Secretary of State, said in reply: "Neither we nor the EFTA countries can delude ourselves into thinking that a rapprochement between EFTA and the EEC, or an amalgamation of the two or even the building of a bridge between the two can really be regarded as realistic. We cannot think in terms of fruitful co-operation based on the ideas and principles of the Treaty when their import is not assessed at its true value: The Treaty will not allow us to dilute the EEC wine to the taste of the EFTA countries."

## Internal problems of the EEC

The question of independent revenues for the EEC was referred forward to 1970 in the EEC Commission memorandum of 18 July. The common external tariff, however, was due to come into force on 1 July 1967. The resulting revenues would thus have to be divided in proportion, in compliance with a scale based on the customs receipts during a period of reference still to be specified. Mr. Westerterp (Catholic People's Party) saw this as a method of making independent revenues available to the Community in a way both covert and without legal basis; this could furthermore be done without reference to the national parliaments by recourse to Treaty Article 235. Such a procedure would not only weaken the Treaties still further but would also provide a loophole in 1970 for evading the obligation to endow the European Parliament with increased budgetary powers. Mr. Vredeling (Labour Party) adopted the same arguments in proposing that administrative frontiers should be maintained within the Community for through transport.

In reply, Mr. De Block, Secretary of State, stated that the perequation of customs receipts was a German proposal that was not in any way supported by the five other countries. He furthermore shared in their broad outlines the views expressed by Mr. Westerterp to the effect that this method could usher in the appearance of independent revenues. He went on to say that until the turnover taxation issue had been settled, there was no guarantee, if frontiers were maintained until 1 January 1970, that there would not be a diversion of trade. When in July 1967 the internal frontiers had been removed, the customs tariffs standardized and when customs duties were no longer justified except by turnover tax, the diversion of traffic could be settled by recourse simply to a settlement of the turnover tax payments. (Second Chamber, session 1965-66. Committee responsible for the Foreign Affairs Budget. Second meeting, 2 December 1965)

### 3. Parliamentary control over milk price policy

In reply to a written question from Mr. Vredeling (Labour Party), Mr. Biesheuvel, Dutch Minister for Agriculture, stated on 15 December 1965 that in his view the anticipated EEC Commission proposals for establishing a common price system for agricultural products - including dairy-produce - had to proceed along the same lines as for the common level of cereal prices. The EEC Commission proposals on the common price for cereals, were submitted with the assent of the Council to the Parliament for its Opinion. The Parliament had signified its agreement on 8 January 1964.

Mr. Biesheuvel also felt that democratic control of decision-taking in the EEC had to be consolidated; this was the

standpoint that the Dutch Government had consistently adopted.  
(Addendum, Proceedings in the Second Chamber, 193, No. 124)