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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. General de Gaulle's Press Conference and European Problems

Statements by the Council of Ministers and by the Minister for Agriculture

Referring to European affairs, General de Gaulle stated on 9 September that the crisis which occurred in Brussels on 30 June would inevitably have come to a head sooner or later. The three Treaties setting up the ECSC, Euratom and the Common Market were concluded before France made her "come-back" in 1958. This is why their main emphasis reflects the contemporary demands of the other five countries. General de Gaulle quoted examples, referring to each of the Treaties; he then discussed the institutions. The three Treaties had each set up a "token executive" and a "token legislature". "We were bound to take exception to France's being in pawn to a predominantly foreign technocracy - which was certain to encroach on French democracy in the settlement of issues affecting our very existence as a nation - when the time came for us to resume full command of our nation's fortunes."

The President of the French Republic recalled his consistent advocacy since the war of Western European states' grouping themselves together, economically and politically. "Economically speaking", he continued, "we are, of course, convinced, that it is only logical to dovetail the activities of countries lying very close to each other on this and that side of the Rhine and the Alps, for their economies are similar and complementary and the constitution of larger economic entities is part and parcel of the age we live in. The French economy is, furthermore, enjoying a boom; the Franc has become one of the world's hardest currencies; France has every reason to renounce her former protectionism and, gradually, to let in competition from the outside. That is why, for the past seven years, we have been very active in helping to build up the Economic Community, created in theory in 1957 but existing only on paper until 1959 because its launching was held back, except in speeches, by the chronic deficit in the French balance of payments. The end we had in view then was a Community consistent with the twin requirements of equity and sound sense. This is still our aim today."

Our sense of equity requires that the Common Market shall embrace not only the products of industry but those of agriculture at the same time - not forgetting the conditions to which farm products are subject. Similarly, our sense of what is reasonable requires that nothing of moment should be decided, either now in the organizational stage or later in the operational stage of the Common Market, nor should any such decision be given effect except by the responsible public authorities in the Six States, that is by Governments that are subject to parliamentary control.

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We know - and heaven knows how well we know it - that there is a different conception of a European Federation in which, according to the dreams of those who have conceived it, each country would lose its national identity and which, moreover, in the absence of a federator such as Caesar and his successors, Charlemagne, Otto, Charles V, Napoleon and Hitler each tried to become in the West - in his own fashion - and such as Stalin tried to become in the East, would be governed by some sort of technocratic body of elders, stateless and answerable to no-one. As an alternative to this scheme, devoid of any kind of reality, France has proposed a plan for organized co-operation between the States, culminating, no doubt, in a confederation. This is, in French eyes, the only plan that is consistent with the national realities of our continent. This is the only plan that would be conducive to the ultimate accession of such countries as England or Spain which, like France, would not countenance any loss of sovereignty. This is the only plan that would make an entente of the whole of Europe conceivable one day." .

General de Gaulle then spoke of the negotiations on the common agricultural policy and of the 30 June deadline; he then discussed the Commission's initial proposals, whereby the Community would have its own budget, subject to the control of the "European Assembly". But intervention by this Assembly, which is essentially an advisory body whose members were not elected in any State, at any time, for this purpose, would merely aggravate the usurpatory nature of the powers which were being demanded. However, regardless of whether or not there was premeditated collusion with the Commission's supranational claims, the attitude adopted by certain delegations who stated their readiness to approve and support these claims, and finally the fact that some of our partners at the last moment went back on their undertakings, we had no alternative, in the circumstances, but to break off these negotiations.

I must add that in the light of this event we have been more clearly able to assess the situation France would be in, if effect were actually given to some of the provisions initially laid down in the Rome Treaty. It is on the basis of this text that from January 1 next the decisions of the Council of Ministers of the Six would be taken by majority vote. In other words, France would be exposed to the possibility of being overruled on any economic issue whatsoever and, hence, on any social issue and often even on any political issue, and that, in particular, all that has been achieved by French agriculture could be threatened at any moment without France's let or leave. Moreover, after the same date, the Council of Ministers would have to adopt or reject proposals made by the Brussels Commission as they stood; the States would not be able to amend them in any particular, unless by some extraordinary chance the Six states were unanimous in formulating an amendment. We know that the members of the Commission, who used to be appointed by agreement between the Governments, are now in no wise answerable to them. Even at the end of their terms of office, they can only

be replaced by unanimous agreement between the Six; this means in fact that their appointments are held for life. If we were induced into foreswearing our freedom to act independently and our Constitution, which lays down that "French sovereignty resides in the French people, which exercises it through its representatives and by means of referenda", no provision being made for any kind of exception, it is not difficult to guess what would become of us in such a subordinate rôle.

This is how things stand. It would, no doubt, be as well if that great undertaking - the Community - could be got under way again one day. But if it were, it would not be until no one knows when. Who knows, indeed, if, when and how - not forgetting the electoral or parliamentary contingencies that may arise - the policy of each of our five partners will ultimately come round to facing the facts which have once more come to the fore.

Whatever the answer may be, France for her part is ready to join in all exchanges of views on this subject which the other Governments may propose. Should the occasion arise, France might envisage resuming the negotiations in Brussels, as soon as agriculture is brought fully within the scope of the Common Market, and as soon as people are ready to have done with the claims which deceptive and utopian myths raise up against common sense and realism.

Speaking of the rôle of France in the world, the President of the Republic felt that she must above all steer clear of any enfeeblement. There are very many spheres, of course, where we have the best of reasons for associating with others, but we do so on the condition that we retain our own freedom of action. As long as we feel that the solidarity of the western world is necessary to ensure the defence of Europe, our country will remain the ally of its allies. But when the undertakings it entered into at an earlier date expire, that is in 1969 at the latest, we shall shrug off the subordination described as "integration", as laid down by NATO, which in fact entrusts our fate to a foreign authority. Hence, while we work towards unity, economically, politically, culturally and strategically, with the States that lie on either side of the Rhine and the Alps, we are seeing to it that this organization does not deprive us of our free will. Thus, since we think that an international system should govern monetary relations, we do not acknowledge that the currency of any particular State should automatically have a preferential value in relation to gold which is, which remains, which must remain in fact, the only real standard. Hence, since we were with four other powers the founders of UNO and since we want UNO to remain the meeting place of representatives of all nations and the open forum for their discussions, we cannot agree to being bound - were it only financially - by armed intervention in contradiction with the Charter and to which we have not agreed. It is, furthermore, in this way that we think we can

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best serve the alliance of free peoples, the European Community, the monetary institutions and the United Nations Organization". (Le Monde, 11 September 1965).

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When the Council of Ministers met on 15 September, General de Gaulle emphasized "the efforts that France has made, particularly in the last four years, to bring agriculture into the Common Market; the inclusion of agriculture was, under the Treaty, a matter of intention, but it would have remained no more than a pious hope had not the Government used every endeavour, especially in the last four years, to turn this pious hope into a reality."

General de Gaulle went on to say: "We were determined that agriculture should come within the scope of the Common Market and while we have fought for years to achieve this end, we are continuing and we shall continue to do so in such a way that the inclusion of agriculture can not thereafter be gainsaid, not only because the inclusion of agriculture in the Common Market is bound to be of valuable assistance to our agriculture from the point of view of markets, but also because we are convinced that the Common Market will collapse if agriculture is not included and if the balance of the economies of the Member States is not thereby guaranteed."

The Government, General de Gaulle concluded, had not given up hope of achieving this objective and it would see to it that this objective was attained in such a way that the relevant decisions could not subsequently be reversed. (Information Bulletin of the French Ministry of Agriculture, No. 244).

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Interviewed on Swiss television, Mr. E. Pisani, French Minister for Agriculture, said that General de Gaulle's recent press conference should not be read as the obituary of the Common Market. He added: "The problem has to be seen from the two angles to which General de Gaulle referred: the agricultural angle and the more general angle. With regard to agriculture, the General confirmed that on 30 June serious doubts remained which prevented us from progressing further until the "misunderstandings", and I should like to put this word in quotation marks, were cleared up. How do you expect us, on the day when we agree to put up our cereal prices - even though we have a surplus - to accept a machinery whose cogs and wheels may work in a different way every year through the decisions' being taken for one year at a time only".

As to the second aspect in the statements by General de Gaulle, the Minister said: "Can any country agree to its life being governed against its will by the majority of its partners? My answer is definitely no, and may I say there is not one country in the Community that would agree to this. But the Head of State did not ask that the Treaty be revised. He asked that we should agree that in applying the Treaty there should be unqualified respect for the absolute control of a State over its basic problems.

In the view of Mr. Pisani, the majority rule used in respect of minor matters, might be a factor which would prompt the search for an agreement: it could not be used as a method of taking decisions when fundamental issues were at stake.

Mr. Pisani also stated when speaking of French farmers: "there is one point that we must bring home to them and that is that underlying the common agricultural policy, the point at issue is our whole national life and that they should not judge merely as farmers but also as citizens." (Le Monde, 22 September 1965).

2. German reactions to General de Gaulle's press conference of 9 September 1965

General de Gaulle's statements on the European Economic Community and NATO caused no surprise but were nonetheless a source of scepticism and misgivings.

The Federal Government and the Opposition showed no surprise at what the French President had said and expressed in separate statements their allegiance to the EEC Treaty and the NATO Alliance. The only question asked in political and diplomatic circles was what the General thought should take the place of the integrated NATO. It was, furthermore, noted as a positive sign that despite his hard words, de Gaulle did not shut the door on the EEC completely.

The statement issued by the German Government, although couched in careful terms, was unable to conceal the present differences of opinion between Bonn and Paris. In the communiqué read by Mr. Karl-Günther von Hase, this was expressed as follows:

- "1. In his Press Conference, President de Gaulle dealt with a series of important points of French domestic and foreign policy in his press conference. The statements made by President de Gaulle have clarified French policy on certain points.

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2. The Federal Government will be studying these statements very closely.
3. With regard to the questions touching on the European Communities, the Federal Government confirms that it stands by the principles of the Community Treaties. It welcomes the reference made by President de Gaulle to the possibility of resuming the Brussels negotiations. The Federal Government will avail itself of every opportunity that might help to find a constructive solution to the problems facing the Communities.
4. With regard to NATO, it is still not known what practical proposals the French will make. The Federal Government too had a number of points to raise in connexion with NATO. These concern the tightening of the organization, the political activation and the question of a common nuclear defence. Germany's strategic position, which is particularly exposed to danger, necessitates the presence in Europe of the United States as a meaningful deterrent and as a guarantee of permanent operational readiness. This would be inconceivable unless a joint structure were already there in peace time.
5. The Federal Government notes with satisfaction that President de Gaulle emphasized the need for political co-operation in Western Europe. The Franco-German reconciliation is the prerequisite and the basis for European co-operation. The reference by President de Gaulle to the successful co-operation between Germany and France in several spheres is welcomed by the Federal Government.
6. The Federal Government will work for further progress towards a united Europe on the basis of the Franco-German Co-operation Treaty."

Secretary of State von Hase indicated that the Federal Government was ready to enter into discussions on the whole series of issues and on the problem of majority decisions referred to by President de Gaulle. No proposals from the Federal Government were, however, to be expected on the question of NATO reform. "It is now up to France to consult with its partners in the Alliance about her own ideas," the State Secretary said.

In Federal Government circles, disappointment was evinced at the content of de Gaulle's press conference, especially since the French President intended to make the solution of the Common Market crisis dependent upon the acceptance of French agricultural policy, without there being the least indication that any parallel concessions in the industrial sector would be forthcoming. The statement by de Gaulle that France regarded as unreasonable the possibility that as from 1 January 1966, EEC Council decisions could be taken on a simple majority vote was interpreted in Bonn as a demand for a revision of the Treaty

of Rome. Bonn was also sceptical about de Gaulle's proposals to reform NATO. The Bonn Government is in favour of reforming NATO after 1969, especially with a view to collective nuclear responsibility, greater political co-operation and a more tightly-knit military organization; there could, however, be no thought of dissolving the present integrated command structure of the North Atlantic Alliance. De Gaulle's design to wind up the military integration was, in the German view, in conflict with a common defence force, equipped with up-to-date armaments. The return to a classical alliance of loosely bound States, it was felt in Bonn, would hardly satisfy the defence needs of the Federal Republic. Winding up the integrated defence network would have particularly threatening implications for foreign policy; the integrated defence system would, eventually, it was felt in Government circles, be more conducive to dispelling the distrust of Germany in East European countries than a system that was not bound up with the western democracies.

Mr. Fritz Erler, Chairman of the SPD Group in the Bundestag, regarded de Gaulle's statements as threats and attempts at coercion in order to win support for French aims in the EEC and in NATO. The SPD Member doubted, however, whether France could carry out its threats, since she had to maintain trade relations with her neighbours and would only suffer if the European Economic Community were to collapse. Mr. Erler felt that financing the agricultural policy was senseless unless the Community were allowed to progress: "Keeping faith with the Treaty is part and parcel of our foreign policy. No-one can expect to achieve political ends by recourse to the threat of amending the Treaties." "No money unless the Treaty is respected", he said, referring to the French demands for financing the agricultural policy.

With regard to the French attitude to NATO, he said: "We should keep our heads and not allow NATO to be dissolved, since it is of vital importance for all members of the Alliance. Yet we should be prepared to enter discussions on this subject." Mr. Erler felt that the NATO command structure should be improved and that Europe should play a bigger part in the Atlantic defence network. "Whoever commands must make forces available. Europe's part should not consist solely in making demands but also in making contributions." Mr. Erler pointed out the distinction made by General de Gaulle between the Atlantic Alliance to which France wished to belong and the NATO Treaty. Yet, Mr. Erler felt, the two were identical. He therefore believed that de Gaulle did not seriously intend to opt out of NATO. Any State that left NATO, thereby left the Alliance too; "I should first like to see whether any Government actually does opt out of NATO." If de Gaulle believed that the European factor in NATO should be strengthened, this presupposed the organization of Europe. But he did not want this, so that there was a basic contradiction in his way of thinking. Mr. Erler argued that de Gaulle respected realities and that he did not wish to isolate his people; hence his threats against the EEC and NATO, should be interpreted as a bid to command greater consideration for French wishes in both organizations and as an attempt to increase the influence of France.

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Mr. Willy Brandt, SPD Chairman, deplored de Gaulle's rejection of the principle of majority decisions in the EEC. He emphasized, however, speaking on behalf of his Party, that he was opposed to any "coalition of the Five", excluding France, within the EEC. France was Germany's most important neighbour in the West "with whom we must pull together". Mr. Brandt said that political integration might be held back but there might be a chance of greater economic co-operation with EFTA. He also referred to the possibility of negotiating with France about carrying forward the transitional time limits laid down in the EEC Treaty.

Professor Schiller, Berlin Economic Senator, took the view that "the serious crisis that France has provoked in the European Economic Community can be resolved if an attempt is made to circumvent it". He emphasized that de Gaulle was not opposed in principle to a greater market, that the internal structure of the EEC was not affected by his conditions and that the status quo could be maintained within the framework of more comprehensive solutions. If the General attempted to hold back the integration process, this did not preclude a solution of the agricultural problem, building a bridge to EFTA or going through with the elimination of customs discrimination.

The Free Democrats took the opposite view to that expressed by Mr. Erler, the Leader of the Social Democrat Group: "The friends and allies of France would be guilty of self-deceit if they believed that they could still make de Gaulle change his mind or that they need not take his statements too seriously." The progress towards economic integration had proved a fiasco and NATO was in a permanent state of crisis. "Instead of trying to find individual ways of restoring former conditions in the two Communities, the States of Western Europe and the Members of NATO should rather consider how European and Atlantic co-operation could rationally be adjusted to the imperatives and conditions of the second half of the decade", ran the SPD statement. The Liberals therefore recommended quite unconventional forms of co-operation to preclude any paralysis in Atlantic policy. What form such "unconventional methods" would take, the Liberals did not say.

Franz-Josef Strauss, the CSU Chairman, was the only German politician to take sides with the French President on European policy. In an interview with the Cologne newspaper, "Rundschau am Sonntag", Mr. Strauss expressed the view that one should go half-way to meet France and endorse the "European Europe" theory in exchange, however, de Gaulle should be expected to recognize the long-term need and the inevitability of a development towards a European Federal State. The "Europe of States" that de Gaulle considered could be embodied in a confederation, would only be a prelude to a subsequent "Europe of the Peoples". Mr. Strauss thought that such a development would also make possible the re-unification of Germany and he added that events in Vietnam and Geneva had justified de Gaulle's advocacy of a specific European policy.

With regard to supranational powers in the financial sector, for example, and parliamentary control, it was necessary to wait until the broad outlines of policy were clarified, said the CSU Chairman. He could, to some extent, understand that France did not wish to make any concessions to the EEC Council of Ministers until the six EEC States had clearly stated a common attitude concerning the "European Europe". The EEC countries, however, could concede to France no greater rôle than that of "Primus inter pares" (first among equals). Paris could not demand rights and authority for France alone, since these belonged to the European Community as a whole.

In an article which appeared in the "Augsburger Allgemeine", Mr. Strauss came out in favour of re-organizing NATO. He was thinking here of a partnership between North America and a European defence community that had its own nuclear potential. In addition an attempt should be made to achieve a confederation of the EEC states, the accession of the United Kingdom and the subsequent participation of further European countries in order to create an "effective economic and psychological defence against the Communists." In this article he further stated that European political union had to endorse the German demand for a re-unification, and to serve this end in practical terms they had to state as their objective that they would end the division of Europe. This "Europeanization of the German question" would strengthen the position of the West within the Four-Power control of Germany and strengthen the right of the Federal Republic to self-determination.

At a press conference in Brussels on 13 September, Mr. Strauss stated that de Gaulle's press conference should be neither dismissed too lightly nor dramatized. De Gaulle would certainly not turn his back on the EEC, since France too had a growing need for the Common Market, especially in the agricultural sector. Mr. Strauss stated unequivocally that what lay behind the present crisis was neither the financing of the agricultural policy nor the European Parliament, but a political factor concerning the part played by Europe in NATO, in relation to America, to the East and in world policy. With all due respect for the French President, no-one could accept the "Europe des Patries" advocated by France; a federated Europe had to be made with a central authority endowed with appropriate powers. Mr. Strauss further added that the process of European unification was probably not possible without a transitional phase; he did, however, consider a "Europe des Patries" as a temporary intermediate stage. The Rome Treaty could only be amended with the agreement of the other Member States and the Federal Republic intended to stand by the Treaty created in 1957.

Baron von und zu Guttenberg, CSU Member of the Bundestag, was also opposed to a purely negative interpretation of de Gaulle's press conference. At an electoral meeting at Staffel-

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stein (Upper Franconia) he said that German politicians should talk with the French President as between friends. He said that he did not agree with the present pattern of French policy but he was firmly opposed to laying all the blame ly at France's door. (Le Monde, 11.9.65; 12/13.9.65; 14.9.65; 17.9.65; Frankfurter Allgemeine Zeitung, 11.9.65; 13.9.65; 16.9.65; Die Welt, 11.9.65; 13.9.65; 18.9.65; Combat, 13.9.65).

3. Mr. Luns' reactions to President de Gaulle's press conference

In an interview on television on 10 September, Mr. Luns, Dutch Foreign Minister, reacted as follows to the statements made by President de Gaulle in his press conference on 9 September.

"The Dutch Government regards the statements made yesterday by General de Gaulle as disappointing, for the following reasons: firstly, they contained nothing constructive with regard to the pursual of European and Atlantic co-operation, which all the other partners want and which they are trying to achieve.

Secondly, General de Gaulle should know from his long experience that it is extremely difficult nowadays - indeed, well-nigh impossible - to build up an effective defence system on purely national bases and without thorough preparations between allies. The rejection of this form of co-operation is obviously very serious.

A word about the German question. No one will have failed to notice that the General did not say a single word about the part that the United States can and must play in the solution of a problem which he described as purely inter-European.

I come now to the part of his speech on the European Communities and European economic and political co-operation. The General re-affirmed in strong terms his well-known theory on intergovernmental co-operation between the Six, which is in conflict with the principles of the Community.

In my opinion, the statements made by the French President placed the very essence of the European Treaties in jeopardy. Firstly, by rejecting the majority rule laid down in the Treaty which should normally come into force on 1 January 1966, and secondly by refusing recognition to the independent Executives in the rôle entrusted to them by the Treaty.

I cannot help thinking that in fact General de Gaulle no longer feels bound by the European Treaties, at least in respect of these two highly important aspects.

May I add in conclusion that the French President would like to give the impression that the Treaties take too little account of French interests. I should like to point out here - and I think I am in a fairly good position to do so, since I had a part to play in their elaboration - that the European Treaties and their implementation were the subject of normal and objective negotiations at which the wishes of France were, in the general view, adequately met and that France was certainly not assigned a rôle that was less favourable than that of her five partners.

I could quote many examples and these are, moreover, well-known. Let it suffice for me to mention the association of the African countries, the escape clause in France's favour and the common agricultural policy. These are just examples; for the time being I should like to say no more about this subject."

Asked whether he continued to view the future of Europe with that "cautious optimism" which he had always evinced, Mr. Luns replied: "This optimism has grown less. The crisis which began in mid-June and became more pronounced at the end of July has clearly worsened as a result of this recent press conference. I no longer feel as optimistic as I did two months ago. In this sense, you are right.

May I also say that as a result of General de Gaulle's statements about NATO, not only are the various Member States of the EEC asking themselves which course they should now steer, but other countries are doing so too." (Nieuwe Rotterdamse Courant, 11 September 1965).

4. Italian reactions to General de Gaulle's twelfth press conference

The Italian response to General de Gaulle's twelfth press conference has found expression in many comments and statements of attitude as to the future of the Community.

The Italian Government itself, in a semi-official note issued a few hours after the General's speech, reaffirmed the Italian position on the present structure of the Community; this statement was on the same lines as that made by Mr. Fanfani,

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Foreign Minister, the day before, to the Senate Foreign Affairs Committee:

- 1) Reaffirmation of Italy's readiness - as indicated in Brussels on 28 and 30 June - to seek with all diligence an equitable formula for the new agricultural regulation due to come into force in any case on 1 July 1965;
- 2) Reaffirmation of Italy's readiness - notwithstanding the negative response to its proposals of last March for a meeting in Venice and to subsequent Italian statements concerning its willing attitude on this point - to take into consideration, at European political meetings, any political difficulties arising in the path of the Community's progress towards the stage-by-stage establishment of the common agricultural and industrial markets and in regard to all the developments, including those in the political field, that the signatories to the Treaty of Rome had in mind. The semi-official communiqué of the Italian Government made it clear, however, that the search for a solution for the EEC and the removal of political obstacles to a resumption of the Community's development presuppose a definite good will on the part of the signatories to the Treaty of Rome, without the majority of them renouncing their own judgments and estimations in order to pass unquestioningly the judgments and estimations of any one country.

"Il Popolo", the Christian Democrat daily described the statements made by General de Gaulle as "disconcerting" since they led one to ask whether the General had not for a moment lost sight of the historical reality in which the world lived; whether he had not deliberately disregarded the likely consequences for France of the decision that he seemed to be intending to take. The newspaper made it clear that, once again, General de Gaulle's highly personal concept of the Common Market stood out quite clearly from his statements. His press conference evinced a belief in a European Community founded on two basic tenets, namely that it should serve the interests of French agriculture and in no way impair the constitutional sovereignty of France.

The weekly "Il Centro", edited by Mr. Scelba, Christian Democrat Member of the European Parliament, stressed in an editorial on General de Gaulle's press conference, which levelled a series of criticisms at the arguments he adopted, that a united Europe could not be made without France or, worse, against France. Anyone who thought that the United Kingdom could be substituted for France would be doing a disservice to Europe, for everyone knew that the United Kingdom was unwilling to take the place of France and, above all, that the ideas of the British parties on supranationality coincided with those of General de Gaulle.

The editorial concluded by affirming that the political confederation suggested by General de Gaulle might indeed be able to co-exist with an economic and supranational Community. If a confederation succeeded in preventing the isolation of France and served no other purpose than to preserve what had already been achieved in the economic field, without prejudice to the future, it would, under present conditions be a triumph for the cause of a united Europe.

The daily "Avanti", organ of the Italian Socialist Party, described the General's press conference as "the most unbridled glorification of nationalism", that caused concern in itself and because of the repercussions it could have in Europe and the world. The General, wrote the newspaper, had, with the irritating arrogance that was typical of the man, branded as delusive myths the European Union, the European Parliament elected by universal suffrage by the six peoples of the Community, and the supranational authority answerable to that Parliament.

Dr. Gaetani, President of "Confagricoltura", in a speech at a meeting of the Executive Council of COPA held in Venice, explained the point of view of Italian farmers, saying that the technical questions involved in the Community agricultural policy had to be resolved within the framework of the regulations laid down by the Treaty of Rome. Dr. Gaetani added that if one were to change course, this would involve a fundamental revision of the whole policy pursued since 1958 to attain "an objective on which doubt has been cast in some quarters which wanted all the benefits for themselves, and all the responsibilities to be left to the others". (Il Popolo, 11 and 14 September 1965; Avanti, 11 September 1965; Il Centro, 19 September 1965)

5. European Socialist Congress held in Nuremberg

At the Autumn Congress of the Socialist Group of the European Parliament held in Nuremberg (1-3 September 1965) discussion ranged from the situation in the European Economic Community following the collapse of the agricultural negotiations on 30 June 1965 to the problem of the merger of the Executives and economic relations between East and West.

Mr. Gerard Jaquet, former French Minister and Chairman of the Liaison Office of the six social democratic parties in the European Communities, made an analysis of de Gaulle's European policy. He emphasized the need for the Socialist Parties vigorous-

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ly to oppose de Gaulle's attempt to water down the Community content of the European Economic Community. Mr. Jaquet stated that Général de Gaulle had never accepted the idea of European integration and was now trying to turn the EEC into a free trade area, devoid of political content. If the other European partners were to endorse the views of the General this could only result in the demise of the EEC.

Similarly, Mrs. Käte Strobel, Chairman of the Socialist Group in the European Parliament, advocated resistance to Gaullist concepts. Under no circumstances should the Gaullist solution be allowed to prevail, for this would put the clock back on all the integration achievements of recent years.

Mr. Lionello Levi-Sandri, Vice-President of the European Commission, made an analysis for the Socialist Members of the development of the European crisis. He described the events of the night of 30 June 1965 and said that in his opinion France had deliberately caused the break-down in the talks.

At the closing debate it was agreed that the Socialist Members should stand fast in their national Parliaments and in the European Parliament by the principles of integration. There were, however, some isolated members who asked whether, if France were vehemently to oppose integration, a wider type of free trade area might not be acceptable to certain governments.

At the close of the Autumn Congress, the following resolution, endorsed by every member of the Group was passed:

"The Social Democrat Group of the European Parliament has discussed with grave concern the serious political and practical implications of the crisis in the EEC brought about by the French Government in the night of 30 June and 1 July 1965. Unless the EEC held fast and developed further, the growing prosperity of the 180 million people in the EEC would be jeopardized. The political and economic solidarity between the Member States of the Community would be seriously threatened.

Unless the EEC were not only to continue but develop further there could be no satisfactory settlement of the trade relations between the various European groupings or between Europe and the world at large in a manner that would be as unrestricted as possible. An early solution to the European crisis has therefore to be found. Yet this solution has to be consistent with Treaty principles and the decisions taken to date. The Social Democrat Group of the European Parliament would oppose with every means at its disposal, any watering down of the Community's principles. The legal right of initiative of the EEC Commission and hence, its political and mediatory rôle,

must be preserved. The powers of the European Parliament must be increased. Any regression towards the system advocated by the present French Government involving a loose and non-committal intergovernmental co-operation would mean returning to a system that earlier decades had proved unsuitable in ensuring the unity of Europe.

The Social Democrat Group trusts that the European Parliament will soon be consulted about the measures envisaged to resolve the present crisis without endangering the future growth of the EEC and democratic Community foundations." (Le Populaire, 4 September 1965, 7/8 September 1965; La Quotidienne - Paris, 2 September 1965; Vorwärts, 8 September 1965).

6. European issues raised during the German election campaign

On 29 July 1965 Mrs. Käte Strobel, Chairman of the Social Democrat Group in the European Parliament and member of the SPD shadow cabinet, put forward the principles of European policy which had been unanimously agreed upon by the Social Democrats.

Faced with a slowing down in the progress towards European unification, the resurgence of nationalism, the lack of a common policy on trade with the East, the difficulties encountered in the Kennedy Round and the stalemate in the negotiations on the common agricultural policy and on the democratization of the Communities, a Social Democrat Government would concentrate its efforts on the following problems:

1. The partial integration of the European Communities should be extended to the fields of foreign, defence and cultural policy. For this thorough preparations would be necessary, and the attitudes of the European partners towards the basic principles of a common policy would undoubtedly have to be brought more closely into line. As far as the SPD was concerned, these principles comprised a federal structure, a democratic basis, the transfer of certain sovereign rights to Community bodies, the preservation of Atlantic solidarity, keeping the Community's doors open to all democratic countries in Europe, and special arrangements for neutral European States seeking association.

Many of these aims were not immediately attainable under present circumstances. In order to make headway, however, and to achieve a measure of political co-operation, it was proposed that intergovernmental conferences should be called to draw up a draft agreement for submission to the national parliaments.

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A European Secretariat, to which every country would delegate experts free to act as they thought best, should be set up as a clearinghouse. This could contribute to political co-ordination and planning and to ensure constant consultation and provision of information, without encroaching in any way on the powers of the existing Communities and their institutions.

2. Free Europe could not in the long term afford the luxury of being split into two economic blocs. Nor would it be in the interests of the German people if a protectionist approach were adopted in a closed Community of EEC Member States. The EEC must promote co-operation with all European peoples.

The wish expressed at the EFTA ministerial meeting at the end of May, for multilateral negotiations with a view to abolishing customs discrimination within Europe as soon as possible, should not go unheeded. The progressive abolition of customs duties within the two blocs meant that they would have their full discriminatory effect in 1967. Advantage should be taken of the intervening period. After the October meeting of EFTA, an invitation to talks from EFTA should not go unanswered. The attitude of the present Federal Government to the prospect of a greater Europe appeared, however, to be one of despondency and resignation. If the social democrats were returned to office, they would do all in their power to close the gap between the EEC and EFTA.

Every opportunity should be seized in the Kennedy Round to eliminate customs barriers and to encourage co-operation with the EFTA countries. However successful the Kennedy Round might be, however, it could not be a substitute for an economic area embracing the whole of free Europe.

3. As the largest trading partner in the world, the EEC carried special responsibility for the future development of international trade relations. All the peoples of the world, and particularly those in the developing countries, were closely following what was being done by the EEC in this sphere on which their prosperity and hopes of progress in part depended.

World-wide liberalization of trade involving the Atlantic partners and benefiting the developing countries in particular, was better than liberalization on a narrower European scale.

The creation of a Euro-American co-ordinating committee - as suggested by the Action Committee for the United States of Europe - would have SPD support.

The second World Trade Conference scheduled for 1966 would call for far-reaching concessions from the industrialized countries. The EEC should throw its whole weight into the

scales to ensure that a common line of approach was adopted by the industrialized states of the West. Lack of courage and initiative, and reluctance to accept responsibility would serve no purpose here. The future Federal Government would immediately set about preparing for the second World Trade Conference in collaboration with the Governments of the other industrialized countries. The Federal Republic would have to play a part in keeping with its position as the world's second largest trading partner.

4. The EEC could do much to promote the further development of relations with the East European countries. If returned to power, a Social Democrat Government would convince its partners in the Community that there was nothing to be gained, but everything to be lost, from pursuing an unaligned policy. It was essential to come to an understanding on an "agreed division of work". A co-ordinated western policy on trade with the East was of crucial political importance for the Federal Republic, in view of its urgent need of good relations with the East European countries.

The generally accepted interests of the peoples in the West and in the East called for a common approach towards the balanced development of trade relations. Europe would have to step up economic co-operation if the conditions for a political solution of these problems - and not least the German question - were to be fulfilled. Closer relations would have to be established between West and East Europe in the economic, cultural and technical fields to show the Eastern countries that, in the eyes of the West, they too belong to Europe.

5. If the Social Democrats were returned to office they would not only put into effect these principles of future European policy, but would also pursue the following economic and transport policy aims within the framework of the existing Communities:

The details of the transport policy to be settled in autumn must ensure that German ports on the North Sea remain competitive and that areas of the Federal Republic for which special regional policy measures are necessary continue to get the backing they require.

The preparatory work on a medium-term economic policy for the Community must be followed up. The SPD would pay special attention to the expansion of the economic and social infrastructure and to the development and adaptation of industries that were experiencing difficulties (coal-mining, shipbuilding and agriculture).

The EEC bore a special responsibility for the world monetary system and its smooth operation. The SPD would, for this reason, work for a common approach towards improving the operation of the existing system. It was

essential to realize, however, that the Community, as a part of the free world of the West, could only act in close co-operation with its partners. Steadily accumulating pithead stocks and the growing number of idle shifts in the Ruhr made it clear not only that the domestic energy policy of the existing German government was a failure but that Member States could no longer delay in defining a common approach to energy policy.

Such a policy had to ensure:

- a) that economically-run coalmines were not closed down in one Member State while less competitive pits continued to operate in another;
- b) that provision should be made, in framing the Community's medium-term economic policy, for the elaboration of definite economic policy aims for the coalmining industry to facilitate, in particular, the conversion of Community mining to other activities.

From the statements made by the Governments and the EEC Commission, as well as by workers' and employers' representatives, it was clear that shipbuilding in EEC Member States, the United Kingdom and the Scandinavian countries was passing through a crisis. Even the most modern shipyards complained either of a lack of orders or that they had to accept orders at prices below production costs. The same problem faced shipyards in the EFTA countries. An all-European solution was needed. EEC bodies would have to enter into discussions with the EFTA countries on this subject.

6. Apart from pursuing its efforts to apply the rules of competition laid down in the EEC Treaty, the EEC Commission would have to get down to submitting criteria for applying the ban laid down in the Treaty on the abuse of a dominant market position. These criteria were important in that they would facilitate mergers of enterprises and ensure the emergence of companies of a scale appropriate to the Common Market.

Such mergers should not however, encroach on the rights and shared responsibility of workers under existing national laws. Every section of the population, and above all the 170 million consumers, had to have a share in the benefits of the Community.

7. To achieve a common and progressive social policy in the EEC it was essential that: The Council of Ministers should take a radical decision on the broad outlines of the future social policy of the Community that would serve as a guide for current social legislation in the EEC Member States and prevent the gap between the social security systems of Community countries from becoming wider;

The Council of Ministers should approve the EEC Commission proposals for widening the scope of the EEC Social Fund, particularly as regards occupational training and housing for migrant workers;

The representatives of democratic trade unions in the EEC should play a bigger part in the preparatory stages.

8. The European Community could be made more democratic. The national parliaments were losing rights that were not being transferred to the European Parliament. A Social Democrat Government would use its influence to ensure that the European Parliament would be endowed with the traditional rights and obligations of a democratic legislature. Advantage would have to be taken in this connexion of the opportunity offered by the merger of the three Treaties that would follow that of the Executives and of the Council of Ministers. A time-limit would also have to be set for the direct election of at least half the members of the European Parliament.
9. A Social Democrat Government - following up the initiatives of the SPD Group in the Bundestag - would enter into negotiations with the other Member States on the creation of a European youth programme and of a European Miner's Code.

Professor Schiller, Shadow Minister for Economic Affairs, writing in the American magazine "Foreign Affairs" of 7 July 1965, advocated a collective "outline" agreement between the EEC and EFTA and pointed out that a real political initiative was needed to overcome present European difficulties. If General de Gaulle was faced with the alternatives of the United Kingdom's entry into the Common Market or linking the EEC with EFTA, then - Professor Schiller felt - he would decide on the latter.

In his "Programme for the first hundred days", Professor Schiller recommended new moves to bring the EEC and EFTA closer together with a view to establishing a vast European free trade area, or at least to eliminating customs discrimination between the two economic blocs.

Dr. Fritz Erler, Deputy-Chairman of the SPD, speaking in Kehl on 17 August 1965, stated that Franco-German friendship should not be regarded as a substitute for European co-operation but should serve as a corner-stone of a united Europe. In this connexion he advocated strengthening the powers of the European Parliament.

On 10 September 1965, at an election meeting in Detmold, Federal Chancellor Erhard declared that he would make a fresh attempt to get the European question on the move again. He would

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not let himself become discouraged and would continue to hammer home the need for a politically and economically united Europe. As regards the current tensions, Dr. Erhard stated that European union was too important, too vital for the future, for it to be abandoned. Speaking in the Hanover town hall, he again championed the cause of the European union and stressed that the Community of the Six was merely a step in that direction.

Speaking in Düsseldorf on 16 September 1965, the Chancellor said that every effort should be made to secure the accession of the United Kingdom and the other EFTA countries to a "single European Community". He described the creation of a united Europe as a historic necessity and emphasized that the European idea was now so deep-rooted and of such significance for the future that it could no longer be extinguished.

During the election campaign, the Federal Chancellor pointed out again and again that the unification of Europe should not be tied to economic considerations but should culminate in political co-operation. Dr. Adenauer, former Federal Chancellor and present CDU Chairman, stated at the close of a meeting of the CDU Executive that these ideas of Dr. Erhard were a logical development of the work accomplished under his own administration. "On all these points", he added, "I go all the way with Dr. Erhard." At an election meeting in Rottweil on 10 September 1965, Dr. Adenauer stated that Franco-German relations would had to be improved in the interests of both countries. Without close co-operation between Germany and France, there could be no united Europe. Dr. Adenauer made no reference to General de Gaulle's press conference, but mentioned that Franco-German relations today were not "what de Gaulle and I originally intended them to be".

What mattered was not deciding whether the blame for this lay with Germany or with France, but ensuring that no effort was spared to make Europe "what we then envisaged it should be".

Dr. Rainer Barzel, Chairman of the CDU/CSU Group in the Bundestag, suggested on 17 August 1965 that a political conference of the six EEC Governments should be held in December if the EEC's internal crisis had not by then been resolved. The problems of a common defence policy and of a common policy on relations with East European countries ought also to be discussed on that occasion. Dr. Barzel pointed out that the crisis that had arisen between the EEC and France was exerting a marked influence on events in East and Central Europe. He emphasized that all Member States retained their interest in the EEC and that to date no-one had called the EEC in question. The German attitude, which aimed at the balanced development of the various markets and the simultaneous completion of the

agricultural market and the Customs Union on 1 January 1967, were not disputed in principle by anyone.

The "Bayern-Kurier", official organ of the Christian Socialist Union in Bavaria, called for the creation of a Federal Ministry of European affairs and German re-unification after the election, to succeed the present Ministry for All-German questions. ("Tatsachen und Argumente", statement by the SPF Shadow Cabinet, Bonn 1965; "Tatsachen und Argumente", No. 165/65, European Policy; Frankfurter Allgemeine Zeitung, 11 and 15 September 1965; Neue Zürcher Zeitung, 8 September 1965; Le Monde, 17 September 1965; Die Welt, 24 September 1965).

7. European Studies Seminar in Rimini

A "European Studies" Seminar was held in Rimini from 16 to 19 September; it had been arranged by the Italian Council of the European Movement and was attended by about 200 provincial leaders representing the parties, unions and other "pan-European" organizations belonging to the Movement itself.

The many speakers who took the floor discussed European unification in its historical, political and economic aspects, and particular reference was made to the existing Community institutions and to the dynamics of integration.

Mr. Orsello, Secretary General of the Italian Centre of European Studies, said, with reference to the European realities of today, that even if much ground had been covered, and certain aims achieved, a great many opportunities had been wasted, and there were today, perhaps more than ever before, many problems to be solved.

It was not, said Mr. Orsello, the easiest of moments for solving, once and for all, the problems under which Europe was labouring; Europe had reached a stage where, although the progress of economic integration could not be impaired and, indeed, seemed quite irreversible, it was not proving possible to make the kind of leap forward that was essential to go on from technical solutions and economic achievements to the stage of a political Community that was democratically sovereign; with all that this implied in terms of real powers in the essential decision-taking functions; the responsibilities in this connexion were quite clear.

From the institutional point of view, of course, the recent agreement on the merger of the Executives was, despite its obvious political and technical limitations, a major step

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forward; but, he added, the real issue at present was the political unity of Europe, its real prospect of success and the obvious obstacles in its path.

He stressed the importance of external policy at Community level and drew attention to the need, axiomatic to the unification of the "Europe of the peoples", for the sights to be set on widening the present political and economic frontiers of Europe in order to take in those parts of the Continent whose contribution appeared essential if the democratic pulse of Europe were to be quickened; he called for sound understanding between the United States and Europe.

Speaking of the present crisis, Mr. Orsello said that not only was this liable to bring the conclusive stages in the work of the Community institutions to a halt, it would also sap the whole basis of solidarity between the United States and free Europe, thus precluding any solution to problems touching on defence.

It was therefore necessary, the speaker continued, to take a broader view of the challenge that changing times had brought to Europe and to have clear ideas as to what kind of Europe one wanted to make and what duties such a Europe should assume in its relations with the United States, the Eastern world and third countries.

The solution of all these problems was inseparable from the creation of a single European power on a real supranational basis and he felt an unequivocal answer should be given to Gaullist intransigence and that the problem of electing Italian representatives to the European Parliament by universal suffrage should be faced squarely, for this would serve as an example which would no doubt be followed by the other Member States and provide the body responsible for exercising democratic control over the Community with weight and prestige, transcending the powers endowed upon it by the letter of the Treaties. In the more immediate sense the supervisory rights of the European Parliament had to be defended on the occasion of the ratification of the Treaty merging the Executives and Councils of the Community. The desirability of making a concrete approach with a view to an agreement with EFTA should be considered with an eye particularly to a standing opening to the United Kingdom, so that democratic countries might come to play a more active part in the European Community.

Professor Petrilli, President of the Italian Council of the European Movement, who wound up the Seminar, stressed the need for the Common Market to take action in relation to current problems.

He felt that General de Gaulle's press conference was not only a criticism of the Commission's work, but signified an express desire to change the present structure of the Community institutions; he felt that the Community should absolutely oppose any reversal of the Treaties and start from the conviction that integration based solely on the traditional instruments of intergovernmental co-operation would not measure up to the conditions under which the process of economic unification had to go forward today. (Il Popolo - 17, 20 September 1965).

8. Mr. Nenni and Europe

In "Avanti" on 5 September, Mr. Pietro Nenni, leader of the Italian Socialist Party, published a letter to Italian Socialists explaining the policy lines that the Party intended to follow on domestic and international matters.

With reference to Europe the Socialist leader wrote the following:

Uncertainty surrounds the European Economic Community and the European political unification process. To date, it has been possible to continue the gradual abolition of customs duties (which should be finally removed in a few years' time), without there being any true European Parliament or European government. But when increased interdependence and the obligations laid down in the Treaty made it necessary to transcend the mere customs union and introduce a common economic policy, it was obviously both essential and a matter of urgency to strengthen and democratize the Community bodies. And this was what the European Right Wing did not want. A clash was inevitable and it came a few weeks ago over the common agricultural policy which had progressed further than other policies. The gist of the recent stand taken by President de Gaulle could be summarized as follows: because French agriculture needed the Common Market, de Gaulle wanted a common agricultural policy. But since his nationalism admitted of no power (let alone any democratic power) higher than that of the French State, he wanted to nip in the bud any attempt to set in motion a process that would inevitably lead to European elections and to a European controlling body (whether styled government or not) for economic and social affairs.

The context had therefore widened from that of agriculture to that of general affairs. Pan-Europeanism was faced with its most difficult challenge. This had to be met with firmness and the demands of economic and political nationalism had at the same time to be rejected. As a Party, the Socialists

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had always advocated economic integration and its natural corollary: the development of appropriate bodies responsible for democratic control and planning. The time had come for more decisive steps in this direction, in conjunction with the Democratic Socialists in Europe and the trade unions who were pursuing similar aims. (Avanti, 5 September 1965).

9. Mr. Colombo and the prospects for economic integration in Europe

At an opening ceremony held in Vigevano, Mr. Emilio Colombo, Italian Minister of the Treasury, analyzed the prospects for political and economic integration in Europe. Addressing himself to a large group of European federalists in the audience who were carrying placards denouncing nationalism and referring to one in particular which read: "Autarchy means hunger, Pan-Europeanism means prosperity", Mr. Colombo said: "You have devised a warning that should be clearly understood by all Italians. Despite the difficulties that we are today encountering, a united Europe is the road of tomorrow. It is in this context that we must accustom ourselves to living and working. Despite the verbal rejection of autarchy and the encouragement of Pan-Europeanism, the former might prevail and the latter peter out if we are unable to understand that the path to be followed if we are to avoid an autarchy that atrophies any development and which could cause unemployment, is, in fact, in achieving a new kind of productive efficiency through technical modernization, better business management and higher productivity at work."

The Minister of the Treasury went on: "The ideal of a united Europe is the summit of all our hopes. It is not merely a question of achieving economic integration; we have to achieve political integration too. This is an ideal which has attracted us and is still attracting us, despite the difficulties that seem to preclude its attainment. If we are inspired by the conviction that progress in Europe is not to be judged solely in terms of profit and loss on the national balance-sheet, but in relation to the furtherance of a joint venture in pooling interests and policies which will make the course undertaken irreversible for all."

"The European ideal", concluded Mr. Colombo, "is something bigger than any of us and it will be attained despite passing difficulties that may arise." (Corriere della Sera, 7 September 1965).

10. The position of the Federation of Belgian Industries

On 7 July the Federation of Belgian Industries issued a statement in which it reminded "the Community and national authorities of the importance that Belgian industrialists attach to safeguarding the Common Market that is in the process of growing up and to maintaining its dynamism, with all that it has achieved and with all the prospects that it holds out for Belgium and Belgian industry."

"It therefore trusts that everything will be done to find a solution at once fair for all the Member States of the Community but which is also kept strictly within the economic and financial bounds of the problem involved in compliance with the undertakings given."

The FBI considered that the EEC Commission proposals that provide for a revision of certain articles in the Treaty of Rome might be more appropriately dealt with by the single Executive in the work that is to begin on 1 January 1966 on unifying the Treaties governing the three existing Communities.

Lastly the FBI particularly stresses that in conjunction with solving the limited technical problem of the financial regulation for the common agricultural policy during the transitional period, decisive progress must be made in the near future in completing the customs union and its basic corollary, the establishment of a common EEC trade policy in regard to third countries.

Meeting on 22 October, the FBI Executive approved the following statement: "The Federation of Belgian Industries is seriously concerned at the latest developments in the EEC crisis. It feels that public opinion should be made aware of the vital importance attached by Belgian industrialists to a smooth and methodical implementation of the Treaty of Rome."

"The prosecution and completion of this work, both in respect of the Customs Union and the Economic Union is vital to our economy. The key decisions that Belgian business takes and the basic options in Belgian economic policy have been and still are, to a very great extent, contingent on the prospects for European integration. Hence, the FBI asks the Government to ensure that the Common Market in the process of growing up is protected with all the achievements for our country and its industry that it represents, and also to ensure that the Community institutions responsible for the steady development of the Common Market in pursuance of the Treaty of Rome are able to operate normally."

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"The seriousness of the present situation is raising concern in industrial circles throughout the Community. The Union of Industrialists in the Community is holding consultations with a view to adopting a common stand on the European crisis. Finally, Belgian industry fervently hopes that the Belgian Government will endeavour to get the EEC over this crisis as soon as possible, for the prevailing uncertainty might be prejudicial to economic expansion and social progress within the European Community." (FBI Bulletin, 15 July and 1 October 1965).

11. French industry and the snarl-up in the Common Market

French employers' experts have been studying the likely effect on French industry if the present deadlock in the Common Market were to continue.

French industrial and business circles consider that economically speaking, even a temporary stoppage in the running of the institutions and in certain parts of Community machinery is fraught with danger: that the Customs Union will be completed almost inevitably without the Economic Union keeping pace.

Indeed, as French economists see it, the attitude that the French Government is taking could put a halt to the full application of the common customs tariff, which is due to become effective at the end of the transitional period, at the latest, for such a decision could not possibly be taken France dissenting. Also each Member State may unilaterally decide to align its tariffs on the common tariff at any time in anticipation. Indeed, the other partners might be applying an identical tariff (a common customs tariff) while France was charging different rates of duty.

Assuming France were the only Member State not applying the common customs tariff, she would lay herself open to irregular trade flow practices. All she could do then would be to resort to the escape clauses of Article 115 of the Rome Treaty, which empowers the Commission to authorize Member States to exempt specific products from Community treatment.

As far as duties are concerned, the 10 per cent reduction, scheduled under the Treaty to apply on 31 December 1965, will follow automatically, since this is not in any way contingent on acceleration measures or on the transition from the second to the third stage. The remaining duties (20 per cent), furthermore, will then have to be abolished before the end of the transitional period at a rate to be determined by a qualified majority of the Council.

The legal effect of this would be that as of 1 January 1966, France's partners could, if they so desired, require her rapidly to abolish intra-Community customs duties; (here again, if she refused to comply with this decision the matter could be referred to the Court of Justice, whose ruling would be bound to register a certain effect). It might seem exaggerated to make this assumption, yet the Council is unlikely to wait until the end of the transitional period before actually abolishing intra-Community duties still in force after 1 January 1966.

With reference to trade problems and taking into consideration the period 1958 to 1964:

- a) French industrial exports to the EEC increased by 195 per cent and those to third countries by 40 per cent;
- b) French agricultural exports to the EEC increased by 253 per cent and those to third countries by 52 per cent.

This makes abundantly clear the threat to French economy if the development of the Common Market were brought to a halt.

If the Common Market went into cold storage, decisions would be delayed regarding:

- a) measures to combat dumping, export bonuses and subsidies. Should one of France's partners fail to oppose the import of goods at dumping prices, French industry would be threatened in two ways: exports would find it hard to compete on the market of the Member State concerned and, in view of the low rate of EEC tariffs, imports from other Member States would, where the products concerned were freely imported from non-member countries, under-cut the French product on the domestic market;
- b) export credits and guarantees. If the Common Market became seized up, work on finalizing a common insurance policy and standardizing credit conditions would be delayed;
- c) a standard definition of the term origin."

The French experts then analysed the industrial implications of any protracted freeze-up in the Common Market. "Uncertainty, as to the fate of the Common Market might soon bring French employers to defer or cut down on their investment and reform programmes; the influence of the Common Market here was well-known. Such uncertainty could also weaken the links between French firms and those of other Community countries and the latter would be likely to strengthen their links with each other or with firms in non-member countries.

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It is to be feared that both nationally and at the Community level, the trend towards concentration of enterprises or means of production which is the road to expansion for certain sectors of French industry, would be slowed down. In the immediate future any freeze-up in the Common Market would delay discussions and decisions on the following points of industrial policy: a European limited company, the standardization of national company laws, a European patent, scientific and technical co-operation and the standardization of technical regulations and standards."

Other effects may also be anticipated. "In regard to energy, any delay would be prejudicial to the interests of French industry, which has come out in favour of a common policy based on freedom of choice for the consumer and on supplies at the lowest possible price.

The same is true for transport in regard to which French industry has come out in favour of standardizing competitive conditions.

Failing any agreement on how the agricultural policy is to be financed, France would inevitably be involved in increased budgetary charges through such items as the export of agricultural surpluses." (L'Usine Nouvelle, 2 September 1965)

The Bulletin of the National Council of French Employers explains its attitude to the Common Market: "It unreservedly supports its completion along the lines laid down by the Treaty of Rome, for it is on this basis that employers have for many years now made their estimates and taken their decisions."

The N.C.F.E. therefore trusts that the present crisis will soon be resolved. It fears in particular that a prolonged standstill in the work of the Community might impair the fruition of Economic Union which it has always seen as an inseparable adjunct to the Customs Union. It also fears that employers, faced with uncertainty about the future of the EEC and in doubt as to what line to take in making structural changes, whether under way or still at the planning stage, may find that essential adjustments by the French industry to meet international competition are stymied.

This was why on 13 June the following communiqué was issued as soon as the breakdown in the EEC Council negotiations became known: "The N.C.F.E. has always followed the development of the Common Market with great interest; it hopes, as it has said on many occasions, that the Common Market will prosper. It deeply deplores the current crisis and hopes that some way will soon

be found for resuming and successfully concluding these negotiations, since the failure of the Common Market would have the most serious implications for all."

The Executive Committee of the N.C.F.E. endorsed the attitude taken in this communiqué when it met at the end of September. The N.C.F.E. had always attached great importance to the completion of the European Economic Community.

It emphasized that the gradual building up of the Community was an essential aim and at the same time a determining factor in planning and arriving at decisions, both for industry and agriculture, for French business generally and for the professional organizations. ("Patronat français", August-September 1965; L'Union nouvelle", 23 September 1965)

12. The attitude of the Union of Industries in the European Community (UNICE)

The Union of Industries in the European Community issued the following communiqué on 6 July: "The Community is now in a state of serious crisis. European economic integration is a dynamic process so that the results so far achieved would be irreparably impaired, as would the very future of the Community if its development were arrested. This would have serious repercussions not only on industry but on all the economic and social forces. The Union of Industries in the European Community urges the Governments and Community institutions to allow the higher interests of the Community to prevail so that the crisis may soon be resolved."

On 7 October the Council of Presidents of UNICE took a further stand on the Common Market crisis. The Council published a statement on 6 July 1965 at the very beginning of the crisis in which it stated the position of the UNICE. It has now re-examined the situation in the Common Market and expressed its concern at the serious repercussions that might result from the crisis, which began in July, continuing for any length of time.

The UNICE wishes to reiterate its unswerving support for the pursuance of European integration as initiated under the Treaty of Rome.

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The Community has to date been a factor making for economic expansion; this has brought benefits to each of the partners and has enabled the Community to attain to a position of real moment in the world at large.

The work undertaken will, however, yield no real results unless it can be carried through to its conclusion within the agreed time limits and unless the clauses and objectives of the Treaty are respected in full.

As the UNICE has already emphasized any stoppage in the growth of the Common Market could, it is to be feared, seriously jeopardize what has been accomplished so far. It would act as a break on the economic boom and it would inevitably have most unfavourable repercussions on social progress.

At the level of business concerns, economic integration has demonstrated the existence of a community of interests and led to links being forged in a spirit of solidarity - as has been borne out by the many initiatives taken with a view to co-operation. No one can fail to be aware that for many years now, business decisions have been taken with a view to a full materialization of the Common Market; the same has applied to the economic policy options contingent upon appraisals as to future developments. Any doubts as to the future of the integration process is liable to jeopardize the structural changes which ought to enable industry to meet the ever-sharpening edge of international competition.

This is why it is essential for the scheduled stages to follow the prescribed timetable, so that business concerns too can adhere to their own time schedules. Some sacrifices have to be made in exchange for the prospect of greater prosperity offered by a larger market which holds out much greater opportunities. Industry, on the other hand, refuses to accept that this prospect should be jeopardized as a result of political incidents that are liable to recur.

The Federations of Industry wish to emphasize that, in their view, economic union must go hand in hand with customs union. They therefore urge that a special effort be made in the direction of common policies, which no one can deny are showing a leeway. This effort should be directed at:

- a) establishing common policies for trade, agriculture, transport and energy;

- b) coordinating short-term economic, monetary and budgetary policies;
- c) the wholesale elimination of competitive distortions through the harmonization of fiscal and legal systems.

These ends will only be attained through mutual concessions and simultaneous adjustments of national policies. Progress should come at a steady, preset rate; this calls for an overall Community action programme clearly setting out its aims.

The UNICE stresses that the GATT negotiations, as well as those with several non-member countries, hinge on the crisis being resolved.

Its most strongly-felt wish is that meetings should be held at the appropriate level, in accordance with the proper procedure, to bring about conditions conducive to resolving the crisis in a Community-minded manner. It demands the continued application of the Treaty and trusts that the executive institutions - the Council and the Commission - set up by the Treaty will resume their work and thereby ensure the continuous and balanced development of the Community. ("Patronat français, August-September 1965; UNICE Press Release, 7 October 1965)

13. Attitude of the EEC Free Trade Unions (I.C.F.T.U.)

The Executive Committee of EEC Free Trade Unions held an extraordinary meeting in Brussels at the beginning of October and took a stand on the current Community situation. The motion voted is couched in strong words. The Free Trade Unions:

- 1) Reject with vigour the procedure contrary to the Treaty and democratic rules, which consists of taking - through press conferences - unilateral decisions regarding the very existence of the Community without first consulting other Member States.
- 2) Still look on the Paris and Rome Treaties as the solid and unshakeable basis of the endeavours to unify Europe politically and economically.

General problems

- 3) Consider that the Treaties are sacrosanct, and call on the EEC Commission to continue to act as Treaty watchdog and provide the drive behind Community policy.
 - 4) Undertake to defend respect for Treaty, and maintenance of supranational powers exercised by Community organs, with might and main.
 - 5) Are resolved to take joint action against any attempt to bring back the system of bilateral or multilateral government relations, weakening the Community institutions in their structure and men.
 - 6) Urge the governments and all progressive bodies in Europe to do everything in their power to end the crisis as quickly as possible, and to ensure the further development of the Community in its present form.
4. The European Regional Organization of the International Federation of Christian Trade Unions (CISC *) and the Common Market crisis. The Organization reaffirms the resolve of the workers to build Europe

The Executive Committee of the European Organization of CISC met in Brussels on 15 July 1965 under the presidency of Mr. A. Cool and held a broad exchange of views concerning the situation arising from the failure to reach agreement in the Council of the European Economic Community on the 30th June 1965 in respect of the financing of the common agricultural policy.

The Executive Committee stressed that the disagreement in the EEC Council was out of proportion with its immediate object and sprung from basic differences between the Governments on the very concept of the European Community, as well as shortcomings in the operation of the EEC institutions.

In view of these differences of opinion the Executive Committee reaffirmed the stand taken by the European Organization of CISC on behalf of all trade union organizations affiliated to CISC in the EEC Member States and on behalf of all workers whose confidence it enjoyed. The Executive Committee felt that:

* From the French title "Confédération Internationale des Syndicats Chrétiens".

- "1. European economic integration has already reached such an advanced stage that it is impossible to impede its progress. Integration is an absolute necessity for the peoples of Europe.
2. The process of integration which was started in the six countries of Western Europe must succeed, as it is an example for the other countries of Europe and the world at large.
3. Any delay in this difficult but irreversible process and any attempt to avoid the solidarity and discipline that are essential to a common task must be regarded as detrimental to the good of the peoples concerned.
4. Economic and social integration of Europe implies political unification according to democratic principles.
5. A democratic and efficient institutional balance must be achieved as soon as possible between the Community Executives and the national Governments under the control and the political impulse of the European Parliament, as well as permanent and effective consultation with the Economic and Social Committee."

In demonstrating the resolve of the European trade union movement to continue European integration, the Executive Committee of the European Organization of CISC wished to emphasize that such integration must be directed, more than hitherto, towards a genuine political, economic and social democracy that will foster social justice, general welfare and extensive co-operation among the nations.

These aims would not be achieved unless workers, organized at European level, took a greater part in Community decisions and their implementation.

The Executive Committee considered that the resolve of social and economic spheres to continue the process of European integration must be clearly demonstrated.

In view of this, and bearing in mind the contacts existing between the two organizations, the Executive Committee urged the Council of the European Secretariat of CISC jointly to decide that steps be taken at the national level by the confederal authorities in order to inform their respective Governments of the resolve of the trade union organizations to pursue European integration.

General problems

The Executive Bureau considered that the contacts made between trade union organizations and all economic and social organizations at the Community level must be pursued so as to show the common desire of these spheres to continue European integration whatever the differences of opinion on the lines which should be followed by European economy. These contacts should lead to a clear demonstration of their resolve. (Au Travail, 21 July 1965)

15. Position of COPA (Committee of EEC Farm Workers' Organizations)

The Presidium of COPA (Committee of EEC Farm Workers' Organizations) issued a communiqué at the beginning of September stating, inter alia: "The Presidium went ahead with preparations for statements on ways of building up over-all farm policy, which has and will continue to guide the endeavours of EEC farmers, with a view to the complete implementation of the Rome Treaty.

It became very clear that a continuation of present uncertainty is liable to have extremely serious effects on farm economy and the economy as a whole. This holds in particular for the aims to be achieved and the means on which farmers can count, when making their own arrangements as to the general pattern of their production, investment etc.

The present situation, if it drags on, will threaten the success of the endeavours and measures needed to increase farm incomes, and hamper the putting through of economic and social provisions called for by the adaptation of the Common Market.

The Presidium has accordingly considered the July 22 EEC Commission Memorandum on the financing of the single farm policy, and looked forward to a resumption of negotiations. These proposals constitute a basis for working out the points essential for the further build up of the single farm policy, including the establishment of a time schedule for market organization and unification."

16. Union and Employers' Organizations: joint position on European crisis

The European-level organizations for all workers, farmers and business met at General Secretariat level on 16 July in Brussels. The organizations in question are: COPA; UNICE; the European Organization of IGCTU; the European IFCTU Secretariat. The object of the meeting was to discuss the current situation in the Community. The General Secretariats found that the separate meetings of their organizations had expressed the same disquiet and unanimous anxiety to continue with European integration. They decided to keep in touch, and to follow developments together. Joint action may be considered.

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. Conference of agricultural workers' unions in the EEC

The third conference of the agricultural workers' unions in the EEC countries was held in Bari on 18 and 19 September; many leading figures in European agricultural and social spheres were present.

Among the various speeches made at the conference, special mention should be made of that by Professor Levi Sandri, Vice-President of the EEC Commission, who said that the root of the present crisis was a difference of political ideas as to the methods and objectives in making the new Europe. He said: "We are aiming at a Europe in which the economies and the social, agricultural and trading policies of the Six become integrated to form a single whole. These aims are not to be attained merely through international co-operational arrangements which have, furthermore, already been fully tried out. The need is for methods that have been proved adequate and up-to-date, of the type laid down in the Treaties of Paris and Rome."

The existence of bodies independent of the Government (that is the ECSC High Authority, the EEC Commission and the Euratom Commission) were the main and original features of the integration process. "These organizations," he said, "embody and interpret the common European interest and contain the seeds of that supranationality which truly characterizes the Community. If they were to be reduced in scale and their powers limited, the Community would be reduced in stature and there would be less chance of completing the agricultural policy that had been developed solely on the proposals of the EEC Commission."

Professor Levi Sandri considered that the situation was very delicate and all those holding positions of responsibility in the Community had to present a united front to preserve the spirit and the letter of the Treaties. Agricultural workers had a leading part to play and he was convinced of the firmness and determination of the unions to avoid any resurgence of nationalism.

Mr. Mansholt, Vice-President of the EEC Commission, took the floor to stress the seriousness of the political crisis now prevailing in the Community. In particular he said that an economic union and a common agricultural policy could not be achieved without organic links and Community institutions such as those provided for in the Treaty of Rome. Although he did not underestimate the dangers inherent in the present crisis, he was con-

vinced that a solution could be found that would allow the European economic integration to go forward on the basis of common policies rather than through free trade area arrangements which, by their very nature, would not resolve the agricultural, social and economic problems of present-day society.

Mr. Aride Rossi, Secretary-General of the UIL-Terra, stated that endowing the Community with independent revenues would be decisive in solving many problems, particularly the structural ones, even though the need for a large-scale decentralization, the need to bear in mind the diversity of Community agriculture and the impossibility of laying on the Community institutions all the financial burdens deriving from interventions in respect of agricultural structures, in fact precluded the structural policy becoming the exclusive province of Community bodies. The speaker felt that this would not prevent the Community from assuming a large measure of responsibility for structural policy both in setting the pace and in determining the allowances concerned and in regard to the financial burdens involved. This would mean increasing the powers of the Community institutions to intervene in the structural policy of the Member States, especially in agrarian law and in the matter of drawing up Community plans.

The Secretary-General of UIL-Terra went on to say that in order to avoid aggravating the imbalance between the per capita income in the agricultural sector and that in other sectors, it was essential for agricultural structure policy to be set in the wider contexts of regional development policy, medium-term economic policy and social policy.

Mr. Aride Rossi concluded by expressing dissatisfaction at the fact that the EEC Council of Ministers had repeatedly deferred establishing the financial and technical wherewithal for prosecuting a large-scale structural improvement policy.

In the resolution approved at the close of the conference, the European farm workers stressed the need for constructive efforts to overcome the present crisis and to develop the Common Market and, at the same time, to implement a general social policy that included agriculture, as it should do.

The conference, however, felt it was essential that the completion of the market be a continuing process, coupled with the pursuit of trade and structural policies and a social policy for agriculture geared to the conclusion of collective agreements, laying down minimum standards for wages and conditions of work for farm workers throughout the EEC; it felt there should also be Community provisions that regulated the social situation of all farm workers.

The conference gave priority to the following claims:

Wages: these should at an early date be aligned on those paid in the commercial and industrial branches. As a basis for assessment, wages paid in those branches of the economy engaged in activities comparable with farming should be taken into consideration. Wages of farm workers should in due course be integrated in the overall wage-scale in a way that took into account the increasing value of farm work in view of the fact that mechanization and rationalization were confronting farm workers with ever increasing demands on their skill.

Length of the working week: farm workers should enjoy the same conditions as those in force in other branches of the economy; abnormal working hours and overtime on holidays should be paid extra or days of rest awarded in lieu.

Holidays: agricultural workers should enjoy paid holidays each year.

Job security: only those farm workers who were employed all the year round could become sufficiently qualified to ensure increased productivity and only full employment security would attract workers to agriculture.

Social security: alignment on the provisions obtaining for other industrial sectors in regard to health insurance, retirement insurance, redundancy, accidents at work, pensions, family allowances and safety at work.

The document recalled that progress on making Europe had been brought to a halt on 30 June and that the latest statements by General de Gaulle were a serious threat to the basis of the EEC Treaty; it made an appeal to the governments of all the Member States "to uphold the supranational principles of the EEC and to find a solution to the present political crisis in the Community."

"The conference", the political document concluded, "trusts that the suspended negotiations of the Council of Ministers on financing the common agricultural policy and on the powers of the European Parliament, will be resumed on the basis of the EEC Commission memorandum of 22 July 1965." (Europa Unita" Agency, 20, 21 and 22 September 1965)

2. The point of view of the E.N.I. on the common energy market

The implementation of the E.N.I. programme (National Hydrocarbon Board, Italy) which is explained in detail in the report appended by the E.N.I. to its accounts as at 30 April 1965, also raises problems relating to the organization of the common energy market.

The report emphasizes that the situation on this market now calls for co-ordinated intervention, especially after the recent finding of large reserves of natural gas, whose implications for competition are very similar to those that emerged from the Suez crisis when European coal was under keen competition from American coal and fuel. Then the Community bodies laid down a protectionist policy which followed various directions: the levying of duties and charges to protect European production in conjunction with schemes to rationalize the ECSC coal industry, which was made more competitive with a lower level of production.

Today, too, the report states, the Community bodies are called upon to make a choice about energy costs: while extensive use of natural gas would reduce these costs considerably, a protectionist policy would, on the other hand, either maintain them at their present level or cause them to increase over the medium and long-term. But if the Community bodies have not carried through a high energy cost policy in the face of competition from outside energy sources, it should equally not do so today. The most competitive source, technically and economically, is today of Community origin; and in Europe there is already an outline transport network, the completion of which would not be either too difficult or too costly and would link up all countries.

Each of these problems, the report stresses, should be dealt with in its proper setting, bearing in mind that the solutions opted for will have a direct effect on energy costs and on the competitiveness of European industry. The EEC, furthermore, has laid down that the prime object of the European policy is to guarantee energy supplies at the lowest cost consistent with supply security. The finding of European natural gas reserves provides an extremely favourable opportunity to attain an objective that might so far have appeared merely as a declaration of intention. (Agenzia "Europa Unita", 21 September 1965)

3. The Fifth Plan and the Common Agricultural Market

The Standing Committee of the Chambers of Agriculture met in Tulle on 7 and 8 September 1965, under the chairmanship of Mr. René Blondelle, to examine the Fifth Plan in its draft form.

The Committee felt that the draft Plan was more in the nature of a collection of heterogeneous intentions - albeit often praiseworthy - than a plan for economic and social development setting definite aims and suggesting appropriate legal and financial measures for its implementation. This plan which is intended purely as a guide will not enable French agriculture to make good the farm income leeway in compliance with the Guidance Act of 5 August 1960; the rate of growth per farm and per capita of agricultural incomes has in fact been reduced by the Government from 5.5 per cent to 4.8 per cent, notwithstanding the Act passed in November 1964, endorsing the options of the Fifth Plan.

It further noted that the whole of the agricultural policy outlined in the Plan was conceived entirely in terms of the common agricultural policy being carried through. At a time when the income per active person in agriculture was equal to 60 per cent of the national income per active person and when the latest report of the Agricultural Accounts Committee showed that there was in 1964 a fall of 6.2 per cent in farm incomes (in Francs paid in cash) the Standing Committee considered it essential that the Brussels negotiations be resumed on the basis of the EEC Commission proposals.

It proposed that the Parliament, adhering to the principles of the Guidance Act, should secure from the Government definite legal stipulations to which it would be committed in respect of the annual rate of growth of agricultural incomes per farm of 4.8 per cent (the already lowered minimum rate) by calling for a vote in the forthcoming debate on the Plan.

To sum up, it was essential that the Fifth Plan should be directed towards those branches of agricultural production that were at present insufficiently remunerative. This would be beneficial to farmers and satisfy the demands of meat consumers. The Fifth Plan should also (a) keep agricultural labour at the optimal level according to the region concerned; (b) ensure a real expansion - within the framework of the regional planning policy - of those regions that are at present experiencing difficulties; (c) secure the necessary raising of agricultural incomes upon which the viability of farming and the vigour of the economy as a whole depend. (Communiqué of A.P.P.C.A., 8 September 1965)

4. France's trade policy vis-à-vis the EEC and third countries

In a written question to the Foreign Minister, Mr. Waldeck Rochet, (Communist), stressed that French imports from the Common Market countries, especially Western Germany, were increasing much more rapidly than French exports in the opposite direction; this was a serious threat to French industry. He went on to say that despite "proclamations" to farmers on the alleged benefits to be derived from the Common Market, France, in fact, had been exporting and was still exporting the largest quantities of agricultural products to countries outside the Common Market. The Socialist countries were now France's biggest customers, while her exports to the Common Market had fallen in comparison with 1960 in percentage terms. The interests of France, therefore, did not lie in restricting her foreign trade to the narrow confines of the Common Market. Mr. Waldeck Rochet asked what measures the Government intended to take to develop France's trade with all countries and he called upon the Government to promote the development of trade with all the Common Market countries and other States, and particularly with the European countries on a non-discriminating two-way basis of equality.

In reply, the Minister for Foreign Affairs felt that if one were to be objective about the results of implementing the Treaty of Rome, one had also to bear in mind the progress of the French balance of payments vis-à-vis these countries, the expansion of French production, both agricultural and industrial, and the effects of the gradual opening of our frontiers on the re-organization of the structure of the French industry and on the price levels of consumer goods, whether durable or not, such as cars, domestic appliances, textiles, etc. It would be hard to dispute that in each of these spheres, the French economy has benefited by the Common Market, that is by the opening of its frontiers to outside competition. French trade with the EEC alone has increased remarkably since 1958, and much more rapidly than trade with the rest of the world. France's trade with the Common Market countries now represented nearly half her trade with countries outside the Franc area, which had also greatly increased since 1958. As regards agricultural products, sales to France's partners, particularly Germany, had increased. It would, however, not be until the common agricultural market was achieved, that is when there would be a single price for all the major products (thus abolishing obstacles to trade), that any really appreciable expansion could be expected in French trade which, despite its recent growth, was still well below potential. As regards industrial products, the experience of the last six years had shown that contrary to what was readily supposed when the Treaty of Rome was being negotiated, French industry was by and large able to withstand competition from the industries in the other Member States.

This did not mean that France could afford to relax; the spectacular growth in German sales and even more of Italian sales in France in recent years was proof, if any were needed, of the necessity for French industry to keep on steadily increasing its productivity and for French firms to prospect for new markets abroad. The Government was aware of this and had set in motion a policy to promote exports and that policy was not directed only at the markets of France's main European partners but at those of every country in the world. (Official Gazette, National Assembly, Proceedings, 11 September 1965)

5. French farming organizations and the common agricultural policy

On 27 July 1965 the four largest French farming organizations, viz.: A.P.P.C.A. (Assemblée permanente des présidents des chambres d'agriculture), C.N.J.A. (Centre national des jeunes agriculteurs), C.N.M.C.C.A. (Confédération nationale de la mutualité, de la coopération et du crédit agricole), F.N.S.E.A. (Fédération nationale des syndicats d'exploitants agricoles), sent a letter to the Prime Minister in which they stated that they had noted with considerable interest the fact that the European Commission had addressed to the six Governments a Memorandum on Community financing of the common agricultural policy. The four organizations felt that if the current crisis were to go on and no further progress were to be made on a common agricultural policy, this would call in question the bills passed by the French Parliament with regard to the Fifth Plan. The agricultural organizations hoped that the EEC Council of Ministers would soon reach agreement on the financial regulation required to achieve the agricultural common market and pursue the Community policy. They requested the Prime Minister to let them know whether the French Government considered that the conditions for resuming negotiations in Brussels had now been met.

In a joint communiqué issued on 4 August 1965, the leaders of the French agricultural organizations stated that the measures suggested in the Commission's Memorandum on the financing of the common agricultural policy aimed at a speedy introduction of the common agricultural policy as a whole. It afforded the possibility of shortening the transitional period and took into account the objections raised by the French Government to Commission proposals that did not refer to the specific problem of financing the common agricultural policy. Finally, it provided the Partner countries with assurances on a number of points in which they were concerned.

The French agricultural organizations regarded the Memorandum as a useful working basis. They were therefore anxious to receive a reply from the French Government to their enquiry of 27 July in connexion with the resumption of negotiations in Brussels.

On 17 August, the Prime Minister replied as follows: "You are aware, I believe, that international negotiations fall exclusively within the competence of the Government, which is responsible to the Country for defending national interests.

Moreover, these interests and in particular those of French agriculture have unceasingly been defended for the past four years in Brussels by the Government under conditions which deserve, I hope, the support and confidence of the French people."

In view of this attitude, the farming organizations considered that it was both their function and their duty, in accordance with the preamble to the Constitution, to publish the opinion of their members on all matters concerning farmers. They intended to pursue their task, particularly as the Brussels negotiations come within this framework.

They regarded the fresh proposals submitted by the European Commission in its Memorandum of 22 July as an acceptable basis for the resumption of negotiations, for failing such resumption, the Treaty of Rome itself and its implementation would be called in question. Every week's delay in the resumption of negotiations would be seriously prejudicial to the interests of farmers, as well as to the economic interests of the country, and jeopardize the whole of the European construction.

The officially established deterioration in agricultural income, the relinquishing of the agricultural decisions of the Fifth Plan passed by the French Parliament, the delay in agricultural investments and regional adjustments, are not such as to incite farmers to give their support and confidence to the agricultural policy of the Government. (Communiqués of the French farming organizations, 4 August 1965, 1 September 1965)

P a r t II

THE PARLIAMENTS

I. EUROPEAN PARLIAMENT

a. Session of 24 September in Strasbourg

1. Election of the President of the European Parliament

Mr. Jean Duvieusart (Senator, Christian Democrat, Belgium) has retired from political life and resigned the office of President of the European Parliament; his mandate was to run to March 1966. Consequently, at its session of 24 September 1965, the European Parliament elected a new President.

Mr. Victor Leemans (Senator, Christian Democrat, Belgium), the only candidate for this office, was elected by 58 votes. There were 97 voters. The personality of the candidate and his activities before and during the last war have in recent weeks been subjected to attacks by the Belgian press and this prompted Mr. Kapteyn to state that his Group would not support Mr. Leemans. In response to this, Mr. de Gryse (M.P. Belgium) replied that the attacks leveled against Mr. Leemans were groundless; he called in evidence what the Belgian Prime Minister had said on this subject.

When he rose to speak, the new President paid tribute to the work of Mr. Duvieusart. He then referred to the Community crisis and stated that it was essential to keep faith with the Treaty of Rome, to resume negotiations and set the work of the Community in motion again. Europe had to unite if it were not to disintegrate and disappear. It was the duty of the Parliament to ensure the continuity of the "Community of right" created by the European Treaties. Indeed, he asked how anyone could imagine, in view of the present economic, financial and political situation and of the results achieved both inside and outside the Community, that the solution to our problems lay in a free trade treaty, in the breaking of Community ties or in dismantling the machinery that enables us to play the part of a full partner at world level.

The Presidents of the European Executives then spoke briefly in turn. Mr. Hallstein, President of the EEC Commission, said that Europe had reached a crucial turning point for its unity. Law was the only basis for the new order which balanced national interests and ensured that the interests of all were respected. Even if the final decisions were left to the Governments it was the Community body which was responsible for taking appropriate measures to guarantee this balance. "It is our duty", Mr. Hallstein concluded, "to preserve a true balance; we shall spare no effort to achieve this."

European Parliament

Mr. Carrelli, Vice-President of the Euratom Commission, then congratulated Mr. Leemans on his election. He was convinced that the new President of the European Parliament would make a valuable contribution to the making of Europe.

Finally, Mr. Del Bo, President of the ECSC High Authority, urged the European Parliament, which represented the will of the peoples, to continue its work to make the Europe of law a reality as soon as possible.

2. Election of a Vice-President of the European Parliament

The European Parliament then elected Mr. Joseph Wohlfart (Socialist Member of the Luxembourg Chamber of Deputies) as Vice-President to succeed Mr. Fohrmann, appointed a Member of the High Authority.

3. Adoption of a resolution on the present political situation in the European Community

Also at its session on 24 September the Parliament adopted a resolution submitted by the Political Committee. In this resolution the Parliament stressed that no Member State had the right to back out of its obligations under the European Treaties. It reminded the six Member States that the Treaties had to be respected in full and implemented within the required time, particularly with regard to the composition, powers and obligations of each of the Community institutions. The European Parliament appealed to the national Parliaments to obtain from their Governments the adoption of such a policy. Finally, it gave its approval to the action of the EEC Commission.

This resolution was passed unanimously by the European Parliament. The European Democratic Union Group abstained as it felt that, under the circumstances, this was purely a matter for the Governments.

b. Twelfth Joint Meeting between members of the Consultative Assembly of the Council of Europe and members of the European Parliament

The Twelfth Joint Meeting between members of the Consultative Assembly of the Council of Europe and members of the European Parliament was held in Strasbourg on 24 and 25 September 1965. East-West trade was this year's theme for the discussions and three reports were submitted on this subject. Mr. Achenbach (Federal Republic of Germany), who submitted the Annual Report on the activities of the European Parliament from 1 May 1964 to 30 April 1965 devoted the first part of his working paper to this topic. After describing the present state of trade relations between the two economic groupings, the rapporteur drew the following conclusions:

"The larger the market in which one can trade freely and apply the principle of the division of labour in modern industrial economies the less vital a question foreign trade is for the nations dealing in that market and the less likely it is to be a cause of tension or even of aggressivity.

Since trade between large markets - USA, Europe, the Soviet Union - is not a matter of life and death for these markets, it follows that none of these centres of economic power can force political decisions or attitudes upon another by economic means, for example, by manipulating their foreign trade.

Any such attempt would be meaningless and bound to fail. It would lead to strife for no reason at all.

Commerce between large markets, that is to say between the USA, EEC and the Eastern bloc, should be based on the original motive for all trade: the buyer's and seller's own interest and advantage. Trade carried on without ulterior motives would improve the general atmosphere and would not hamper attempts to reach a political understanding in the interests of world peace.

The theory that political compromises can be bought by means of intensified trade and other financial concessions is to be rejected, as it is the belief that an increase in trade

with the East would, for example, facilitate the solution of Europe's cardinal problem - and prime cause of tension between East and West - a problem which is naturally of major concern to me: that of the reunification of Germany in peace and freedom."

Mr. Nessler (France) submitted the Report on the political aspects of East-West trade. The Rapporteur pointed out that the international context had been a determining factor in the development of East-West trade. This resulted from peaceful co-existence which did, however, reveal certain flaws and a nationalistic trend in the Communist bloc. The East European countries were in fact trying to keep the Soviet Union and COMECON at arm's length. This trend presented certain aspects that were favourable to the preservation of peace and the Rapporteur considered that the means whereby this trend could be consolidated lay in an extension of bilateral relations between the West and each State of the former Eastern bloc. In his opinion, a multilateral approach could only impair this political prospect.

As a result of this new situation certain antiquated ideas would have to be reconsidered, both in the East and the West, and primarily in the Federal Republic of Germany which had increased its trade with the East European countries in recent years with the aim of helping these countries to become peaceful through growing prosperity.

For her part, Austria favoured trade with the East, and was trying to find the financial means to increase it, although she was restricted in her action by her neutral status; she was inclined towards a wider and less binding concept of Europe.

This attitude was to some extent echoed in France which refused to subordinate international relations to considerations attaching to political, economic or social systems. The most that was envisaged was to substitute a European balance for the European barriers. The Rapporteur thus stressed the diversity of motives and attitudes adopted by each of the Western partners in trade with the East European countries. The United Kingdom sought bilateral agreements, Italy saw in trade with the East a means of lessening international tension and the USA wished to shelve former restrictions to trade as she realized that under the term Eastern bloc rested a variety of attitudes. There was thus without any doubt a unanimous feeling in favour of East-West trade.

On the other hand it had been noted, in the Soviet Union, that trade between COMECON and the EEC was viewed with increasing favour. The East European countries had taken advantage of this to assert their sovereignty through bilateral trade. The "so-called Democratic Republic of Germany" was trying to profit by this situation to acquire a veneer of legal status. The other East European countries had also developed their trade with the West despite a certain amount of apprehension they still felt with regard to the Federal Republic of Germany. These trade relations furthermore, did not mean in any way that their respective Governments intended to modify their internal regimes.

Mr. Nessler did not reject the opportunities afforded by the multilateral trade solution, but he did not wish to engage in an academic discussion on its merits since this would certainly not result in any profound change in Communist ideology.

The Rapporteur concluded:

"Bilateralism as actually practised by most of the countries concerned in the East, as in the West, offers the possibility of improvising usefully, according to circumstances, since it escapes institutional inflexibility. It would, however, be desirable for this bilateralism, with all the varieties of it left to the imagination of the Governments, not to lose sight of its implicit collective aim by succumbing to the exclusive use of national out-bidding.

Hence an agreement or even a multilateral collaboration should, at least allow for an exchange of information on the broad outlines of trade policy vis-à-vis the East, after which, one day, perhaps, the possibility of contributing multilaterally to the economic development of other European countries will be open to the West."

The Report by Mr. Hagnell (Sweden) deals with the economic aspects of East-West trade in Europe. In recent years, the report notes, there has been a change of attitude on both sides with regard to East-West trade. The volume of East-West trade has in fact increased considerably over the last few years. Both groups of countries want this trade to expand and the report suggests practical ways in which the difficulties arising could be overcome.

The report argues that when the Governments of the Member States negotiate agreements with East European countries, they should try to ensure that Western firms are able to make direct

contact with their customers in East European countries and that they obtain the opportunity of carrying out market surveys.

Commercial enterprises in East European countries should likewise be given the opportunity to learn more about Western requirements as regards packaging and presentation and about sales promotion as practised in the West. The report points out that it is in the interest of all parties to consolidate their trade relations and stabilize them over longer periods, to promote investment and facilitate industrial planning on both sides.

The report advocates that trade policies be harmonized within the framework of the OECD, the EEC and EFTA. The long-term credit system could be improved. The report expressed the hope that an attempt would be made on the United Nations Economic Commission for Europe to solve the practical issues arising out of trade between market economy systems and State-trading systems.

Lastly, the report considered that payment agreements should be given a multilateral form through the offices of the Trade Expansion Committee of the U.N. Economic Commission for Europe.

In submitting his report, Mr. Achenbach stated that the main object should be trade and nothing but trade and that one should eliminate the political overtones that poison the atmosphere. Only thus would trade help towards a better understanding between East and West Europe. He personally hoped very much that the German problem would be solved through peace negotiations, for which he felt the time was ripe.

The two other Rapporteurs then made their introductory report and Mr. Hallstein, President of the EEC Commission, said how glad he was to note the sympathy and understanding evinced in extra-Community circles at the EEC's present plight.

The President of the High Authority, Mr. Dino Del Bo, then stated that although the ECSC Treaty endowed the High Authority with no powers with respect to trade policy, it had, nonetheless, achieved practical results in this sphere. The ECSC was empowered to take part in the GATT negotiations on import duties, taking as its basis the common external rates for iron and steel products. It had also been possible to arrange protection for steel in the Common Market.

The High Authority had appealed to the Community-mindedness of the Member-State Governments and won acceptance for the broad outlines of a common trade policy. Yet further progress would be impossible unless the flagging Community spirit were quickened.

Without betraying the liberal ideas at the root of the High Authority's trade policy and to provide the steel market with the protection it needs, the Member States acted on a High Authority proposal in taking interim measures with respect to imports from the State-trading countries. As a result imports were stabilized and the steel market picked up. After the merger of the Executives it would be the business of the single Executive to work out the trade policy to be pursued in respect of coal and steel.

The speaker added that, in his opinion, increased imports and exports of steel as part of a general expansion of trade between East and West, should not be ruled out.

Mr. Colonna di Paliano then outlined the EEC Commission viewpoint on what trade policy should be pursued with respect to the East European countries. Both East and West were in favour of increased trade. Although the EEC had, since its foundation, increased its trade with the East European countries by 95 per cent this still accounted for no more than 5 per cent of the Community's total trade. The speaker felt that a major expansion in this trade would be in the natural order of things.

The problem this raises is whether the State-trading countries can pay for their imports out of their income from exports. The latter are primarily agricultural. Yet the common agricultural policy of the Six could hamper the importation of these products. Mr. Colonna di Paliano did not feel this was a serious danger since the fall-off in agricultural imports from State-trading countries was due less to the EEC than to the bad harvests in the Soviet Union. The situation, moreover, varied very much from country to country and it was too early to draw any final conclusion.

Generally speaking, Mr. Colonna di Paliano felt that the common agricultural policy should cause the East European countries no apprehension; all they needed to do was to organize their production rationally and practise a reasonably flexible trade policy. These countries would, moreover, be in a better position if they took part in the world level negotiations on international commodity agreements.

With regard to industrial products, the EEC held out quite appreciable prospects for the East European countries. The favourable trend now under way would continue if the State-trading countries showed they could supply quality products at competitive prices, if they were adaptable in their sales organization and if they agreed to co-operate technically whenever this was relevant or feasible.

From the Community standpoint, the importation of industrial products from East European countries raised competition problems which would only be solved by approximating Member-State trade policies. The EEC Commission had already submitted proposals on this subject. The speaker made it clear, however, that the prerequisite for a satisfactory solution was a willingness on the part of all Western States to harmonize their interests and viewpoints.

Lastly, Mr. Colonna di Paliano, referring to the Kennedy Round negotiations, analyzed the problems touching on export credits and the reduction of customs duties. The State-trading countries seemed to have realized that if they asked Western countries to cut customs duties they must offer concessions in exchange. The speaker felt that the State-trading countries should undertake to buy Western products in exchange for reductions in import duties in the market economy countries.

After speeches by Mr. Van Offelen (Belgium) and Lord Grantchester (United Kingdom) on the present plight of the EEC, Mr. Kriedemann stated that the Socialist Group was glad that trade was no longer regarded as a tool for power politics. He felt that trade policy could make for a better understanding between East and West.

Sir Geoffrey de Freitas (United Kingdom), speaking as a member of the British Labour Party, stressed that his Government favoured multilateral trading with East European countries. It was, however, these countries themselves which had, up to now, preferred bilateral trading relations, he said. There was, he felt, a field "in which we in the West can pay more attention, and that is subcontracting by Western manufacturers to Eastern countries". This subcontracting could help to relieve the shortage of manpower in industry in the West. It would also give Eastern countries access to Western industrial experience.

Mr. Hahn (Federal Republic of Germany) did not for his part consider as Mr. Hagnell had hinted, that economic planning was a factor for rapprochement between the countries of East and

West. He saw a radical conflict between the basic conceptions. That of the West was based on market economy, that of the East excluded this freedom from the outset. It still had to be proved that through this trade policy the East European countries were not trying to practise power politics.

Mr. Hahn agreed with Mr. Achenbach that the conclusion of a peace treaty between East and West was desirable in principle, but that it would be opportune to keep to the following two conditions:

- a) the Atlantic Alliance must be maintained,
- b) negotiations with a view to a peace treaty should have as their basis the Potsdam Agreement and the Four-Power Statute.

Finally, the speaker stressed that the trade relations of the Federal Republic of Germany with the "so-called Democratic Republic", were simply relations between two zones of the same country. A change of approach in the commercial relations between East and West would in no case alter this state of affairs in law.

Mr. Czernetz (Austria) felt that trade with East European countries was still on too small a scale to carry a risk of political influence. Conversely, he did not think that the Communist world would be weakened by this trade. He took issue, however, with the attitude adopted by certain countries in free Europe and stigmatized the survival of nationalism with its dangers of hegemony.

On behalf of several of his Liberal friends, Mr. Federspiel (Denmark) expressed his disappointment at the present plight of the Community of the Six. He trusted that they would go back to the negotiating table after clarifying their respective positions. He was, furthermore, surprised that countries seeking to enter their Community were sometimes kept out under the pretext that they could not respect the spirit and the letter of the Treaties of Rome and Paris and at other times invited to join the Community - at least some of them.

Mr. Duncan Sandys (United Kingdom) said something about the reactions to the crisis in the EEC in Britain. His fellow countryman could not remain insensible to the fate of the Europe of the Six. In fact, "the majority of thinking people in Britain recognize that we need something more than the mere abolition

of tariffs". However, he felt it right to point out that the kind of Community which Britain had been wanting to join was the Community envisaged in the Treaty of Rome and not some quite different organization. He did not think that Britain would be particularly enthusiastic to join an Association in which one government could at all times hold up all action by its veto.

Mr. Struye (Belgium) also referred to the breakdown in negotiations on 30 June and to the recent press conference of General de Gaulle. He could not understand the fear bordering on panic that a qualified majority could seriously jeopardize certain interests. If, however, one wanted to allay the apprehensions of an associate; it was always possible to come to an arrangement by a gentleman's agreement, under which the qualified majority would be reserved for cases which did not jeopardize the fundamental interests of certain countries.

c. Activities of the Committees of the European Parliament in September 1965 (1)

Political Committee (1)

Meeting of 23 and 24 September in Strasbourg: Discussion about the state of the Community and adoption of a draft resolution on this subject.

External Trade Committee (2)

Meeting of 23 September in Strasbourg: Examination and adoption of a draft report by Mr. Blaisse, Chairman, on the EEC Commission proposal for a Council regulation on protection against dumping, rebates and subsidies by non-Member countries. Examination of a draft report by Mr. Moro on trade relations between the EEC and India.

(1) The Committees did not meet in August

Agricultural Committee (3)

Meeting of 23 September in Strasbourg: Statement by Mr. Mansholt, Vice-President of the EEC Commission, on the present position regarding the common agricultural policy; exchange of views with members of the Agricultural Committee.

Meeting of 28-29 September in Brussels: Examination and approval of the draft report by Mr. Vals on a draft regulation concerning quality wines, vinted in specific regions. Examination and approval of a draft opinion by Mr. Blondelle to be referred to the Committee for External Trade on a draft Council regulation, concerning protection against dumping, export rebates or subsidies on the part of non-member countries.

Social Committee (4)

Meetings of 8-10 September in Palermo: Exchange of views on the present state of the Sicilian sulphur industry, with particular reference to its social aspects and the measures that could be taken by the regional, national and Community authorities. Visit to the sulphur mines and to an occupational re-training centre.

Meeting of 23 September in Strasbourg: Adoption of the draft report by Mr. Vredeling on the social measures proposed by the EEC Commission on behalf of redundant workers formerly employed in the Italian sulphur mines. Adoption of the draft Opinion of Mr. Krier on the social parts of the Eighth EEC Commission General Report. Appointment of rapporteurs for:

- a) the Eighth Report on social developments in the Community in 1964: Mr. Rohde;
- b) the draft directive on a system of Community grants to offset competitive distortions on the world ship-building market: Mr. Bersani;
- c) the draft recommendation on developing vocational guidance: Mr. Sabatini;

- d) the action programme concerning the common occupational training policy in general with particular reference to agriculture: Mr. Sabatini;
- e) the report on progress made up to 31 December 1964 in applying Article 119 of the EEC Treaty: Mr. Berkhouwer.

Economic and Financial Committee (6)

Meeting of 23 September in Strasbourg: Examination and adoption of the draft Opinion by Mr. Dichgans on the EEC Commission proposals for Community action to deal with competitive distortions on the world ship-building market, and on the draft Council directive, instituting a system of Community assistance to act as a corrective to competitive distortions on the world ship-building market. Interim report by Mr. Rohde on the work of the Social Committee of the European Parliament, relating to a report to be submitted on Community re-development policy.

Committee for Co-operation with Developing Countries (7)

Meeting of 17 September in Paris: Under the chairmanship of Mr. Thorn, a discussion was held with the EEC Commission on the present state of relations between the Community and certain developing countries, and in particular:

- a) Algeria, Morocco, Tunisia;
- b) Nigeria;
- c) Kenya, Uganda, Tanzania.

Transport Committee (8)

Meeting of 24 September in Strasbourg: Mr. de Gryse was appointed Rapporteur on the decision taken by the Council of Ministers on 22 June 1965 on a common organization of the transport market. The Committee then discussed its future work. The Committee is to be consulted on a draft EEC regulation on approximating laws on motor vehicle trafficators.

Committee for Research and Cultural Affairs (10)

Meeting of 22 September at Ispra: Exchange of views on the competitive factor in connexion with European nuclear research and on future prospects at the international level. Exchange of views on the state of progress of the "Orgel" project and the possibility of its being concluded within the framework of the recently re-cast second Euratom Five-Year Research and Teaching programme. Examination of the first outline programme for the European Atomic Energy Community.

Joint Committee
of the Parliamentary Conference of the
EEC/AASM Association

Meeting of 29 September to 2 October in Luxembourg:
Examination and adoption of a draft report by Mrs. Strobel on the rules of procedure of the Parliamentary Conference (submitted by Mr. Van der Goes van Naters and Mr. Metzger). Examination and adoption of a draft report by Mr. Pedini on the first annual report to the Parliamentary Conference, on the activity of the Association Council. Statement by Mr. Zagary (Italy), President in Office of the Association Council. Examination and adoption of a draft report by Mr. N'Gom Ousmane on the annual accounts for 1964, submitted by the Secretary-General of the European Parliament and the draft of preliminary estimates for the financial year 1966.

II. BENELUX INTER-PARLIAMENTARY COUNCIL

Alignment of laws in international bodies other than the Benelux

The Ministers of Justice of the Benelux countries have set up a working party which is to make proposals designed to achieve maximum co-ordination in the approach of the Benelux countries to the work done by the EEC on company law. At the very least this co-operation will bring out clearly the different viewpoints and prevent any aggravation of the divergences within the EEC.

Co-operation on standardization of laws in the Benelux countries also covers criminal law (within the framework of the Council of Europe) and civil law (within a wider international context). The Benelux countries will ensure that standard application is given to the agreements they may be called upon to conclude and will, for this purpose, draw up joint texts in which each of them will make identical reservations or statements. (Ninth Joint Report of the Belgian, Dutch and Luxembourg Governments to the Benelux Inter-Parliamentary Consultative Committee on collaboration between the three States and the standardization of laws; 4 September 1965, Doc. No. 65-1)

III. NATIONAL PARLIAMENTS

The Netherlands

1. Europe and the Speech from the Throne by the Queen of the Netherlands

At the opening session of the States-General on 21 September 1965, Queen Juliana declared:

"The European Communities are going through a critical period. The economic integration of the six countries is threatened by serious disagreements within the EEC as to the political nature and ultimate objectives of the Community. The Netherlands is, like the other Member States, convinced that the work of building the European Communities on democratic and supranational bases must be carried on and be integrated within the Atlantic Alliance. In the hope that the difficulties that have arisen may be overcome, the Government will use every possible means to bring this undertaking to a successful conclusion. (Joint Meeting of the two Chambers at the opening of the 1965-1966 Session of the States-General)

2. The Dutch budget and Europe

The explanatory statement appended to the State Budget for 1966, gave an idea of the influence European integration has on the national life; it made reference in certain passages to the crisis in the European Communities.

The crisis in the Communities

In the explanatory statement appended to the budget for Foreign Affairs (chapter V), the Government stated:

"The Government is fully aware that considerable interests are dependent on the successful progress of European integration and it will spare no effort to help solve the present difficulties. It is, however, out of the question for the Government to adopt any standpoint other than that which it has opted for in the past. In its opinion, it remains essential that the Community should develop along supranational and democratic lines and that it should remain outward-looking in the policy

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it pursues. It has taken as its objective the strengthening of the supranational and democratic factors embodied in the Treaties of Rome and Paris; it will oppose any attempt to weaken them."

It appeared unwise, under present circumstances, to venture any speculations as to the future. This would only be reasonable when the intentions of one of the Member States became clearer.

In a review of the events leading up to the present deadlock, the Dutch Government expressed the view that the EEC Commission had, through its proposals, satisfied the requests of the Council. These proposals had to be amplified or strengthened in respect of certain secondary points and, in particular, the question of widening the powers of the European Parliament. The Dutch Government was convinced that it would have been possible to find a solution acceptable to all parties despite the marked differences of opinion between the Member States on the length of the transitional period and on the correlation to be established between the three Commission proposals. The Government therefore considered it both untimely and regrettable that one delegation should have brought the negotiations to a premature end. The fact that France was no longer taking part in most of the work of the three Communities had undoubtedly given rise to a serious situation. The French reaction was legally unjustifiable and utterly disproportionate to the scale of the disagreement.

As to the future, the first concern had to be with the continuity of the Community. As far as possible, the various activities had to be pursued and the necessary decisions had to be taken in order to preserve what had already been achieved. Those who attended the EEC Council sessions of 26 and 27 July were agreed in thinking that even under the present circumstance, the Council could have been convened and that it could have deliberated. It proved impossible at that session more clearly to define the powers devolving on the Council in the absence of one of its members. Secondly, the efforts directed at securing a resumption of the consultations that had been broken off had to be continued. The Foreign Minister felt that this could not be done outside the Community framework.

With regard to the European political co-operation, the Netherlands had no option but to reserve judgement. France's rejection of the Italian proposal for a conference in Venice was in fact a refusal to take part in a frank discussion to examine the possibilities of political co-operation. The recent

crisis in the European Community, which was essentially political, had further reduced, to a considerable degree, the chances of initiating political co-operation between the six countries.

In the explanatory statement appended to the budget for Economic Affairs (chapter XIII) it was stated:

"A joint or co-ordinated policy is a necessity at every level so that progress towards the Common Market must go hand in hand with an increase in the powers with which the European Commission is endowed." The present deadlock in the EEC might seriously impede, if it did not render completely impossible, the definition of joint political aims within the EEC framework. "This being so, the Government will have to see to what extent economic co-operation can be maintained at its present level without jeopardizing the political and economic interests of our country."

As to going on to the third stage of the transitional period on 1 January 1966, after which the Council would, in certain cases, have to reach decisions by a majority vote, the explanatory statement had this to say:

"There are still differences of opinion among the Member States as to how the qualified majority rule shall be interpreted. It is not possible at present to see how this new way of passing decisions will work out in practice. To what extent the Council will want to make use of this procedure where unanimous agreement cannot be secured, in other words where one or more Member States are in the minority, is not known at present."

The explanatory statement appended to the budget for Agriculture and Fisheries (chapter XIV) made no reference to the crisis in the European Communities. In the statement in preface to the budget for Transport and Waterways (chapter XII), the following comment was made on the current crisis:

"The efforts made in pursuance of the mandate from the Council, to give a clearer and more detailed form to the agreement reached on 22 June on the common transport policy, has been considerably hampered by the crisis in the EEC." Would the implementation of the compromise reached "on the basis of the French plan simply be held back or made quite impossible as a result? It was too early to judge at the time when this statement was drawn up".

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The effects of European integration on national life

It was in the budget for Economic Affairs (chapter XIII) and Agriculture and Fisheries that the implications of European integration were most clearly touched on.

Economic Affairs

It was chiefly because European integration had made such progress that structural policy attracted a special place in Dutch social and economic policy. The explanatory statement, which almost throughout referred back to activities and to schemes contingent on the EEC, pointed out that "the national and international aspects of structural trends are today indistinguishable; it is hardly practicable to deal with them separately". In contrast to the EEC Commission, for example, the Dutch Government did not think that it was impossible to solve certain special problems without having a common energy policy. It saw the proof of this in the decisive way in which the ECSC had settled the question of subsidies for the collieries. The Dutch Government therefore called for an early settlement in regard to the free movement of oil products within the Community and for the implementation of a common trading policy in this connexion.

Agriculture

The budget for Agriculture and Fisheries showed the extent to which market and price policy had come within the Community sphere. Today only ornamental plants and a few agricultural products still came under a policy that was essentially national.

The possibility of increasing production prices was, in the last analysis, dependent on the market situation, so that a national structural policy adjusted to domestic and international developments, both in producing and marketing agricultural products, had almost absolute priority. Structural policy in the EEC was lagging behind in respect of the common prices and market policy. As it progressed, however, co-ordination and harmonization of domestic structural and support measures became increasingly important in terms of establishing the right conditions for competition.

Fisheries

"The lack of a common fisheries policy is making itself felt in the EEC countries to an increasing extent, especially following the gradual abolition of internal tariffs and quotas, as are the differences between the policies of the partners.

This explains the increasing trend to resort to the protection and safeguard measures authorized under the EEC Treaty during the transitional period."

The point of view of the Dutch Government on social harmonization was set out in the explanatory statement appended to the budget for Social Affairs (chapter XV).

The idea that the social sector was lagging behind or was increasingly liable to do so in inverse proportion to integration in other spheres, failed to take into account the interdependence of economic and social sectors: at the economic level alone the progress of integration was likely to raise both living standards and levels of employment.

It was further noted in this explanatory statement that the authors of the Treaty regarded social policy, apart from a number of specific obligations under the Treaty, as being primarily the province of the Member States. Although the Community limited its objectives in this way the fact remained that a considerable task had been carried through in the social sphere in the meantime, particularly as regards co-operation between the Member States in pursuance of the Treaty.

The Minister responsible felt that the Treaty was right in regarding social policy as being mainly a domestic matter. Was a more dynamic international social policy necessary (by reference, for example, to the other articles of the Treaty)? The Minister thought the problem was important enough to be examined in every aspect, even if the present political climate were not as conducive as it might be to a fruitful exchange of views.

Equal pay for men and women was now a fact in the public sector, in the administrative branches, in insurance, banking and in the metallurgical industry. Provision was nearly always made, either for a guarantee clause or a wage scale in the cases of mixed jobs, which set the rate for female workers at 95 or 100 per cent of that of men.

In the Netherlands, for example, the wages of female workers had increased by 93.9 per cent since 1958 and those of male workers by 70 per cent. The responsible Minister had called upon the Labour Department to use every possible means in order to ensure that men and women were paid equal wages whenever possible.

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Dutch scientific policy deserved special mention. The explanatory statement appended to the budget for teaching and science (chapter VIII) stated:

"University education must keep pace with the times and must inevitably therefore be set in a European context. A science policy consultative council will be set up to watch over, to guide, direct and if necessary accelerate this process..

Although there is unanimous agreement on the general principles that are to govern the work and teaching methods of the European University in Florence, no agreement has been reached on the machinery regulating government contributions to defray running expenses. The attitude taken by the French Delegation here is in stark contrast to that adopted by the other delegations."

The Dutch Minister responsible still continued to believe that the Netherlands should co-operate in good faith in the creation of the European University. (State Budget for 1966. Explanatory Statements No. 2, Session 1965-1966 (8300)