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european documentation

a survey

EUROPEAN PARLIAMENT

General directorate of parliamentary documentation and information

In addition to the official acts published in the Official Gazette of the European Communities, the activities of the European Communities are reported on in publications appearing at regular intervals.

Thus, the Commission of the European Communities publishes a Monthly Bulletin on the activities of the Communities while the European Parliament issues a periodical Information Bulletin on its own activities.

The Council of Ministers issues a press release after all its sessions. Its activities are also reported on in a special section of the Bulletin of the European Communities.

The Survey of European Documentation is intended to serve as a supplement to the above publications. It deals with salient features of the process of European integration taking place outside Community bodies.

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Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

at the National Level

I. GOVERNMENTS AND PARLIAMENTS

Austria

Realism about integration policy in Austrian Government circles

Official circles in Vienna began to adopt a newline after the summer recess with regard to relations with the European Economic Community. This is bound up with a more realistic appraisal of the chances for an arrangement with the Community. Mr. Otto Mitterer. Minister of Trade since the beginning of the year. came back to this point on 1 November 1968, saying that Austrian foreign policy was not geared to illusions but to reality. This reality included the fact that Vienna's efforts to conclude an agreement with the EEC had run up against obstacles.

This comment referred mainly to those obstacles that had accumulated because of the precarious internal situation of the European Economic Community as a result of French opposition to every move to enlarge the Community. The Italian veto on any link between Brussels and Vienna was also one of the obstacles; the hope did, however, seem to be that further progress over the South Tyrol issue might perhaps soon remove this difficulty.

What was not mentioned but lay behind the new Austrian line on European policy appeared to be a different assessment of Austria's room to manoevre on foreign policy, which appears to have been brought about by the events in Czechoslovakia. These events appear to have changed the ideas current in Vienna about the possible willingness of the Soviet Union to interpret the Central European status quo in a flexible manner. The crisis in the European Community, however, excuses all concerned from discussing the thorny issue of Soviet attitudes to an Austrian arrangement with Brussels. It is understood that the question has not recently been tackled by Moscow either.

The customs discrimination against Austrian exports to the EEC has in the meantime become too pronouced to be disputed. The Austrian Government appears to want to pursue a 'small steps' policy more vigorously, so as to secure easier terms for some Austrian exports to the EEC whose position is particularly threatened. The recent visit to Brussels of Mr. Schleinzer, Minister for Agriculture, comes under this heading.

Further steps are in preparation. The Federal Government has asked the diplomatic representatives of the Six to sound out the views of the Governments concerned about such a policy. It is hoped in this way to prepare the basis for a series of requests concerning which it can be assumed with some certainty that the six Governments and the Community authorities in Brussels would be prepared to talk. The results would then be discussed at a conference of ambassadors in Vienna. Some encouragement appears to have been drawn from signs that are taken to indicate a certain willingness on the part of the French Government to consider Austria's wishes. These are understood to have originated from a discussion between Mr. Waldheim, Austrian Foreign Minister, and his colleague Mr. Debré at the United Nations in New York.

It is stressed in responsible circles that the policy of 'small steps' does not mean that Austria wishes to abandon the idea of a comprehensive arrangment with the European Community. This remains the main, the ultimate objective. This would continue to determine Vienna's attitude on all issues affecting the European Free Trade Area.

Austria wishes to take part in any moves to promote trade within EFTA but will oppose any EFTA proposals or decisions that might restrict it in pursuing its policy on the EEC. The door to the EEC should be kept open and nothing done that might suggest that EFTA was in any way anti-EEC and worsen Austria's position vis-à-vis the Six.

Dr. Waldheim, the Foreign Minister, and Mr. Mitterer, Minister for Trade, saw new hopes that Austria will still be able to come to some form of economic arrangement with the EEC in the latest proposals put forward by Mr. Debré, French Foreign Minister, on customs policy and trade agreements between EEC States and countries outside the Community. Austria's Foreign Ministry would carefully consider what new scope for talks this could open up and what improvements might result.

On 15 November 1968 Dr. Waldheim warned Austrian industrialists against entertaining too high hopes. 'Although a silvery streak is appearing on the horizon of European economic integration, I would caution you against overconfidence. It does seem to me significant, however, that the question of trade policy arrangements is again being broached in Brussels, because any easing

of the hitherto so rigid positions is bound to be in our interests.' Dr. Waldheim added that, both within and outside the EEC, differences of view as to the suitability of trade policy arrangements still existed, so that the consultations agreed on would certainly not prove easy. Although it was still not possible to determine the full range of the advantages that would follow from the latest French proposals, Austria would spare no effort to translate these into realities as soon as possible.

Quite apart from the question of accession to the EEC and of cooperation in politics and other fields, Austria considered that economic cooperation in Europe had to be pushed ahead. The nine-point French proposal,
the plans put forward by Mr. Brandt, German Foreign Minister, and the Benelux Memorandum submitted by Mr. Harmel, Belgian Foreign Minister, were
signs of a new development in the EEC; these had led, the previous week, to a
meeting in Vienna of the Austrian ambassadors to the EEC capitals at which,
after searching discussions, it was concluded that if the trade policy arrangement now to be discussed were finalized, it would be suitable for relieving the
burden on Austrian exports.

The question of European economic integration was also on the agenda of the Joint Franco-Austrian Committee's second meeting in Vienna. As Mr. Mitterer had told the Finance and Budget Committee of the Parliament, the integration issue called neither for optimism nor for pessimism but for realism. Austria would not allow itself to be driven into an 'all-or-nothing' situation.

Economic officials in Eastern Germany had warned Austria against expanding its trade with the EEC. They had also called for the strengthening of the Council for Mutual Economic Assistance (COMECON). As the East Berlin journal 'Sozialistische Aussenwirtschaft' reported on 3 November, the 'German Democratic Republic' would regard close economic links between Austria and the Common Market as a violation of its neutrality under Article 4 of the State Treaty.

On the other hand, it considered close ties between Austria and the Socialist countries as 'necessary'; it was in its essential interest to reduce the EEC's share of foreign trade, both in relative and in absolute terms, with countries outside the EEC. The journal argued that an association with Brussels could bring serious upheavals to Austrian industry and agriculture. It was true that the Common Market was not a specifically military bloc. It was, however, 'exclusively composed of NATO countries and forms the economic basis of this aggressive bloc.'

The main argument to support the alleged violiation of Austrianneutrality was the fact that the Federal Republic of Germany was the EEC's most

powerful member. This contravened the ban on political and economic links to which Austria committed itself in 1955.

'Association would in practice amount to linking up with the Bonn State', the journal went on to say. The difference in Austria's approach to the Federal Republic and to East Germany was sufficient evidence of this.

(Neue Zürcher Zeitung, 2 November 1968; Die Welt, 6 November 1968; Industriekurier, 16 November 1968)

Belgium

1. <u>Statement by Mr. Pierre Harmel on the question of reinforcing and enlarging the European Community</u>

On 3 October 1968, Mr. Pierre Harmel, Belgian Minister for Foreign Affairs, addressed the organization of European journalists at Val Duchesse (Brussels). Mr. Harmel made a number of practical proposals calculated to go beyond the stage of mere declarations of intent regarding the reinforcement and enlargement of the European Economic Community: 'There is. as Mr. Brandt pointed out, an obvious connexion between the problem of enlarging the Communities and that of their development. It must be accepted that the idea of the internal development of the Communities, which we all want, should not serve as an alibi or as a substitute for a common political vision of Europe's future, as expressed within the Communities or elsewhere. Even if Europe had to be opened through another channel than the Communities, we are convinced that, at the end of the road, the Communities would find again their natural place in the centre of Europe of tomorrow.

What other avenues are there ?

In the first place, there is the problem of political co-operation and, in particular, that of co-ordinating the foreign policies of the countries of Europe. The course to follow is clearly indicated in Article 8 of the Brussels Treaty; it appears to be particularly advisable, under present circumstances in Europe, and in accordance with the wishes of public opinion in our countries. In agreement with our Benelux partners, we definitely intend to discuss this problem at the next session of WEU Council and to make proposals to that effect.

We want to go beyond the stage of occasional consultation in order to reach at least that of compulsory consultation on matters jointly agreed and to progress towards the harmonization of our external policies. These proposals take into account the efforts made in the past and, in particular, the need to base government work on some form of institutional structure if it is to be successful. At the same time, we must raise the question of defence. This falls within the natural competence of WEU and it is a matter of special importance since France decided to stand aloof from the Atlantic military organization in peace time. Systematic discussions on defence problems could lead to coordinated defence action on the part of the States of Europe and make it possible to create, within NATO, what could become the European pillar of the Alliance.

We believe that no-one who wishes to see a strong Europe could object to closer military co-operation between the States of Europe and to more

balanced relations within the Alliance. In this context, and as a minimum aim. we hope to achieve European co-ordination on arms manufactures and purchases.

We also want to achieve something positive, as soon as possible, in the field of technology; in this connexion, I should like to draw your attention to the remarkable report put forward a couple of days ago at the ELDO conference in Paris by my colleague, Mr. Théo Lefèvre. By way of conclusion to an investigation carried out under a good offices mission, he described as follows the conditions that should be met by European technological co-operation if this is to be effective:

- 1. It must embrace all the main fields of advanced technology; specialized bodies. divided into sectors, would be inadequate;
- 2. Solidarity should go beyond the stage of research and include production and marketing which presupposes the setting up of industrial groupings. including concerns of several countries;
- 3. Solidarity must also be practised in terms of time in order to give each country. in a number of programmes. a fair proportion of jobs as well as a fair amount of business connected with the new techniques: this could not be done on a single programme without affecting its efficiency.

Those are the views of the Belgian Government. Next we have to tackle the problem of our currencies, where Europe's division is particularly nefarious. The solidarity of our currencies is a state of fact, Jointly, our countries are in a position to play a decisive part in the world's monetary policy. What is lacking is an institution that would make it possible to organize this solidarity on equitable bases and enable us fully to exercise our responsibilities and powers on a world plane.

Politics, defence, technology, currencies, these are four avenues of European co-operation which we want to explore in the coming months. The first two are definitely outside the scope of the Communities, whereas technology and monetary questions touch on them in certain respects. Without raising legal problems and with the sole aim of achieving a greater measure of efficiency, it is essential to organize with the Communities the particular forms of cooperation required for these sectors. In doing so, we remain strictly within the terms of Article 8 of the Treaty referred to earlier on.

These new ideas we wish to explore as seven partners with all the Western European States that wish to unite and are pledged to do so. The objective is to advance as seven partners towards new prospects. Even if. after

having attempted this, it should become impossible to achieve a positive result as seven partners, there would be no reason for "giving up the job". I mentioned earlier on the fact that the Common Market project. originally started by seven partners, ended up with six partners in an open Treaty. Non-member countries of Western European Union could also be interested in such projects.

There may be a number of reasons, all perfectly valid. for a country, at a given moment, not to be prepared to embark on a particular course when others are ready to do so. This should not act as a permanent disqualification as otherwise we would have to give up, once and for all, the idea of achieving European integration. No train would ever run if it had to wait for all the passengers to be quite ready. The golden rule to follow is to ensure that there is no defection but, at the same time, not to be discouraged if an enterprise has to be started with less partners than one would have hoped to have.

I believe that these views are shared by many European political figures. I also feel that we have reached the point where a choice must be made. Either we create now the bodies and methods required for an effective operation or, in view of present difficulties, we fall back on national programmes and policies.'

Various conflicting views were expressed in the press in connexion with the Harmel plan.

a. Mr. Spaak in favour of strenthening and enlarging Europe

The Fourteenth Congress of the Atlantic Treaty Association was held in Lisbon from 14 to 18 October 1968. Mr. Spaak came out strongly against the 'historical error' made by General de Gaulle in regarding Yalta as the source of the events in Czechoslovakia. After having recalled personal memories of the San Francisco meeting. Mr. Spaak said, 'It is not Yalta, it is not the blocs that have brought about the Prague tragedy. Yalta did not divide the world into two blocs. The blocs were made necessary by Russia's policy.' He reminded the audience that, as early as 1958, General de Gaulle himself had suggested to the Americans and the British the creation of a three-power directorate to settle on behalf of all westerners the problems of the world.'

The former Belgian Prime Minister was surprised at the more or less general acceptance of Communism after fifty years. Everything that had happened over the past half-century derives, according to him, from Communism, both as a doctrine of Soviet imperialism and as a foreign policy weapon.

What must be done then? Must we revert to cold war? In substance Mr. Spaak's answer was No. But we must view peaceful co-existence with open eyes. Since the idea of peaceful co-existence had been accepted, we have had Budapest and Prague. These are, to some extent, the results of peaceful co-existence.

For the Belgian statesman, the danger does not lie in our relations with Communism but in the internal relations within our own Alliance. This raises a crucial question: Will America's nuclear arsenal be placed at our disposal in case of danger? Mr. Spaak regretted that a clear answer could not be given to that question.

In conclusion, Mr. Spaak felt that there was only one valid answer - a united Europe. 'If we combine all our political economic and military forces. we shall be able to talk with Americans on an equal footing.' In this connexion Mr. Spaak vigourously denounced the attitude of the French Government which 'is systematically blocking, and without any valid reason, any progress that may be made towards Europe.' Addressing the French delegation, Mr. Spaak frankly stated: 'You must understand our anger at this arbitrary and authoritarian policy... We must, if necessary continue on the road toward European unity without France, even though this may be against all our wishes... Something new must be done with those who wish to follow us. It is stupid to reject Britain's offer.'

Concluding his address, he urged the other countries of Europe - including Britain - to work together in future in the military, economic and technological fields.

b. Mr. Tindemans' views on the Harmel plan

Addressing on 7 October the Antwerp Chamber of Commerce and Industry, Mr. Tindemans, Belgian Minister for Community Relations. emphasized the importance of Mr. Harmel's proposal for a transformation of NATO and reviving the idea of European integration within the framework of WEU. Mr. Tindemans stated that if Mr. Harmel's proposal did not meet with a favourable response, then the Benelux countries would have to direct their efforts towards special agreements with Britain. In doing so, the three smaller member countries of the Community would demonstrate that their insistence on requesting that negotiations should be started with London, could not be regarded as mere verbiage.

(Press Department of the Luxembourg Ministry of Foreign Affairs and External Trade; Républicain Lorrain, 17 October 1968; Luxemburger Wort. 26 October 1968; De Standaard, 8 October 1968)

2. Statement by Mr. Lefèvre on European Science Policy problems

a. European co-operation on space research

At the close of the European Space Conference held in Bad Godesberg. Mr. Lefèvre. Minister for Planning and Scientific Research, made the following statement to a Belgian newspaper on 14 November: 'At the ELDO Ministerial Conference, the European launcher programme was saved thanks to an agreement to appropriate Bfrs. 31,300m to the "Europa II" rocket project. An agreement was reached with the United Kingdom on the conditions under which Blue Streak would be made available and an agreement was also achieved on the compensation to be granted to Italy.

The Spaey Committee was asked to draw up future launcher programmes in agreement with the ELDO Council.

The European Space Conference, which now comprises a larger number of countries, reached a major compromise between the countries which intend to go on with the development of European launchers. i.e. France. the Federal Republic of Germany, Italy. the Netherlands. Belgium and Australia. and the other countries (the United Kingdom, Switzerland. Sweden. Denmark. Spain. etc.) which take a different view.

This compromise was worked out by the Spaey Committee but was not negotiated until 11 November.

It comprised an agreement on the cost and number of European launchers to be used in the general programme and a further agreement on the long-term aims of the basic programme for a single space organization.

The United Kingdom entered an important reservation on the financing plan. Sweden and Denmark abstained.

The conference reached an agreement on the financial coverage for ESRO for the period 1969-1971. It will meet again in March and April 1969 to see if it is possible to begin the first stage of the application satellite programme (Eurovision satellite).

A new agreement and a new European space programme will be considered in 1969 by an ad hoc committee of senior officials.'

b. A five-year plan for nuclear technology

On 22 November 1968, Mr. Théo Lefèvre informed the press of the decision of the Ministerial Committee on Science Policy approving a Belgian five-year plan covering the years 1968-1972 for the development of nuclear technology:

'The development of nuclear energy opens up new prospects for industry and this will be an important factor for economic expansion calling for highly advanced techniques which may themselves have an interesting effect on technological development in other sectors.

Developing nuclear technology. however. calls for considerable research and development work which, in view of the costs involved, presupposes the intervention of public authorities within an overall programme in which definite aims are established, including the division of work between industrial enterprises and nuclear research centres. such as the Nuclear Energy Centre at Mol.

For these reasons. I submitted a five-year plan to the Ministerial Committee on Science Policy; this covers all national research and development work on nuclear technology.

This plan, which comes as the result of co-operation between public and private sectors, will be a great asset for the future of our nuclear industry. It provides that the State will, between 1968 and 1972, contribute nearly Bfr. 4,000m; similarly, industry will share the cost of the programme under the legislation on economic expansion.

The plan's aim is to concentrate the national effort on a limited number of projects with a view to obtaining maximum technical and economic effectiveness by merging the industries concerned so as to achieve close cooperation. particularly with the Nuclear Energy Research Centre.

The programme is geared to improving and developing reactor strings, in particular fast reactors which are unanimously regarded as the most promising for the future.

The development of this string has involved close co-operation between the Benelux countries and the Federal Republic of Germany under an

inter-governmental agreement. The plan also takes into account some of the essential work in public service and support.'

c. The future of Euratom

After the meeting of the Euratom Council of Ministers on 29 November 1968, Mr. Lefèvre commented as follows: 'The discussions on the Council were rather pointless and specious.... when they started quibbling about full stops and commas I left.....There is no American challenge. There is simply a gulf between them and us. Until we work together we shall at best achieve no more than a compromise between national ambitions,'

The Belgian Minister told his colleagues that Belgium did not want to see the existing centres disappear. It trusted that a budget would be adopted, possibly on a month-by-month basis, pending the introduction of a large-scale programme by 1 June 1969.

The Minister thought that in future it would be better to exclude work which could be done on a national basis from the joint research programme and only include in it projects which necessitated large sums of money and which could be part of an industrial expansion endeavour. The faulty link between research and its industrial application was, moreover, one of the things that the Commission deplored in its summary of ten years of Euratom activities.

Mr. Lefèvre also came out in favour of the principle of a gradual and partial redevelopment of the Joint Research Centre to include technological activities outside the nuclear context. Euratom would thus become a large-scale European technological association where progress could be made on data-processing, aeronautical engineering and space research.

(Le Soir, 15 and 22 November, 1 and 2 December 1968)

3. Parliament discusses European problems

a. Agricultural policy

The General Report on income and expenditure for 1969 included a noteworthy chapter on the common agricultural policy.

It begins by discussing its prospects:

'The unification of agricultural prices and the introduction of machinery to secure the balance of the markets are now established facts. so the months ahead will have to be devoted to establishing the clearest possible guidelines for the common agricultural policy - which includes both prices policy. with all the measures which may affect the various production, and structure policy. Special attention should be paid to social policy in the agricultural sector.

It is worth noting here the definite wish of some member States to envisage social measures on behalf of farms on the borderlines of profitability: they favour a bolder economic policy for agriculture on a more general agricultural front.

The unification of prices in the Community was the result of a particularly keen political arbitration but this thankless task should not be regarded as the culmination of but as the prerequisite to. a real agricultural policy. It is clear that a permanent improvement in the conditions of production must be coupled with a special effort in marketing products.

It is to be expected that the finalization of this policy, which will be of benefit principally to those member States which have a large territory, will be relatively difficult and will need time.

Few countries have so far found entirely satisfactory solutions to the problem of structure. $\,$

This is no doubt due to an ever-increasing mechanization of farming, to the very swift growth of production costs, to the continuing exodus from the land to other branches of the economy and lastly to the diversity of regional production conditions.

The Community has assumed responsibility for the structure policy only to a limited extent, but it is to be expected that this will. in time, become nearly as important as market policy.'

Following this, the financial implications of this policy are reviewed:

'This, however, should be effected with proper discrimination because an undue increase in the quantities produced should be avoided, even though production conditions can be vastly improved in farms which could be brought into line with today's requirements. For this purpose, public finance should be extended selectively. We should not forget that the situation on several leading agricultural markets in the Community is still difficult (wheat, butter, milk powder, etc.). The self-sufficiency rate in foodstuffs is already near to 90 per cent. It would also appear essential to reserve a certain margin for imports from third countries, so as to avoid completely depressing possible Community exports and in order to be able to draw in income from import levies.

It goes without saying that the review of financial problems, especially the cost of the common agricultural policy, is being carefully studied by experts. Despite the fact that it will not be possible to work out comprehensive accounts for this policy until the end of the 1968-1969 farming year, the financial estimates already established are giving great concern to the responsible authorities of all the member States.

The policy as regards the organization of agricultural markets, as devised in 1961, involved introducing financial compensation arrangements as between those member States importing agricultural products, and which therefore earned substantial levies, and the exporting member States which had to bear heavy expenditure in marketing their surpluses.

This compensation found expression in the financial solidarity of the member States and took a practical form in the various Council regulations on financing the general agricultural policy.'

The General Report reviews the repercussions on the national budget of the financial provisions of the common policy:

'As was pointed out in the general review of the 1968 budget, this accounting technique is a complex one and, as a result, has involved serious delays in the Commission departments. These delays are being made good:the effect will be an additional budgetary charge in 1969 for those member States whose share of the total expenditure under the Guarantee Section exceeds the amount of national expenditure eligible for assistance from the Fund over the given period.

This is the case for Belgium.

The following table shows the Guarantee Section of the EAGGF accounts for the first five periods and indications of the budgetary charge (in million francs):

Periods	Belgium's share	Belgian expenditure eligible	Net contribution	Budgetary charge in Belgium
1964-1965	690	98	592	60 % in 1967 40 % in 1969
1965-1966	954	528	426	75 % in 1968 25 % in 1969
1966-1967	1,472	888	584	75 % in 1969 25 % in 1970

Measures are being taken to accelerate the clearance of accounts in the Guarantee Section for current periods; these are going hand in hand with the efforts to make good the delays in clearing previous periods. The first half of 1967-1968 had already been partly cleared (to the extent of 75 per cent through payments on accounts) as on 31 July 1968. The second half of this same period will be cleared in the same way on 15 December 1968, which means that the member States having a debit account will have to pay their debit balances before 15 January 1969. The final liquidation of this period will be effected before 31 October 1969, the relevant payments being made before 30 November 1969.

As a result of rather extraordinary circumstances, the first half-year balance due for the period 1967-1968, effected as on 31 July 1968, was favourable for Belgium because it received a credit balance of around Bfrs. 100m. The balance of the second half-year balance due for this period, which will be drawn up on 15 December 1968, will be a substantial debit.

Consequently, the 1969 budget will have to bear the full financial impact for the 1967-1968 period if all the time limits are adhered to. This charge is estimated at Bfrs. 1,374m.. or the difference between the Belgian share in the total expenses of the EAGGF (Guarantee Section), which is assessed at Bfrs. 6,319m. for this period, and the Belgian expenditure eligible for assistance from the Fund. Bfrs. 4,945m.

The Government felt, however. that the time-limit of 30 October 1969 for clearing the final balance due for the period 1967-1968 will not be adhered to because of the many regulations that have to be issued before this clearance can take place. It has therefore limited the credits to be written down for 1969 to those which will. in fact, be cleared during the budgetary period.

In addition, the 1969 budgetary period will also have to bear the first settlement of payments on account of 75 per cent for the period 1968-1969.

To sum up, the financial burden charged to the 1969 budget under the heading of the financial obligations contracted under the Guarantee Section of the EAGGF is out of proportion because it is partly the result of the inclusion of back-payments for previous periods and partly of the acceleration in clearing accounts for current periods.

If all the charges under the Guidance Section are added together,the resulting amount is Bfrs. 2,156m. which should be reduced to Bfrs. 1.406m in order to take into account the change in the closure date of 31 October 1969.

The present commitments of the Community under the Guidance Section will mean budgetary charges of the order of Bfrs. 860m for Belgium: this will be spread over several budgetary years. For 1969, the Government has written down a credit of 425 million francs so that it may, in 1969, be able to meet its financial obligations under the Guidance Section.

During the discussion held by the Budget Committee of the Chamber. a question was asked about Belgium's contribution to the EAGGF: 'A member of the Commission pointed out that the increase in expenditure cannot be regarded as straightforward assistance for Belgian agriculture. It may be recognized that Belgian agriculture only gets the benefit of approximately one third of the Belgian contributions to the EAGGF.

The apportionment key for Belgium's contribution amounted to 8.1 per cent of the total contributions between 1 July 1967 and 1 January 1970. although Belgium only accounts for 4.8 per cent of European agriculture. This unduly high apportionment key was one of the requirements that had to be met in the interests of the free movement of goods.

Similarly. Antwerp plays a part in the increase in expenditure in its capacity as a transit port for agricultural products.'

Lastly, the chapter on agricultural policy discusses the subsidy to the Belgian Agricultural Fund and the relations between this Fund and the EAGGF: 'The purpose of this subsidy is to balance the Agricultural Fund budget in 1969: its expenditure will exceed its income by Bfrs. 3.693m. The income of the Agricultural Fund is estimated at Bfrs. 4.112m. and is comprized almost entirely from its share in the slaughterhouse tax and the agricultural levies. The expenditure is estimated at Bfrs. 7.805m. 97 per cent

of which concerns expenditure under the common agricultural policy, which is thus eligible for EAGGF (Guarantee Section) assistance.

When the final half-yearly accounts are cleared for the current period, this expenditure will be subtracted from our net share in the total expenditure under the Guarantee Section. Since 1 July 1967, there has been a close correlation between the budgetary credits relating to subsidies for the Agricultural Fund and the financial contribution that Belgium will have to pay the following year under the Guarantee Section. If the first are substantial during any given year, the second will be proportionately less the following year.

In the report on expenditure under the Guarantee Section, it is pointed out that in the period 1967-1968. Belgian expenditure eligible for EAGGF (Guarantee Section) assistance is estimated at Bfr. 4,945m.

For the budgetary year 1969, this expenditure is estimated at Bfr. 7.805m and mainly concerns the three principal sectors: cereals, dairy produce and sugar.'

During the session of 27 November in the Chamber of Representatives. Mr. Dequae (Christian Democrat) discussed the credits for agriculture under the ways and means budget. He felt that the contribution to the EAGGF could not be used as an argument for any cuts in the budget for agriculture proper. He said: 'It would be wrong to argue as if this expenditure were incurred for the benefit of our agriculture. It would, above all, be wrong to make compensations as if it was a question of support for the farmer himself. A Minister has even sought to make a per capita calculation for the agricultural sector.

You will understand at once that it is not only nonsensical but also quite wrong to present the facts in this way. This contribution to the EAGGF includes the transfer of 90 per cent of the levies, which are also included in receipts, although this is not stated directly.

Similarly, we note that we import 11 per cent of the agricultural products that come from third countries; this is mainly due to Antwerp because. in fact. Belgium only accounts for 5 per cent of the agriculture in the EEC.

This simply means that the greater part of these amounts should not be attributed. nor allocated. to agriculture and to the farmers: it is the result of the position which the port of Antwerp enjoys in the European complex and it is one which we should all find gratifying.

Through its direct contributions to the EAGGF. Belgium accepted a share of 8 to 9 per cent. which is the result of a general settlement at this time; its purpose is to enable industry to integrate and this was made dependent on the agricultural issue being settled. This contribution is thus not in proportion to the part played by Belgian agriculture in the Common Market. It is not agriculture which is responsible for this because it was an agreement designed to open up the Community as a whole and to break a deadlock at the negotiations. especially at the level of industry and the Community.'

b. Monetary policy

On 19 November in the debate on the ways and means budget. Mr. Eyskens, Prime Minister, told the Chamber of Representatives: 'It is quite certain that we cannot avoid international contingencies. If there were a serious crisis, we should inevitably suffer the consequences.

Having said which, the balance of payments of the United States has improved so that the fears in this context have been allayed.

In Europe, Belgium, the Netherlands and Germany are in a particular privileged position in view of their monetary and financial situation. It is true that there has been rampant inflation for a number of years now and that the purchasing power of money is falling. Since 1963, the fall has been of around 35 per cent. If we compare the position with that of other countries, we find that Belgium is in the group in question. Of course, the fall in the purchasing power raises a social problem affecting savings, especially small savings, but this rampant inflation is common to the whole of the western world.

Even if we wished to make use of all the possible monetary tools. we could not eliminate this inflation completely because it is to some extent imported.

This is why I say that we must work out international monetary agreements in order to strengthen discipline, which is the only way in which we can deal with rampant inflation.

This will not raise any monetary problem as long as inflation in one country is not greater than in others and this is not the case in Belgium. Similarly, it is true that our economic position is strong. Our exports have increased by 15 per cent, despite the devaluation of the pound sterling. We are entering a recovery phase which will, I am sure, lead to a boom.

Consequently, I should like to state quite categorically that, in view of the general situation in Belgium and its financial position, the Belgian franc is a strong currency. At the same time, there is no monetary problem under the present circumstances.'

Mr. Snov et d'Oppuers. Minister for Finance, made a statement on 26 November, concerning the conference of the Ten which was held the previous week in Bonn. He outlined the agreement reached and emphasized: 'Since the Bretton Woods conference and the creation of the International Monetary Fund, periods of currency convertibility and stability of exchange rates have allowed for an unprecedented expansion of world trade. From the point of view of the European Economic Community, in which the Belgian economy is developing its full potential, it was also necessary to avoid a disorganized situation. The measures taken in the short term were twofold: on the one hand, our exports to Germany, which averaged 6,819 million per month for the first nine months of this year, will receive a stimulus from the fiscal reduction of 4 per cent ad valorem when imported into Germany. I am convinced that these measures will bring a considerable expansion. Similarly, the measures taken in France ought normally to lead to a fall in consumption and consequently a slowing down of France's imports: during the first nine months of 1968, we sold an average of Bfr. 5.827m per month to France.

I am personally convinced that these measures, taken together by our main partners in the Common Market, will not be prejudicial to our exports.

As to the exchange control and export subsidy provisions announced by the French Government, these will have important implications calling for concerted action within the institutions of the European Economic Community. The Government is convinced that this will be most constructive, in compliance with the provisions of the Treaty of Rome. I should, moreover, like to point out that the Treaty of Rome procedure was adhered to particularly closely at the Bonn conference, during which three meetings of the Six were held in the presence of representatives of the Commission.

The Bonn conference once again showed how interdependent the interests of all countries are in international monetary matters. It also demonstrated once again just how far the achievements of the Common Market are contingent on a concerted, Community, monetary policy. It showed the urgent need to progress in integrating Europe and enlarging the Common Market.'

During the same debate, Mr. Persoons (Christian Democrat) referred to the international monetary crisis: 'Another threat is that of a wide-spread deflation. How can we avoid a rise in interest rates at a time when countries are fighting to maintain their economies? What measures will Belgium take? Can European integration hold its own in the event of widespread speculation?

The recent political crises have brought home to us how urgent it is to take political integration measures in Europe. The United States is on the eve of changing its President and, it is to be hoped, of settling the situation in Vietnam. The time seems to be right for monetary integration, especially after the Bonn negotiations, which showed how vain the nationalist argument is.

The creation of a single European currency would not, in my opinion, raise insurmountable difficulties.

If we have not got the strength of mind to contend with speculation. some kind of monetary tool, shared by the Six or the Seven, involving drawing rights, would be a valid defence against speculators.

A gold and currency reserve fund could give support to its action in the six countries. The governing body of a European institution of this type would be the best agency for helping the European Community to apply its directives. The common institution would be in a good position to engage in this dialogue with the dollar area towards which we are inevitably moving so as to change the international monetary system. Belgium is in a good position to bring these States and individuals closer together.

Speaking for the Socialist Group, Mr. Larock approved the statement on monetary problems by the Finance Minister: 'There are three reasons for approving this statement and these should be made clear and, to some extent, conditional. The first is that maintaining an international monetary order is essential to our economic expansion, provided it is properly co-ordinated. It is in France that the crisis broke out. But its consequences are liable to be felt in the finance and trade of countries associated with France in a community of interests, both as regards trade and the stability of currencies.

At a time when this is under trial, it is our duty, and it is in our interest, to help restore a minimum of monetary order. Our participation in this joint assistance goes to a great, friendly country, setting aside any evaluation of the policy or the governmental methods which are practised there.'

The second reason: the Minister mentioned one of the main causes for the crisis: speculation.

'It is not for us to judge what has happened in France. We should note, however, that yesterday the French Prime Minister inveighed against the shameless action of speculators - a form of national defeatism which the desire for profit did not justify.

But the ills were not the monopoly of any single country. Inflation could become rampant anywhere. Hence any national measure designed to contain it should have our agreement. Failing this we shall, sooner or later, bear the responsibility of being its victims.

Where do these thousands of millions which flow from one country to another while remaining in the same hands, come from: to a large extent from the work of men workers, staff, management and technicians.'

The third reason: the future of the European Community and its very existence make it imperative. The Minister of Finance added that a collective expansion called for the integration and enlargement of Europe.

'This is so obvious that there is no need to stress our very real hope that this manifest monetary solidarity help make each of the six countries more aware of what unites it to the others and of all that is out of date and fraught with risks in economic nationalism and in all that stands in the way of achieving a greater Europe.

We trust that the Government will have an eye to the real effects of collective assistance and keep Parliament regularly and accurately informed. We also hope that the export drawbacks granted by the French Government will be the subject of an agreement under the Treaty of Rome and that the temporary exemptions may be contained within limits that make them consistent with the rules of the Treaty.'

(Chamber of Representatives: Doc. No. 4 and 4-I, 1968-1969; Summary record of the sessions of 19-26 and 17 November 1968)

c. Recognition at the European level of the Belgian title of engineering technician

On 19 November the Senate heard a parliamentary question by Mr. Hougardy (Liberal), addressed to the Minister for National Education on the arrangements to be made for engineering technicians.

Mr. Hougardy stated: 'Our engineering technicians would, now that some of the arrangements under the Treaty of Rome are coming into application, like to be able to go on pursuing their occupation, both in Belgium and abroad. For this purpose, their studies must assume a new shape: the diploma which gives eligibility for higher education must be required for admission. The courses must then be increased to a standard length of four years. This measure ought to make it possible (i) to work out a training programme in which teaching is coupled with prolonged contacts with industrial activities: (ii) to give a margin whereby the general emphasis and level of studies could be adjusted to the growing requirements of an ever-changing world: (iii) to place all establishments on a strictly equal footing and to classify our engineering technicians with those of their foreign colleagues who have received similar training and on whose behalf their Governments have taken timely and suitable protection measures.

The situation in a good many schools also needs to be changed in law. At present, our engineering technicians do not measure up to the conditions laid down by the European Communities and by such bodies as UNESCO and the OECD to be classified in the profession. The transitional measures will run out in 1969 because in 1970 directives will be issued establishing the equivalence of diplomas. I would stress the urgency of this matter.'

The Liberal Senator added: 'It is also in my capacity as rapporteur to the European Parliament on the subject of the equivalence of diplomas that I have become aware of the importance of this issue. Our European partners have not failed to take the measures they thought necessary for the protection of their nationals, whereas our own engineering technicians are handicapped at the international level. Perhaps it is indiscreet of me to tell you of my experience as the European Parliament rapporteur on this draft but I do so because I am aware of the danger run by our own engineering technicians.'

Stressing this point, Mr. Hougardy said: 'The Government should end the proliferation of engineering schools, the number of which appears anomalous, and should introduce a new qualification better suited to the level and emphasis of studies and should enact an interim provision to ensure respect for acquired rights.'

In reply to this parliamentary question, Mr. Dubois, Minister for National Education, stated: 'Originally the diplomas for engineers and engineering graduates were granted after three years of study, some categories of engineers receiving four years training. The efforts of those promoting non-university teaching succeeded, in 1933, in creating the qualification of engineering technician awarded after three years of studies; but this standardization did not meet with the approval of all concerned.

Since the last war, the particularly rapid industrial change has prompted the directors of several schools to review their programme and lengthen the courses of study. In 1959, the schools agreement sought to secure a free choice for fathers and sometimes pushed into the background such economic and social requirements as were linked with the operation of the various branches of industry. An additional difficulty arose after the signature of the Treaty of Rome which, in Article 57, lays down provisions relating to the right of establishment and the equivalence of diplomas for engineering technicians.

The time-limit laid down in the Treaty of Rome for introducing the free movement of individuals and their establishment in EEC countries obliges us to take the necessary legal provisions to enable Belgian engineering technicians to occupy their rightful place in the Europe of the Six.

After years of study, our predecessors have not been able to find an acceptable solution.

In November 1965, Mr. Dehousse suggested that a committee should be set up to look into the structural changes needed. This committee was set up by Mr. Toussaint and Mr. Grootjans in July 1966; it comprised industrialists, professional associations, the trade unions and the civil service. It was asked to report on three points: (i) the qualitative and quantitative needs for engineering technicians in industry; (ii) the ranking of the engineering technician in the Common Market: (iii) the conditions under which these engineering technicians could go to university and, particularly, to faculties of applied sciences. A wide-ranging agreement was reached on the conclusions drawn up by this committee.

A bill should therefore be passed to stop the proliferation of these schools; but it should not be limited to this if it is to be more than a palliative. Indeed, there are at present more than sixty establishments which award diplomas for engineering technicians.

According to information from EEC departments, the time-limit in the Community will probably not be before September 1970.

We can, however, already define the general emphasis of the options open to us. Rather than closing schools which, in practice, would be impossible, Mr. Vermeylen, Minister for National Education, and myself prefer to create a third degree of education, which will issue diplomas to industrial or agricultural engineers after four years. The bill will specify the number of sections in these schools.

Our solution may resolve this problem at the European level, although it will not automatically mean that current diplomas will have the same value. As regards students who are still studying, interim arrangements are planned to allow adjustment to the new conditions. As regards first-year students, the current year will be valid under both systems.

We are also concerned with the harmonization of higher education, both university and other. Flexible arrangements to allow a transition from one system to the other are planned. Lastly, a new supplementary study system will be organized and the new dispensation will come into practice in easy stages.'

(Senate, Summary Record, Session of 19 November 1968)

d. The added value tax

On 15 November the Government submitted to the Chamber of Representatives a bill introducing the added value tax code. The Opinion of the Council of State which was given on 11 April 1968 is appended to the bill.

With reference to the division of authority, the Council of State writes: 'In the matter which will be replaced by this draft code, that of taxes in the same category as the stamp, **there** are numerous empowerments, some of which might seem to give the Sovereign special powers with regard to essential matters belonging to the fiscal field.'

The Council of State quotes several examples and adds: 'Although the explanatory statement expresses no view on this point, numerous

empowerments in the draft added value tax code reflect the idea that the Executive must, on the one hand, be able to act rapidly and, on the other, intervene at frequent intervals in view of the changes in structure and organization which take place in industrial, commercial and agricultural enterprises.

Similarly, where the articulation of precise regulations would have called for a more thorough analysis or lengthy discussion of detail, the Government felt it expedient to ask the legislator for the necessary power to deal with these matters.

The empowerments planned in the bill are so numerous that some chapters could be part of an "outline law". None of these powers is coupled with any obligation for the Council of Ministers to deliberate on an order.'

Having submitted all the empowerment provisions to a comprehensive analysis, the Council draws the following conclusions: 'According to Article 25, paragraph 2 of the Constitution, powers must be exercised in the way laid down in the Constitution. They are, in theory, inalienable and may not be transferred. The empowerments extended to the Sovereign can only cover matters which are not within the purview of the legislator and, in the case of the latter, measures on points of detail or straightforward implementation.

Taxes may only be introduced in Belgium in the manner laid down in Articles 110 and 112 of the Constitution. These provisions constitute a guarantee for all citizens. They have not, so far, been regarded as an obstacle to the sound exercise of powers. They have not yet been subject to revision and are not included in the Statement of Revision of which the Chambers now stand apprised.

It is for the legislator to decide, while respecting the Constitution, what shall be the scope of his purview in regard to dues and taxes; in the settlement of these points, the legislator may not refer to the Sovereign. This area must, however, include everything affecting the whole range of taxes, the rates of taxes and exemptions from taxes.

The bill is also intended to establish a permanent code. It cannot be compared to an act conferring special powers on the Executive for a limited period.

These requirements to respect the relevant areas of responsibility and power could prompt the objection that overriding and urgent reasons sometimes demand immediate changes in the taxation system and that only the Executive can intervene with the necessary speed.

The urgency factor which must govern some changes in rates is, however, less significant in regard to taxes than it is in regard to customs and excise duties, where available foreign products may be imported en masse before an increase in duty, or cleared of customs when they are already in bond.

To deal with this contingency, provision might be made for an empowerment to the Sovereign which would authorize interim measures under a reasoned, deliberated order from the Council of Ministers. The bill which finally implements these measures should be submitted at once and be retroactive in effect, so as to cover the execution of provisional measures. To give a full guarantee that the system is constitutional and operational, provision should be made for the royal order to be quashed, that is to say that it would "ex tunc" be to no effect if the bill were not submitted within a specified period (one, two or three months, for example).

By contrast, the intention seems to have been to avoid over-burdening the legal texts with definitions or lists of products, leaving it to the Executive to establish these.

These definitions and nomenclatures, however, are closely bound up with establishing the range of taxes. They determine its scope and its limits. They should be the business of the legislator.

While it might be impractical to include these definitions and no-menclatures in the code itself, they should be appended to the bill and thus voted on by the parliament. This was the method followed for the import duty tariff.'

(Chamber of Representatives, Doc. No. 88 (S.E. 1968) - 1)

e. The World Sugar Agreement

In an oral question to the Minister of Agriculture, Mr. Radoux, Socialist member of the Chamber of Representatives, asked why the European Economic Community had not subscribed to this Agreement, which was so important for the producing countries. He wanted to know if the EEC's policy on sugar export quotas was consistent with its policy with regard to aid to the developing countries.

Mr. Héger, Minister for Agriculture, replied as follows: 'The European Economic Community did, in fact, take part in the negotiations on the International Sugar Agreement. It ran into procedural difficulties in obtaining recognition as a Community. The EEC has a common policy for sugar, so that the six member States were negotiating as an entity, the Commission representative being its spokesman. This was challenged from the legal point of view by some of the participating States.'

The bases for a possible new agreement had been the subject of debates on the International Sugar Council for several years; any agreement had to take into account the deterioration in world prices, the political difficulties between Cuba and the USA and the structure of the world sugar market, which is divided into preferential areas, on the one hand, and a free market, on the other.

During the pre-negotiation phase between May and July last year, it emerged that most of the producing countries regarded quantity as the only reasonable basis for an agreement. The EEC did not, for this would have involved calling into question certain articles in a regulation which was already the result of a compromise between the Six.

The reasons why the Community did not participate were: (i) a reduction in export opportunities; (ii) failure of importers to give any undertaking; (iii) uncertainty regarding the re-exports of the Communist countries; (iv) the difficulties of readjusting Community legislation. Belgium was, however, ready to try to bring about a reconciliation between the Six, in so far as its essential interests could be taken into consideration.

As to the consistency of this attitude with the policy for helping the developing countries, the problems had to be seen in their context. The policy for helping these countries was still a matter for the individual States of the Community.

Except as regards cereals, on the one hand (following the Kennedy Round), and the Association Agreement on the other, the Community had not yet got a common policy for helping the developing countries.

(Chamber of Representatives, Summary Record, 19 December 1968)

f. The implementation of the treaties and international acts concerning transport by road, rail or navigable waterways

On 16 October 1968, the Government submitted a bill to the Chamber of Representatives, authorizing the Sovereign to take any measure needed to give effect to obligations under international treaties and international acts pursuant thereto through the medium of a reasoned order taken by the Council of Ministers concerning transport by road, rail or navigable waterways; these measures might include the abrogation or modification of legal provisions. The measures thus taken by the Executive would be coupled with penalties, without prejudice to any compensation for damages.

In view of Belgium's obligation to meet the commitments under treaties or acts pursuant thereto, the Government asked how decisions taken at the international or Community level, calling for intervention of the national authority, could be applied in the national context.

The following is an extract from the Explanatory Statement: 'Is it necessary to have recourse to the legislator every time that the nature of measures to be taken brings them within the purview of the legislative authority, pursuant to our Constitution and the state of our laws?

Or should it be left to the Executive to make obligatory in Belgium decisions taken pursuant to international treaties which have been approved by the legislator?

This bill proposes that the second alternative be adopted for the following reasons:

(a) International treaties concerning transport may be classified as outline laws. Like them, they lay down principles and indicate a policy whose implementation is a matter for the Executive.

(b) The competence of the State is often bound by decisions emanating from supranational authorities. This "executory" function is rather one for the Executive than the legislative, from whom it would be difficult to request a straightforward ratification of decisions which come outside the scope of the legislative by virtue of its own will.

Even the Benelux Treaty, which provides for no authority higher than the national one, is hard to have enacted by the legislator, bearing in mind the unanimity of the member States which this execution necessitates.

(c) Lastly, the time interval required for a law is hardly compatible with that available to implement decisions taken internationally, which are having to be implemented with increasing promptness.'

The Council of State returned an Opinion on the bill on 28 July 1967. It considered that although the constitution did not prevent special powers being entrusted to the Sovereign to enable him to take the necessary measures to execute obligations under treaties or acts pursuant thereto and although an effort to standardize in this context was indicated, the laws governing such delegations of power had to be drafted with precision, especially when as was the case here, the measures taken by the Sovereign were coupled with penal sanctions. This precision could be achieved by a limitative articulation of the treaties, within which the delegation might take effect. It could also be achieved by limiting the extent of the delegation of powers to the self-executing rules contained in the treaties and acts pursuant thereto, in so far as the execution of these rules had not been exclusively entrusted to any supranational body.

Bearing in mind the requirements of legal co-ordination, it had to be pointed out that the Sovereign already held some of the powers that the bill proposed to entrust him with. To avoid disputes, which might arise from the executory orders with respect to their legal basis, it would be preferable either to exclude from the scope of the bill those delegations of power which followed from earlier laws or explicitly to abrogate them.

The Chamber of Representatives passed the bill without a debate on 18 December 1968.

(Chamber of Representatives, Doc. No. 89 (S.E. 1968) - 1)

France

1. Mr. Boulin discusses French agricultural policy and Europe

Mr. Boulin, French Minister of Agriculture, spoke in Amiens on 7 October to the farming leaders of the Picardy region: 'France only accepted the customs dismantlement in the industrial sector to the extent that its agriculture attracted compensations. Although our country covers half the total agricultural area in the Community, the present surpluses are being produced by our partners who have gone in for productions for which they had no vocation. They will, therefore, have to help finance marketing these surpluses.'

Addressing in Libourne (Gironde) the 'Young Chamber of Commerce' on 13 October, Mr. Robert Boulin explained his views more precisely: 'We will wait for the proposals of Mr. Mansholt and our partners and then, I think, France will, like the other countries, have to express its views on this matter by recalling certain elementary rules.

What is essential for Europe is Community preference. We have created the industrial Europe and we accepted the customs dismantlement only because we were given an assurance that our country will have a counterpart in agriculture, for 50 per cent of the cultivated land in the EEC is in France. It is in a position, therefore, to supply the Community.'

Speaking on 14 October, the President of the Movement for Safe-guarding Family Farms cameback to the ideas expressed by the Minister of Agriculture when he discussed the common agricultural market: 'Our partners in the Common Market refuse to finance the liquidation of our surpluses or to bear the cost of disastrous withdrawals. At one fell swoop the Common Market is seen in broad daylight for the bluff that it is.'

(Le Monde, 8 and 15 October 1968)

2. General de Gaulle's visit to Turkey

General de Gaulle, President of the French Republic, was the official guest of Turkey from 27 to 31 October 1968. From the long joint communiqué issued at the end of this official visit it is to be noted that: 'Both parties

expressed their satisfaction at the positive development of the "association" between Turkey and the European Economic Community and confirmed the need to make an effort to strengthen these association links.'

(Le Monde, 27, 28, 29 and 31 October 1968)

3. Mr. Michel Debré outlines the reasons and substance of France's proposals to its Common Market partners

At the close of the meeting of the Council of Ministers on 6 November 1968, Mr. Joël Le Theule, Secretary of State for Information, read the following communiqué:

'The Minister for Foreign Affairs gave a report on the international situation. He gave an account of the meeting of Foreign Ministers of the Common Market which was recently held in Brussels.

The major part of Mr. Debré's oral report was in connexion with the meeting of the Foreign Ministers of the EEC in Brussels. The French Foreign Minister explained the reasons for the French initiative. He hoped that the Community would overcome the present crisis, as France wishes to demonstrate that it is possible to continue the common policy, even without enlarging the Community.

In fact, Mr. Debré presented two memoranda - one concerning the Community's external relations and the other the resumption of the common policy. In the first memorandum, the French Foreign Minister mainly suggested that commercial arrangements be entered into with European States, whether or not these are candidates for accession to the Common Market, as, for example, Austria or Switzerland. These trade arrangements could be concluded independently from the accession procedure.

The proposal was not a new one, Mr. Le Theule pointed out. It was in accordance with the suggestion made by General de Gaulle in 1967 in a press conference.

Mr. Debré also suggested that technological co-operation be developed, as well as agreements on patents. These should, however, be subject to

two conditions: (a) that there should be agreement among the Six, and (b) that the Six adopt a common position in any external negotiations.

These proposals will now be looked into by the Commission.

In the second memorandum, the Minister for Foreign Affairs made a clear reference to the resumption of the common policy, which could be pursued independently from any enlargement of the Community as a number of problems had not yet been settled. These applied, in particular, to the fiscal obstacle. A number of regulations had to be harmonized. As for the transport problem, this had hardly been touched upon.

It was absolutely necessary to clear all these difficulties, as otherwise the customs union would automatically have to be reconsidered.

These two French proposals are not a step towards the enlargement of the Community but show that France's attitude is far from being negative, since it suggests both external negotiations and the development of the common policy. There was a lengthy discussion on these two memoranda, and their approval by all the Six was facilitated by the very "co-operative" attitude of the German Foreign Minister.

(Le Monde, 7 November 1968)

4. French National Assembly: Mr. Debré on Europe

'Do you think that at long last 1969 will be the great year for Europe or are we to fear that this will be the year of a great European setback?' This was the question which Mr. Arthur Conte (Gaullist) put to the French Government during the debate held on 7 November on the budget for the Foreign Ministry.

Mr. Raymond Bousquet (Gaullist), delegate to the European Parliament, spoke of the enlargement of the Common Market and of the risks that the very structure and aims of the Community would change if the EEC were to expand to comprise twelve to fifteen member States. He said: 'We are, however, ready to deal with these difficulties: on two conditions. The first is that the specific problems of the applicant States - currency, agricultural,

structural, economic, etc. - should be resolved under conditions which do not threaten what the Six of us have built with so much effort. The second is that the applicant States put to good advantage the time we are going to take to consolidate our Community, to adjust to the situation that will result from their membership. Mr. Bernard Destremeau (Independent Republican) trusted that there would be periodic consultations between the six Foreign Ministers as envisaged in May 1967 when the heads of State met in conference in Rome. He added that the policy of détente was the expression of Western Europe.... including the UK. He said that the touchstone of the British Government's European co-operation spirit lay in accepting its responsibility concerning the security of Europe and setting up a federal body.

Speaking in the afternoon session, Mr. André Chandernagor (Federation of the Democratic and Socialist Left) stated that there were two new factors concerning Europe: the fact that the three British political parties had joined the Action Committee for the United States of Europe and the nine-point revival plan to which Mr. Debré had given his assent. He added: 'If, failing any immediate agreement on the major issues, empirical arrangements make progress possible, then we shall not oppose them. Quite the contrary.'

Mr. Michel Debré, Foreign Minister, gave details about the foreign affairs budget and then dealt particularly with France's main concern: balance and the union of Europe. He stressed the importance for Europe of Franco-German relations and outlined France's attitude to the Common Market since 1958: 'Everything in Europe depends on Franco-German relations. The Soviet intervention in Czechoslovakia once again highlights the serious problems of Germany's status (....). We have been constantly concerned to co-operate with that country. We have had great faith in the judgment of our partners. We think that they are guided by the same spirit and will continue to be so.

It would be inconsistent with the facts and really unfair not to pay tribute to the German leaders' desire for peace, for renewal and for a sincere European understanding.

Time may only bring further changes, that is the pursuit of Germany's peaceful development and the gradual awareness of the European peoples, both in the East and West, of their solidarity. France will make every effort to promote this peaceful development, to encourage this mutual understanding and to blot out memories which are almost ineradicable.

The Common Market has been and in some ways still is a great adventure for France. We have fulfilled two conditions and this has enabled us to succeed: the common external tariff and the agreement on common policies, particularly for agriculture. Customs duties were gradually reduced and then abolished on 1 July, and this was in spite of the events of last May. With reference to the common external tariff, furthermore, we agreed at the Kennedy Round to an appreciable reduction which was not originally planned. On certain points of our agricultural policy we have made concessions to our partners which clash with the Community preference and these have somewhat disturbed our own producers and our taxpayers even more.

We have thus fulfilled our contract as regards the Common Market and we have indeed done more. We have been the prime movers of political co-operation between the Six and this could have produced good results if our lead had been followed.

What is the origin of the present difficulties? Ill will on our part? Not at all. It is true that we have been taking issue with the supranational ideology since 1958. To criticize us for this is to adopt a polimical stance, not one of good faith. No nation of whatever size will agree to be bound by others with respect to its fundamental interests.

The criticism levelled at us is quite clear and has been repeated in every wave of anti-French propaganda. We are opposed to enlarging the Community and in doing so we are said to be holding up the progress of Europe. This calls for some comment.

A new factor arose a few years ago: the request for membership submitted by the United Kingdom. But in fact the problem is that of enlarging the Community – described as being that of the Six – into a Community which would quickly become one of twelve and perhaps more. Would this be a good thing or not? This is an open question. One point, however, is beyond doubt and that is the change in everything.

Political co-operation as we want it would become much more difficult. Is it possible to envisage common thought and action, internally as well as externally, between men and women in the countries surrounding the Baltic and those in the countries surrounding the Mediterranean or the Adriatic? It would no longer be a Community but a small league of nations on the European scale.

From the economic point of view, the change is also considerable. It is hard to argue that with ten, twelve or fourteen countries, there would be the same free exchange or the same hopes for a common economic policy as between six. It would be equally difficult to establish identical customs tarriffs

vis-à-vis the outside world and, again, equally difficult, not to say impossible, to establish trade policies drawn up together either within this vast area or vis-à-vis third countries.

The problem of what is known as the British accession issue is one of a profound change. We can envisage this. We shall not keep the Common Market going on our own if nobody wants it any more. But let us dare to say this, for before going on from one adventure to another, we have the right to require that the business should be honestly and fully investigated by the Six and that they should unanimously lay down the clear policies and take the definite decisions which must be envisaged in view of such a complete and profound change which would be so pregnant with consequences and that each one clearly assume his responsibilities.

It is true that the European Commission has submitted a report, parts of which are excellent. But the heart of the matter, as I just described it, has been side-stepped. The report does no more than say that the developments would depend on the negotiations themselves. This is indeed what we do not want. It is not a question of starting from scratch again. Nor is it a question of starting from a formal statement: the Treaty of Rome, the whole Treaty and nothing but the Treaty. Such a statement would conceal too many divergent interpretations for the Treaty is only a framework containing some out-of-date articles and articles which have been applied in a different way from that originally planned.

Further justification for our attitude is to be found in the great differences in the way the British and continental economies are developing(....).

We have also to think of ourselves and particularly of the great recovery drive which the events of last May and the social discussions which followed it impose upon us. The competitiveness of our economy was impaired and if we were able boldly to adhere to the time-limit of 1 July, it is now our duty to greet any new overtures with justifiable caution.

At the same time what we propose is less a recovery plan than the application of decisions already taken jointly. It is not enough, to guarantee the vitality of this vast market, to remove customs duties nor indeed to lay down the principles governing certain common policies. Customs and fiscal harmonization measures must be taken, failing which, one way or the other customs duties will reappear and more quickly than one might imagine to correct the anomalies. A European effort must be made to encourage enterprises to come up to the level of world competition, provided of course that they are European enterprises and not legal façades hiding decision-taking centres outside Europe.

Why do we hesitate to take such measures? For the same reason that causes us to pause before entering into commercial arrangements. It will not be acknowledged that there is a reasonable alternative to the blind mutation of the Community. We did not agree to enter into the difficult adventure of the Common Market to go, with our eyes closed, along any path not carefully explored in advance or where we have no assurance about the intentions of those who travel with us.

Despite its diversity, Europe is a whole. It is not possible to be happy, prosperous, and carefree in one part of Europe if the bridges to the other side, connecting us with the East European countries, including the main State which is Russia, are to remain permanently broken. To accept this division is to give up building a Europe at peace. It also means giving up the European idea itself in so far as the resulting insecurity would for a long time deprive the nations of Europe of the chance of pursuing their own policy. If we fail gradually to bridge the gap we are bound to accept that Europe will be at the mercy of the power blocs. This leads us to the major problem of détente which is the key to the future.'

Speaking after the Foreign Minister, Mr. Abelin, Secretary-General of the 'Progress and Modern Democracy' Party, said that by rejecting any supranational arrangements, France had helped to break up all the machinery which could have given Europe real size and real common policies: 'Our argument is that France has deprived itself of most of its means of action. By leaving NATO, whose shortcomings we did not under-estimate, we have lost any power of control or initiative in the allied defences and we have made Europe more dependent on the United States. By rejecting any form of supranationality and by opposing British accession to the Common Market as a matter of principle, you really have helped to bring to a halt all the machinery which could have led to a common European policy.

France wishes to strengthen the Community without enlarging it but the majority of its partners want to strengthen it by enlarging it: it is possible to go on for a long time like this. Uniting Europe obviously calls for serious study but results will not be obtained unless there are a minimum of ultimate political objectives; you on the other hand challenge them in the name of your principles. You reject what you refer to as the "political ideology of the Treaty of Rome". What has happened to your great ambitions in Latin America? And what became of your drive against the supremacy of the dollar? And the Franco-German Treaty?' Mr. Abelin concluded: 'It is true that there could be no Europe without France but today our partners have the right to ask: is it really possible to build Europe with France.'

(Le Monde, 8, 9 November 1968; French National Assembly)

5. Mr. Bettencourt: the Six are not all going in the same direction

When he took the chair on Saturday at the annual general meeting of the Chamber of Commerce and Industry at Fécamp Mr. André Bettencourt, Minister for Industry, discussed the problems of the Common Market, particularly those of agriculture.

He took issue with the attitude 'of our partners who consider that our agriculture produces too much'. He added: 'I am prepared to believe in the Common Market and in a strong Europe but it must be recognized that we are not at this moment in time all going in the same direction. We cannot allow ourselves to be made bankrupt. France cannot, on its own, carry the burden of helping the developing countries with those products in which it has a surplus. The whole of Europe must lend a hand.'

He concluded by calling on industrialists in difficulty to amalgamate: 'Even when they are on a large scale, family concerns can no longer remain so today. This means they needs must conclude agreements.'

(Le Monde, 12 November 1968)

6. Europe discussed as the National Assembly debates agriculture

When the National Assembly discussed the budget for agriculture, some speakers laid special stress on the European implications of French agricultural policy.

Mr. Roland Boscary-Monsservin, a member of the European Parliament, wanted to set the debate in its 'right context': the European context. After quoting the figures given by the European Commission concerning agricultural production in the member States, he said: 'If I allow myself to start by quoting the figures, it is because I feel it is absolutely essential to begin this debate by dispelling the current misunderstandings about surpluses, to "break up" this atmosphere of defeatism, one might almost say of panic or at any rate of Malthusianism in which some people have for some time now been trying to cast over our agriculture.

It is said that industry should expand more rapidly. But industry, or large sections of it, has felt that to do this, the expansion of the agricultural sector had to be curtailed.

Arguments of the following variety have recently been appearing in the newspapers, both the financial and economic ones: "The agricultural price is too high", "The agricultural price means a large wage bill", "Agricultural taxation is heavy", "Agricultural taxation prevents us from making industrial investments". Or even: "Agriculture wishes to close its doors on the outside world". "The practical result is that the outside world does not wish to purchase our industrial goods. If you do not reverse the position, you will prevent us from achieving any expansion in our external trade."

It goes without saying that some of our partners, who have never accepted the idea of preferences... have been delighted at the opportunity to echo this kind of view. But let us, just the same, not forget that there is a Hamburg and there is a Rotterdam in Europe!

If we add - why not say this openly? - the political factor: we do not want the United Kingdom in the Common Market. Let me make it quite clear, Sir, that I am not opposed to your position. But when we take an uncompromising attitude which is, because of the Treaty provisions, based on the law, we are confronted with uncompromising attitudes which have no foundation in law.

Major efforts are being concentrated on slowing down expansion in our agricultural sector because this is one of the sectors to which we are the most attached and all of this is taking place in the atmosphere to which I have just referred.

The real question arising today - over and above your budget and over and above what is written and what is said - is in fact whether the agricultural potential is to give way to the industrial potential.

Similarly, are we going to think again about all our ideas on preferences, are we going to open the door to some kind of free trade dispensation?

Be under no delusion, ladies and gentlemen, this is the real point at issue.'

Turning to the Minister, Mr. Boscary-Monsservin added: 'Someone, whose words carry much greater weight than mine must ensure that there is no question of revising the common agricultural policy, as so far implemented, especially as regards the market organizations and the defence of the price principle.

And again, Sir, perhaps you should outline what the common policy should look like.'

Mr. Boscary-Monsservin concluded his speech by referring to the problem of Britain's accession to the Communities: 'We cannot oppose both the enlargement of the Community and its consolidation, bearing in mind the ultimate political objectives it implies. I agree with you in not wanting any enlargement of Europe because I am convinced that if we admit Britain - as Mr. Debré so aptly expressed it - we shall be obliged to admit Austria and Denmark. Then the substratum, all this carefully harmonized market to which we are very attached, will become diluted and we shall end up with the kind of arrangements that obtain in a free trade area.'

Mr. Louis Briot, also a Gaullist member of the European Parliament, began by congratulating Mr. Boulin for having acted in concert with Mr. Mansholt in presenting a 'viewpoint in some respects analogous'. But in his speech Mr. Briot showed that in spite of everything 'there is no symbiosis, no relationship between the Community budget and that of the Minister'. He conceded that there was indeed a Community preference but there was also an Article II in the Treaty of Rome which provided for maintaining external trade links. 'Our European colleagues', he said, 'attach much greater importance to external trade than to Community preference.'

Mr. André Rossi, a Christian Democrat member of the European Parliament, then took the floor: 'It is not necessary to repeat that this budget is a transitional one, pending the finalization by the EEC of measures that have not yet been worked out in full.' He answered the speakers who had stressed Community preference by saying: 'They should not forget that the Common Market already absorbs more than half our exports.'

Mr. Boulin stated in reply to the various speakers and in particular to Mr. Boscary-Monsservin: 'The range of measures I have described could not be devised for a purely national situation. As you know, the European Commission has drawn up a working document which is designed to adjust the common agricultural policy to the present situation.

This document is now being discussed within the Commission in Brussels and it seems that these are difficult discussions. It will not be until December that the Governments of the member States will learn of the conclusions they reach. It will probably take well into 1969 for the Council of Ministers of the Six to take the overall decisions, which in the short term justifies the measures I have proposed to you.

France awaits this document with interest.

The national measures which it proposes reflect its desire to organize itself; and this could serve as an example. But of course it is ready to take into consideration any reasonable and effective proposals which the Commission or our partners may make - some of which may be modelled on our own measures - and, of course, they could be harmonized at the European level.

I should however like, while observing the discretion that is necessary on the eve of international negotiations, to recall the principles on which the French Government will not compromise.

The first principle is Community preference. Not only must this be maintained but the figures I quoted a few moments ago oblige us to improve it. This is one of the essential principles which the French Government will not fail to recall at the negotiations.

It is indeed for our partners - as it is for us - to look first for supplies within the European Economic Community, which is the best demonstration of a truly European outlook but also it is the most obvious way of reducing the expenditure incurred by the common agricultural policy.

It must also be remembered that France - and this is the second principle underlying its action - considers it essential fully to maintain financial solidarity between the member States; this is the most practical proof of the European solidarity envisioned in the financial settlement of 1962.'

(Debates, National Assembly, 15 November 1968)

7. Europe and French nuclear policy

In connexion with the debate on the budget of the French Scientific Research Ministry, Mr. René Pleven (Democrat Centre) referred to the problems of Euratom's future and the attitude of the French Government to that organization.

Mr. Pleven wondered whether French efforts and those made by France's partners were effective enough. Nuclear power stations in the six countries only produced 2 per cent of electric energy, as against 15 per cent in Britain. If the Six fail to indroduce a European policy, Europe will be dominated by the United States and incapable of providing its industries with the energy sources they will require by 1980.

Mr. Pleven was surprised at the type of reactors selected by France and felt that it was mainly because of unproven reactors and booster generators that the scattering of efforts was so great. He believed that the nuclear power station market should be a single market for the Europe of the Six.

With regard to the project of building a Community isotope separation plant, Mr. Pleven hoped that France would be the first to give a positive reply to the proposal made by the Commission of the Communities for European co-operation in the field of nuclear energy for civilian purposes.

Replying to the speaker, Mr. Galley stated in particular: 'We are evidently in a situation, as pointed out by you, Mr. Pleven, where everyone is trying to answer to the difficulties through national programmes.'

Mr. Galley went on to say: 'What would be the advantage of our working together? This could be quite considerable but, as is the case for marriage, there must be two partners. Our country's industry has endeavoured to establish contacts with German, Italian or Dutch firms and has often found that its partners are not as particular as we are about American licences and not as concerned as we are about independence. My predecessor, Mr. Maurice Schumann, had suggested to the Council of Ministers of Euratom that research work on booster generators should be co-ordinated in order to design with German industry a large power-station of 1,000 megawatts which could supplement the Phénix reactor which has currently a priority place in the French programme. The Germans, in order to protect the position of their industry in that sector, have not accepted our suggestion and have felt it advisable to join a Belgian and Dutch industrial grouping.

Well, Mr. President, in this very special field, we had made a definite offer but this was turned down.

Pursuing our efforts in the same direction, we have recently made contact with Italian industry. Our talks with the Italians were very useful and even constructive. I hope to be in a position to announce in 1969 a programme of co-ordination of our efforts with those of the Italian industry. The Italians are currently carrying out the PEC experiment, which is very similar to our own Rapsodie project, and I think they are prepared to participate in our Phénix project. You see, Mr. President, I am doing exactly what you would wish me to do.

As long as we experience financial difficulties in order to ensure the normal progress of research work in our country - difficulties which are clearly reflected in our austerity budget - we shall be unable to agree to Euratom spending large amounts on items which, in the opinion of our partners themselves, are only of very limited interest, not to say of any interest at all, in the nuclear industry context.

When I find that Euratom is prepared to subsidize activities that are likely to further American industrial penetration in our country, I cannot but deplore this action. American commercial dynamism surely does not require such additional help.

Quite frankly, France is today quite determined to assign to Euratom a number of tasks that would be additional to the national programmes.

As you will observe, it is not my intention to pronounce a wholesale condemnation of everything that has been done by Euratom, but with regard to the forthcoming negotiations, we should like Euratom to concentrate mainly on programmes of common interest, as we would not wish any of our countries to participate in work of a limited interest for the Community.'

(Le Monde, 20 November 1968; Official Gazette, French National Assembly, 19 November 1968)

8. <u>Europe discussed in National Assembly and Senate debates on the defence and foreign policy budgets</u>

1. Defence budget (National Assembly)

Mr. Messmer, Minister for the Armed Forces, began the debate by saying: 'French defence policy is not one of isolation': 'We are', he went on, 'in the Atlantic Alliance and we are staying there'. Commenting on French policy in the context of recent events in Czechoslvakia, Mr. Messmer said: 'The French Government naturally condemns the invasion of Czechoslovakia by foreign troops and we are, of course, interested to know the real reasons for the increase in Soviet naval power in the Mediterranean, but I do not see how any defence policy different from ours would remedy this situation. Has NATO, which some would like us to join again, given our alliance the means to respond more effectively than we did in the Czechoslovakian crisis and can it stand up against the Soviet naval presence in the Mediterranean when the high seas are open to all those who wish to sail there provided they commit no act of hostility?'

This statement did not satisfy all the members of the Assembly and a number of speakers, including some from the majority, expressed doubts and concern.

Mr. Montalat (SFIO Federation) thought that France was wrong to withdraw from NATO, given the present international situation.

Mr. Cazenave (PDM) and Mr. Léo Hamon (UDR) thought that military co-operation should be initiated within the Europe of the Six: 'We are induced carefully to consider the possibilities for European military co-operation,' said Mr. Hamon.... 'Could we not, in so far as this be possible, bring the Western European nuclear force and the British force closer together to constitute the nucleus of a flexible form of co-operation which would respect the identity of the different national forces? Could not forces of conventionally-armed countries be joined to them as a necessary complement that would ensure balance in a changing world?' This point about European co-operation was taken up by many speakers from the Modern Democrats Group.

In reply at the end of the debate, the Minister stated: 'With regard to Europe, what we desire is its construction and I would remind Mr. Stehlin that it was we who, in the Fouchet plan, made precise proposals for building the political Europe; it is not our fault if our partners did not accept them. But Europe will not and cannot be a way of saving on defence budgets because, in

the last analysis, the strength of an alliance is the sum of the resources that are pooled. If I may take a leaf from Mr. Sanguinetti's book, I would say that some countries should not use Europe as an excuse for failing to act.'

2. Foreign Affairs debate (Senate)

When the foreign affairs budget was discussed in the Senate, a basic disagreement quickly emerged between the views of the Government and those of the Opposition, put forward in particular by Mr. Lecanuet, President of the Democratic Party of the Centre.

Mr. de Lipkowski, Secretary of State, opened the debate by saying that France was determined to accelerate the uniting of Europe: 'We have to go forward and it is for this reason that a French revival plan was proposed on 29 October. It is not enough to abolish customs duties or lay down a common policy. We have to eleminate the technical obstacles to trade: taxation, transport, energy. We are at a turning point in the application of the Treaty. The time has come to bridge the gaps left by the Treaty such as policies for industry and science. We wish to create a European patent to encourage the constitution of European commercial enterprises and we will work together to bridge the technological gap between Europe and the USA which has got worse since the time when Mr. Marjolin denounced it in 1964.

(.....)

If, after careful study, the Europe of the Six decides with the full knowledge of the facts to enlarge the Community, France will not be able on its own to maintain the present system through thick and thin. Thus there is no veto on our part but the requirement that the United Kingdom should adjust while still outside the Community and not within it.'

Mr. Lecanuet, speaking after the Secretary of State, raised the debate to a discussion of principles and was strongly critical of the 'Europe of the nation States' theory; in reality this was nothing more than a Europe of States and the antithesis of the Europe of peoples.

'The lesson to be learned from these events is clear: either you will take a great step forward in the Common Market or else it will fall to pieces. Your proposals of 4 and 5 November are encouraging. We ask you to go further to find a compromise by means of the mutual concessions that circumstances call for because France's recovery, which is necessary for Europe, will not otherwise be successful. Economic integration is not enough to trigger off political integration but political integration is essential to economic integration.

Be realistic. Europe needs France. Our partners are aware of this but more than ever before, France needs Europe. These plain truths point the way to reason and to recovery. It is this course that we ask you to pursue.'

In reply to Mr. Lecanuet, Mr. Debré, the Minister, dealt with the British accession problem only in relation to common European defence policy: 'Without the common external tariff, the French economy would not have been able to withstand the shock and will not be able to do so for a long time to come (....). At the free trade conference, the United Kingdom was in a relatively isolated position. It is those who argue on an "all-or-nothing" basis who should be asked to show some readiness to compromise.

I should like everyone to be aware of the importance of the development of Europe's economy and of the place occupied by the French economy in it. We do not have the right to place our economy in a less favourable situation in the name of this or that ideology.'

'We are asked', he said, 'to build a European defence. Does this mean nuclear arms and a European nuclear force? If not, there is no defence. If so, this implies the option for Germany to possess nuclear arms and this is something that France does not want. If Germany were to be a nuclear power there would no longer be any question of détente and something else would emerge in the background of the cold war. The problem as you can see is both politically and morally serious. We think of the détente in a different way from our American friends and our Soviet partners.

Our idea of détente is to call the nations of the West to a discussion with the Soviets and to state that all European nations have the right to free self-determination.

Apart from very wide differences of view, there will be a forward movement the moment there is a resolve to put the cold war on one side and it will find expression in the development of economic activities and in an awareness of sharing a common future.

It is this policy we intend to pursue in affirming that the détente must lead to freedom for all. '

(Le Monde, 6-7 December 1968)

Germany

1. Statement on European policy by the German Government

On 4 October 1968, Dr. Jürgen Ruhfus, Spokesman for the Ministry of Foreign Affairs, stated, with reference to the speech made on 3 October by Mr. Harmel, Belgian Foreign Minister, that the German proposals for enlarging and developing the Communities had been explained in detail on 27 September by Mr. Brandt, Minister of Foreign Affairs. If any of the other partners made new proposals, these would naturally be studied with the greatest attention by the German Government. The German proposals were not directed against anyone and the Federal Government did not wish to see any kind of group form within the Communities.

The Federal Government had stated its fundamental willingness to co-operate with the United Kingdom and the other applicant States in every sphere that was not covered by the Treaties of Rome, even if France did not wish to join in. The Government would, however, not take this beyond a point which might give rise to French oposition. It still rejected the attempt of the 'extremists' in the European Communities to force Britain's entry by making the internal development of the Community dependent on its enlargment.

Speaking to the press in Bonn on 21 October, Mr. Günter Diehl. Secretary of State and Spokesman for the Government, explained this new shift in emphasis in European policy. In reply to the question as to where the Government stood with regard to the idea of increased co-operation with the United Kingdom in areas not covered by the Treaties, Mr. Diehl referred to a sentence in the Government statement made by Chancellor Kiesinger on 16 October. In this, the Chancellor had ascribed the stagnation in Europe to the fact that the Community had taken on too much at once and was attempting to reconcile very different attitudes. He said that no-one was completely right and no-one completely wrong on European policy. The fact that the Community could not be enlarged did not mean that there could be no discussion of possible co-operation with the applicant States.

The accession issue was no longer of the greatest relevance for the United Kingdom; what mattered was practical co-operation. This could be achieved with regard to defence within NATO or through technological development. In seeking co-operation with the United Kingdom and the other applicant States, the door had to be left open for France and care taken that France was not left out. The question was how far was it possible to go without reaching a 'critical phase' in European policy, which would bring with it new problems.

(VWD-Europa, 4 and 21 October 1968)

2. Bonn and Latin American trade problems - Mr. Brandt, Foreign Minister, warns the EEC against the widening trade gap with Latin America

Speaking on 6 October 1968 - prior to Mr. Brandt's departure to take part in the Conference of German Ambassadors in the Latin American States - Mr. Ruhfus, spokesman for the Foreign Office, stated that the Federal Government was endeavouring to give greater meaning and depth to its dialogue with the leading Latin American politicians. On the main issues of international policy, Latin Ameria and Germany had a great many views and points in common. These included the problem of disarmament, armaments control, the security of the non-nuclear States and the unhindered peaceful utilization of nuclear energy. There was a wide measure of agreement in the assessment of East/West relations too.

Economic relations would play a special part in the discussions held during this visit. Maintaining and stepping up trade with Latin America was important to Germany. In recent years trade had not expanded so favourably and this had also affected German trade within the EEC. The oft-expressed concern of Latin America that imports into the Community would encounter difficulties because of the external tariffs and levies was, however, not included in this generalization, said the German spokesman. Community imports from Latin America rose from \$1,650m in 1958 to \$2,740m in 1967 or 65 per cent as compared with the increase in German exports of around \$450m from \$1,600m to \$2,050m or 28 per cent.

The speaker recalled that the German Government had spoken up for the legitimate interests of the Latin American countries within the EEC and would also endeavour in the near future to find a satisfactory solution for both sides.

On 25 October, Mr. Willy Brandt, the Foreign Minister, warned that the common agricultural policy could hamper the development of the Latin American States and hence have adverse political implications. Before the end of his visit to Chile, Argentina, Uruguay and Brazil, he said that the problem of the common agricultural policy was discussed in his talks with all four States - sometimes in very strong terms.

These countries were much more diverse politically, economically and socially than was often imagined in Europe. He said: 'We found reliable friends in all four States who wanted us to take a greater interest in them. This is not necessarily a matter of money. Above all they want to share our economic and technological experience.'

Mr. Brandt's visit to Brazil proceeded in a very friendly atmosphere. When he stayed in Rio de Janeiro, he was received by President Arturo da Costa e Silva and by Mr. José Magalhaes Pinto, Foreign Minister.

The main topics in Both discussions were East-West relations, the 'all-German' policy, the reservations of both Governments about the nuclear non-proliferation treaty and the possibilities of co-operation between Brazil and Germany in the peaceful use of nuclear energy, the disparity between industrialized and developing countries and between Western Europe and Latin America.

In Brazil there was great interest in the idea of an economic agreement, a point which had already been discussed between Argentina and Germany. The Government representative in Rio took issue with the preferences given to the coffee-producing States in Africa and the all-round hardening of the common agricultural policy. Mr. Brandt promised to work for an 'open policy' with respect to the wishes of third countries.

(Frankfurter Allgemeine Zeitung, 7 October 1968; Die Welt, 26 October 1968)

3. Mr. Strauss, Federal Finance Minister, and Mr. Schroeder, Federal Minister for Defence, discuss European policy

Addressing his party's regional executive on 7 October 1968, Mr. Strauss, CDU Chairman and Finance Minister, said that Europe could not be achieved by frivolous discussions but only by a process of welding together all the component countries. Germany, moreover, needed 'reconsolidated' connexions. He was strongly opposed to the constant discussion of a revaluation of the German Mark and said that this had to be struck from the agenda.

Speaking in Frankfurt on 8 October 1968, Dr. Schroeder, Federal Minister for Defence, called for a bolder European policy on the part of the German Government for Britain's admission to the European Economic Community.

Speaking in the Economic Forum of Hesse, he also called for an 'over-haul' of Germany's approach to East Europe and emphasized the willingness

of the German Government to increase defence expenditure in view of the Soviet invasion of Czechoslvakia. With reference to defence policy, he said that there had, so far, been no cause to abandon NATO's 'flexible response' doctrine as formulated in May 1967; on the other hand, it had to be ascertained, within the Alliance, that sufficient resources and armaments would be made available in the right place and at the right time in order to apply this strategy with success.

(Frankfurter Allgemeine Zeitung, 9 October 1968)

4. Bundestag debate on Europe

On 16 October Chancellor Kiesinger told the Bundestag that increased co-operation between the European members of NATO was of decisive importance for the future of the Alliance. He welcomed the statements of the American President to fulfil its Alliance obligations but pointed out with some emphasis that President Johnson regarded it as necessary for the European partners to make a greater effort. Chancellor Kiesinger said that the Government intended to carry on with its peace policy in spite of all the disappointments flowing from the Soviet policy. He stressed that France agreed with the German proposals for furthering the internal development of the EEC. This issue had not to be made contingent on an enlargement of the Community otherwise the result would be a standstill. He said that France should not be excluded from European planning. If France left an empty seat in the EEC this could not be filled by the United Kingdom.

Chancellor Kiesinger stressed that the latest signs from Moscow made it seem questionable whether the Soviet Union still approved of co-operation between socialist and non-socialist States which it had welcomed in the Karlsbad agreement.

In actual fact it was the Soviet Union which intended to change the status quo because its new policy embodied the desire to make the current division of Germany into something permanent. The Soviet Union well knew that the overwhelming majority of peoples did not share the Russian view. It had always to be remembered that Germany had so far the moral and political support of most countries in the world for its peaceful national approach to reunification.

Chancellor Kiesinger repeated that the German Government had, in its endeavours to reunify Germany, to seek understanding and co-operation with all those concerned, including the Soviet Union. He said that he was curious to know whether the new Moscow Policy would take this offer of understanding as another example of hostile aggression.

The German Government had always stressed that in solving the difficult problems of reunification the interests of all concerned, including Russia, had to be fairly dealt with. It had similarly frequently repeated that this could only be achieved by slowly overcoming the existing tension. 'This is a perfectly open political programme and we are ready to discuss with the Soviet Union and with all those concerned how it could be effected.'

The Chancellor further emphasized that the Soviet intervention in Czechoslovakia had strengthened the Western plans to consolidate the Alliance. The German Government was ready to examine the American proposals for greater participation by the European countries in the Atlantic Alliance and to take part in the relevant consultations.

He referred to the statement by President Johnson's Defence Minister, Mr. Clifford, which stressed that an operative Alliance was needed to avoid a world catastrophy. The Chancellor, still referring to the talks with Mr. Clifford, added that as regards the balance of payments with the USA it was essential to work out a 'long-term solution acceptable to both countries.'

With reference to his talks with General de Gaulle in Bonn, the Chancellor said that they discussed furthering the policy of peace which alone could bring a divided Germany together. He repeated General de Gaulle's statement that France would stand by the NATO countries in the serious event of a catastrophe. France had not in any way encouraged Germany to leave NATO. President de Gaulle had indicated that France had the second greatest contingent of troops in Germany and had not asked for any currency equalization payments in exchange.

It was noted with satisfaction in the talks that France too was theoretically infavour of enlarging the Community. The Chancellor said that France had affirmed its support for all the Bonn proposals for overcoming the regrettable stagnation in Europe that affected the internal growth of the Community.

The stagnation, which was an unfortunate feature of European policy, had its origin, he felt, in the fact that too much had been attempted at once and in continuing endeavours to bring all the different points together in a single package. As a result no progress was being made. The only approach was a pragmatic one.

Chancellor Kiesinger again stressed that he had never said that Bonn did not wish to take any step in Europe without France: 'That is ridiculous!' He had only pointed out that France could not be excluded in the drive to unity in Europe, and in this he was in agreement with the leading statesmen of Europe. 'Only with France and Germany and not against or without either of the two can Europe be built.' He warned against coupling the internal growth of the EEC with the accession issue. It was a question of doing what was possible. One could go to the Wailing Wall but no progress would be made by complaining. If Germany and France were to be permanently estranged this would be a catastrophe. 'I therefore advise whoever is only too ready to be critical to look into his heart and ask what he himself would really be able to do; politics is the art of the possible.'

In reply to the question - 'And England?' - the Chancellor went on: 'And England? - You know perfectly well that this Government shares the conviction of the Bundestag majority, that England should and must be part of the Community and share in building the Europe of the future. But you know equally well that we cannot achieve this end by causing France to vacate its chair in order to sit Britain in its place. The United Kingdom itself would not wish this.'

The question - 'And England?' - should not be addressed to him but to those who opposed British entry because of their own interests. In reply to sceptical comments from the opposition rows on German influence on France on this matter Dr. Kiesinger replied: 'Has it been your experience to achieve success in convincing everyone to whom you speak of your view?' In reply to further comments he said: 'Let us then leave history to decide.'

'The ''preferential' co-operation between Bonn and Paris', he said, 'should in no eventuality become a field for prior consultation vis-à-vis the other European countries and thereby impede the development of the Community'. It should not weaken the European institutions but had on the contrary to be directed at strengthening them. Complaints alone would be purposeless.

Dr. Kiesinger said that further efforts would have to be made. An attempt would be made, be announced, when Mr. Harold Wilson, British Prime Minister, visited Bonn early in the new year to make worthwhile progress, both as regards Anglo-German relations and co-operation between England and the Community.

In a recent diplomatic message, Mr. Wilson had repeated with great emphasis Britain's wish to become a member of the European Communities. A reply would be sent within the next few days.

During the debate in the Bundestag, the Opposition was critical of the Government statement made by the Chancellor; it had not made clear how it intended to carry its foreign and European policies into effect.

Mr. Mischnick, Chairman of the FDP Party, said that the statements of Mr. Gromyko. Soviet Foreign Minister, should not be described as a policy and thus be classed as immutable. He expressed doubts as to whether the consensus of opinions of all parties concerned on some of the foreign policy issues arising following the events in Prague was still valid. With reference to the Chancellor's statement that the East European policy would be overhauled, Mr. Mischnick asked whether this meant ignoring the experience so far gained together. The Opposition wished to be kept informed on this subject. The term 'overhaul' raised doubts as to whether the outcome of the review might be a reversal of the position adopted jointly. The leader of the Opposition drew attention to the lack of any clear statement about France; no policy line had emerged; it was not clear whether the Federal Republic was ready to take its own line on European policy if de Gaulle were not in agreement. The Federal Government should make it clear to de Gaulle that he could not always advocate a more pronounced European importance and yet prevent closer cooperation between the Western States of Europe. He could also not be opposed to America's having the leading rôle in the West and at the same time be opposed to a co-ordinated foreign policy on the part of the western nations, including those of EFTA and the EEC.

With reference to European defence, he said that the Government should pursue its endeavours to achieve a European defence system with greater resolution. Bonn had, through diplomatic channels, to find out what the views of Moscow were on the Bucharest decisions taken in Warsaw in July 1966; these mooted the convening of a European conference to discuss European security issues and a European declaration of co-operation. The Government should now ask Moscow that was the position with regard to these decisions following the events in Prague.

Mr. Schmidt, the SPD Chairman, said, with reference to German defence, that one did not feel reassured that everything was in order and that the partners in the Alliance or, indeed, Germany itself could be relied on. He interpreted Chancellor Kiesinger's reservations on this point in his Government statement as meaning that these were problems that should not necessarily be dealt with in public. Consequently the relevant bodies, such as the Foreign Affairs Committee, had to be informed. He thought that there should be much more information about the defence endeavours.

Mr. Barzel, Chairman of the CDU/CSU party, the next spokesman on German policy, said that there were a series of questions which had to be

discussed not only in the Bundestag but also in NATO. Prior to the defence policy debate that had been announced, discussions should take place on the appropriate measures to be taken.

The debate ended with a discussion about European policy and Mr. Apel, SPD member, had some comments about the relevant passages in the Government statement. The Chancellor had clearly said that Franco-German co-operation had not got to lead to a situation prejudicial to any West European State. He had also said that this co-operation had not to pose a threat to the existing European institutions. The SPD opinion, however, was that Franco-German co-operation should not give the impression that Germany's European policy could thereby be influenced and guided. It was a fact that the EEC had become such a valuable instrument in the growth of the economy that the Community was not there as a forum for discussions. Mr. Apel saw the lack of progress on foreign and defence policies as being one of the main reasons for the difficulties facing European integration.

He described as far from clear some of the Chancellor's comments on the merger and on the internal consolidation of the Community. He said that any rapprochement to suit French interests would be inacceptable. The internal consolidation of the Community must be pursued jointly with new memberships. As regards relations with the United Kingdom, he said that the Chancellor had made no practical statement about the future. The announcement of the meeting with Mr. Wilson was not enough. Similarly, with regard to British accession, the Community was not bound by institutional regulations, as laid down in the Treaties. There was an urgent need for definite cohesion in Europe. The question had to be asked whether there was any desire to set up a technological community and also to tackle the monetary or development policies side-byside with the EEC. It had to be carefully examined whether the Harmel plan was acceptable. It was wrong, said Mr. Apel, to conclude that Gaullism was alone responsible for the present difficulties. The purpose of Gaullist European policy, to enable Europe to speak with a single voice to the giants of East and West, was to be welcomed, although it was not certain that French policy would achieve this goal.

Mr. Staratzke, the FPD member, wondered whether the Government had really helped to further European integration in its own province or whether it was not just sitting in a glass house. Prior to this, Mr. Althammer, CDU member, had advocated co-operation in the armaments business with Germany's partners, particularly France; this would involve taking into account Germany's own industry, particularly that of aeronautical engineering.

(Frankfurther Allgemeine Zeitung, 16, 17, 18 and 19 October 1968; Die Welt, 17 and 18 October 1968; Neue Zürcher Zeitung, 18 October 1968; Deutscher Bundestag, 188th Session of 16 October 1968 and 189th Session of 17 October 1968)

5. Bonn's views on agricultural policy

Interviewed on the radio on 20 October 1968, Mr. Höcherl, Federal Minister for Food, warned German farmers against overproducing at a time when meat prices were rising; he said that the stabilization of prices for beef, veal and pig meat ought not to lead to a situation where production again exceeded demand.

He was also anxious about the milk surplus in the EEC. This was even more difficult to dispose of than the butter and cereal surpluses. The payment of bonuses for the slaughter of cows would call for very large sums of money which the State could not provide on its own. In order not to break up the EEC agricultural policy over the milk issue, he said he had begun bilateral talks.

Difficult discussions, perhaps the most difficult which the EEC had had in recent times, would have to be patiently endured over the agricultural programme submitted to the Council of Ministers by the European Commission.

Mr. Schmidt (Gellersen), the SPD agricultural expert, said he was very concerned about the development of the EAGGF which could wreck the whole agricultural programme. It would be necessary to take a strong line in Brussels about a new way of financing agriculture in the EEC; it would not be enough to change the apportionment key.

The Free Democrats critized the structure programme of Mr. Schiller, Federal Minister for Economic Affairs. Mr. Ertl, Deputy Chairman of the FDP, argued that the structure policy did not warrant priority over a dynamic policy for product prices. The FDP was not opposed to structural changes if as a result, the costs of agricultural enterprises were reduced. Mr. Ertl doubted whether enough employment opportunities could be created for around a million farmers who, in his view, would have to leave the land. The natural process of change that had been going on since 1950 should not be pursued in a socially unacceptable way by recourse to economic policy pressure. There was a suspicion that the agricultural policy of the coalition was directed towards liquidating German agriculture in favour of the EEC.

He said that if the farmers in the EEC were to obtain sufficiently high prices then supply had to be tighter, i.e. the area under cultivation and the number of farms had to be reduced. This was the conclusion drawn by Dr. Gollnick (Hamburg) when he spoke at the ninth annual general meeting of the Society for Economic and Social Science in Agriculture; the meeting was held in Giessen from 7 to 9 October.

The land left fallow could be turned into parks or forests he said. Dr. Gollnick, who was standing in as expert adviser for Mr. Mansholt, Vice-President of the European Commission, added with respect to agricultural product supplies that he favoured creating 'a structural import need' of between 10 and 15 per cent. He also came out, inter alia, in support of free price competition in EEC agriculture; but he was, at the same time, opposed to any cut in farm prices; the proposed 15 to 25 per cent reductions were socially unacceptable.

In reply to the question as to what structural objective the EEC should have for its agriculture, Dr. Helmut Schmidt of the IFO Institute for Economic Planning, said that there were two competing aims:

- 1. to concentrate land and livestock in large enterprises;
- 2. to work towards a mixed structure comprising related farming enterprises: the directly productive, the supplier firms and the service industries.

Dr. Schmidt did not however advocate either of these as the 'absolute answer'. He was particularly in favour of concentration. Professor Plate (Hohenheim) called for an early review of the policy for milk, wheat and sugar. Public money was wasted here. He rejected any quota system for production. This was not at all a suitable tool for the farm incomes policy.

(Frankfurter Allgemeine Zeitung, 8, 10 and 21 October 1968).

6. European policy was the focal point of discussions when Mr. Borten,
Norwegian Prime Minister, visited Bonn

On 21 October 1968 Mr. Per Borten, Norwegian Prime Minister, went to the Federal capital for political discussions.

In a short address of welcome at the airport, Chancellor Kiesinger expressed the hope that Norway would soon be united with the European Communities. 'The age we live in calls for all Europeans to join forces' he said.

Mr. Borten emphasized the significance of the contacts between the Norwegian and German Governments and indicated that there were no major bilateral problems between the two countries; relations between them were good and friendly. He was convinced that the talks in Bonn would consolidate the relations between the two countries.

Prior to his departure, Mr. Borten received German correspondents in Oslo and stated his views on European integration problems. With reference to the difficulties confronting the Norwegian Government because of the external trade effects of EEC regulations, he explained the Norwegian standpoint as follows:

'Now that the customs duties of the EEC countries have been approximated through the introduction of the common external tariff, the special Norwegian exports are facing increasing difficulties in the form of a higher customs charge. This is particularly true of relations with the Federal Republic which formerly levied a relatively low duty on some of the most important Norwegian exports. On the whole, these duties will be increased as the approximation to the common external tariff takes effect.

The difficulties are to some extent offset by the duty-free or reduced duty quotas on such products as aluminium, magnesium, ferro-alloys, newsprint and certain fishery products.

These quotas are very important in Norway's trade with the Federal Republic. The exports of goods, for which there are customs quotas, represent approximately 45 per cent of Norway's exports to Germany.'

From the Norwegian standpoint, the EEC's policy on quotas, which in some cases involves introducing duties on goods which formerly came under duty-free quotas, is viewed with some concern.

'No account seems to have been taken of the increase in consumption and this could act as a brake on the normal expansion of trade.' $\,$

The question of the accession of Norway and other Nordic States to the EEC had been under view by the Government and business circles for a long time. Mr. Borten stated his view as follows:

'A year ago of course Norway asked for negotiations on links with the EEC. Such negotiations have however not taken place. Norway thus continues to be very interested in wider co-operation between the EEC and the EFTA States and will support every effort in this direction.

Interim solutions which could help to offset the adverse effects of the present market division would be examined from this standpoint. Norway acknowledged its interest in proposals for such a solution, which the six EEC States agree with.

The Norwegian bid for association with the EEC is however dependent on the United Kingdom's being included in an enlarged EEC. Great importance was attached by Norway to unanimaty being reached by the Nordic States on giving effect to their special trade policy objectives. There was no question of any Nordic States joining the EEC on their own.

In Bonn, Mr. Borten expressed Norway's concern at the continuing division between the EEC and EFTA and expressed the hope that 'the economic problems of Europe will be solved in terms of European co-operation.'

In a discussion between Mr. Borten and Chancellor Kiesinger, it was noted that coupling the question of accession with the internal consolidation of the Community and similar issues was not desirable. It was clear that the Norwegian Government had a certain interest in coming to some trade policy arrangement with the Community which could be finalized in the near future. Political observers did not however think that this meant Norway wished to abandon the idea of joining the EEC.

Speaking in Bonn on 21 October, Chancellor Kiesinger spoke in favour of overcoming the trade policy division between EFTA and the EEC by means of pragmatic interim arrangements. Until the accession question was solved this course for co-operation should be pursued.

He gave an assurance that the German Government would support Norway's application to join the Common Market. In an attempt to find ways of bridging the economic policy gap between the applicant States and the EEC one way out could be a trade policy arrangement modelled on the Franco-German agreements of February of this year.

Mr. Borten and Chancellor Kiesinger agreed that Europe's stagnation should now be overcome by a 'small steps' policy. Bilateral consultations had to be stepped up between the EFTA and EEC Governments with a view to harmonizing their foreign policies.

At the close of the two days of talks with Chancellor Kiesinger, Mr. Borten told the press in Bonn on 21 October that the two Governments were

agreed that the attempt to bridge the gap in Europe had to be made through a policy of 'small steps' for as long as the major objectives of European policy could not be achieved.

In his talks with the Chancellor, Mr. Borten expressed his interest in the German proposals to pave the way for the accession of the United Kingdom and the Scandinavian countries to the EEC by reducing trade restrictions.

Chancellor Kiesinger gave an assurance that he would endeavour to promote such an arrangement and he was determined to give due attention to the interests of the Community and of the applicant States. Speaking to the press, Mr. Borten said that the United Kingdom hadsofar shown very little interest in trade policy arrangements. He was, however, convinced that the British attitude 'would soften' if proposals for such an arrangement could assume a practical form.

(Frankfurter Allgemeine Zeitung, 22 October 1968; Die Welt, 22 October 1968)

7. <u>A European Defence Authority? A proposal by Mr. Blumenfeld, a CDU member of the Bundestag</u>

In a report submitted for the Political Committee of the NATO Assembly, Mr. Erik Blumenfield advocated the creation of a 'European authority for common defence matters'; this was put forward at the NATO ministerial conference in Brussels in November.

The decision to set up this authority should be taken by a conference of the heads of state of the five main EEC countries, the United Kingdom, Norway and Denmark. It should be left to the discretion of the French Government whether or not to participate in such a meeting and in the attendant endeavours. Its scope should include a common armaments budget, armaments co-operation, the development of European weaponry and technology. The report also dealt in detail with the new situation in Eastern Europe and in the Mediterranean and called for a progressive construction of a European confederation. Europe had to be able to answer the questions of the American President with a single voice.

(Francfurter Allgemeine Zeitung, 26 October 1968)

8. Mr. Brandt, German Foreign Minister, stands firm by the goal of a united Europe

Speaking on Hesse Radio on 8 December, Mr. Brandt, German Foreign Minister, said that he did not believe that the Western States would isolate the Federal Republic. As long as they stood firm by the objectives of a united Europe and of peace in Europe, there would be no such threat to Germany.

He was here referring to fears that there would be a change in relationships between the Western States; fundamentally such talk was an aftereffect of the monetary crisis. It was foolish and dangerous to talk of a reconstitution of the alliances of the second world war. The groupings that had emerged in the monetary crisis resulted, he said, from the affirmation of interests in what was certainly an important field; but they were definitely not the result of political differences.

He recalled that shortly before the Bonn meeting of the Group of Ten, the NATO conference in Brussels had, in mid-November, found 'joint' answers to the political questions. This cohesion was much more pronounced than it had been before the Czechoslovak crisis. 'We are thus not faced with a change in Western policy but with a monetary policy calamity and every partner must want to resolve it quickly.' The fact that different views had been expressed on that occasion was, he thought, not surprising. They should, however, not be over-dramatized.

He took the view that there was a wide community of convictions and interests on the fundamental issues. This cohesion was hardly affected at all by day-to-day fluctuations. This applied equally to defence and to European co-operation, even though there was still controversy about form. 'It is in Germany's vital interests not only to hold on to this joint platform but to enlarge it.'

If there were signs of improved relations between the United States and France and between the United Kingdom and France, Bonn should not react jealously. It need have no fear if others came to a better understanding of each other. This would not affect Germany. 'We shall know how to look after our own interests and our partners will understand this.'

He further expressed his conviction that the stage of a united Europe would not come any closer if one were to return to the idea of changing groupings

and alliances. In Europe, everybody needed everybody. 'In Europe, one should not talk of who can isolate whom.'

(Frankfurter Allgemeine Zeitung, 9 December 1968)

9. <u>Mr. Stoltenberg, Federal Minister for Research, pledges his full</u> support for Euratom

Speaking to the press in Bonn on 10 December 1968 Mr. Stoltenberg, Federal Minister for Research, gave an assurance that the Federal Government would make every effort to secure a balanced, forward-looking programme for the future activities of the European Atomic Energy Community.

The future of Euratom had been seriously threatened when the EEC Council again failed, when it met in Brussels on 20-21 December, to get the preparatory work on a comprehensive European policy for science and research going again; this was because of discussions on British accession to the EEC and on international monetary questions. This development was, however, liable to have a paralyzing effect on the EEC.

Mr. Stoltenberg announced that in view of the significance of the impending EEC Council meeting he would personally explain the attitude of the Federal Government to its French partners. The future Euratom programme had not only to create the necessary conditions for the future work at the joint research centres in Italy, the Netherlands, Belgium and Germany; it was also the prerequisite for concluding agreements on important new research and development work. He stressed that without such a programme, progress towards a competitive nuclear industry in Europe would be threatened and the urgently necessary co-operation in other fields of research and technology would be severely handicapped.

Mr. Stoltenberg said that the Federal Government regarded the following as the most necessary tasks for the Euratom research centres:

- a) in the nuclear field, industrial research and development work on heavy-water reactors, questions of reactor safety, direct conversion, nuclear measurement and transuranium;
- b) the peripheral areas of nuclear and general research particularly in solid state physics and materials research;

 additional work in the sphere of general economic co-operation, particularly data processing.

For this purpose Euratom should step up co-operation between the member States through associations. This particularly applies to the basic programme for fast-breeder and high temperature reactors, research facilities in biology and plasma physics and health protection.

On the same day in Bonn the European Union of Germany described European research and technology as the order of the day. It was necessary to adjust the work of Euratom in reactor techniques to meet requirements. The Federal Government should therefore try, at the forthcoming EEC Council meeting, to get appropriate decisions taken on the future work of Euratom so as to include nuclear fusion, transuranium research and nuclear fuels. Faced with the apparent disintegration of Euratom, the European Governments had to decide between an effective European Atomic Energy Community and a relapse into an out-of-date petty state dispensation.

(VWD-Europa, 11 December 1968)

10. The Bundestag passes a resolution concerning the Euratom crisis

On 11 December 1968, the Bundestag unanimously adopted a resolution calling on the Federal Government to insist, at the discussions in Brussels, that the existing staff levels in Euratom's Joint Research Centres be maintained.

The Bundestag viewed with concern the failure of the Council of Ministers to agree on Euratom's working programme as this would very soon halve the technical staff engaged in European nuclear research. The threat of this loss in terms of intelligence and experience, for which the six member States had paid out so much money, was 'unacceptable'.

(Die Welt, 12 December 1968)

Great-Britain

Britain is determined to join the Common Market, Wilson says

Speaking at the Lord Mayor's banquet in Londen on 11 November, Prime Minister Harold Wilson reaffirmed Britain's determination to join the Common Market and called France's persistent veto of British membership 'tragic for Europe'.

Mr. Wilson said: 'Our purpose is clear, known and respected..... What is tragic for Europe is the blind refusal to face facts. A refusal nonetheless obdurate, even if day by day the explanation for that refusal takes on new and ever bewildering changes of form. What is tragic for Europe is not a tendency to fight the last war - for Europe has learned her lesson - it is that progress in Europe is now held up by those who insist on harbouring the resentments of the last war..... Britain was determined to be neither disheartened by plausible soi-disant alternatives, or attractive and tempting blind alleys.'

(The Times, 12 November 1968; Herald Tribune, 13 November 1968; Le Monde, 13 November 1968)

Ireland

1. From a speech by Mr. George Colley T.D., Minister for Industry and Commerce of Ireland

On 1 October, Mr. George Colley T.D., Minister for Industry and Commerce, was speaking before delegates of the EFTA pharmaceutical industries association. He said: '.... For many centuries our contacts with the Continent were not as frequent as we would have wished but for some years now we have been steadily restoring the links which our geography, our heritage and our inclinations make so natural for us. We are already members of a number of European organizations, political, economic and cultural. We earnestly desire still closer co-operation with other European nations and the further strengthening of the links that bind us. We have entered into a Free Trade Area Agreement with our close neighbour Britain, and our aim is, with Britain, Denmark and Norway, to enter the European Economic Community so that we can play our part in the development of a fully united Europe. As you know there are difficulties in our path but our aim to enter Europe remains unaltered and we are continuing to work towards this goal. Our immediate task is one of preparation so that when the time comes we will have a noteworthy contribution to make....'

(By courtesy of the Mission of Ireland to the European Communities)

2. Talks with Mr. John Lynch, the Irish Prime Minister

Mr. John Lynch, the Irish Prime Minister, gave a special interview to a correspondent from 'Weltwoche', in which he discussed national and international politics. With reference to European questions, the conversation went as follows:

<u>Question</u>: What prejudices did Ireland have about joining the Common Market and what were its chances at the moment?

<u>Answer</u>: 'Ireland belongs to Europe because of its many historical ties and joining the European Community would make it easier for us to contribute to the political and economic unification of Europe. This would simply be the logical continuation of our loyal co-operation in such European organizations as the old OECD and the Council of Europe, of which Ireland was, of course,

a founder member. Joining the European Community would give us free access to a very much larger market and this would be beneficial to our whole economy. Above all, Ireland would obtain much more favourable prices for its agricultural products than it does at present. Even if the Six continue to discuss the enlargement problem, I can see no solution as long as there is no change in the French attitude to British membership. I am none the less convinced that the Common Market must one day lead to European unity, for the accession of new members cannot, in the long run, be prevented and this is true of our country. In 1967 I visited the capitals of the Common Market countries, including Bonn. All the Governments assured me that Ireland's accession would be welcomed.

Question: Consideration was, from time to time, given to the plan for another common market without France but including the United Kingdom.

Answer: 'We have always believed that European unity should mean a coming-together of all like-minded countries and that our membership is as essential as that of the United Kingdom and the Scandinavian countries. Although European unity does not mean much without the United Kingdom, it would mean equally little without France. As I have said, however, I am sure that the Common Market will eventually be enlarged.'

(Die Weltwoche, 6 December 1968)

Italy

1. <u>A motion tabled by Christian-democratic MP's concerning elections</u> to the European Parliament

Sixty-nine Christian-democratic members tabled a motion in the Chamber of Deputies calling on the Italian Government to propose to the other Governments of the Community that they should approve a bill for the election of Members of the European Parliament by direct universal suffrage.

The motion read as follows:

'The Chamber, aware of the obstacles standing in the way of a politically united Europe; considering that achieving this aim would become easier through the direct election by universal suffrage of European parliamentarians; considering the need, in the event of the rejection by one or more Governments of the Community of direct elections by universal suffrage of its own representatives, for Italy unilaterally to effect the election of its own delegates by direct universal suffrage pursuant to article 21 (amended) of the Treaty of Paris (ECSC) and articles 138 (EEC) and 108 (Euratom) of the Treaties of Rome; urges the Italian Government to propose to the other Community Governments the approval of a plan for the direct election by universal suffrage of Members of the European Parliament according to a procedure that would be the same in all member States.'

(Chamber of Deputies, report of October 7, 1968)

2. Anglo-Italian talks in Rome

On 11 and 12 November 1968, Mr. Roy Jenkins, the British Chancellor of the Exchequer, met in Rome Mr. Colombo, the Italian Minister of Finance and interim Secretary for the Budget and Economic Plan.

In the course of their talks the two Ministers looked into possibilities of developing monetary co-operation, improving trade relations between Britain and Italy and other possibilities of co-operation between London and the Community countries. Following a discussion on the economic and cyclical policies of the two countries, the Chancellor of the Exchequer stressed the efforts made by the British Government to restore the balance-

of-payments position. Mr. Colombo, in turn, outlined the current situation and short-term prospects of the Italian economy. He also mentioned the measures taken by the Italian Government to remedy the slowing-down in the country's development during the first half of 1967. These measures appeared to yield satisfactory results. Mr. Colombo also referred to the balance-of-payments position in his country. This showed a slow but steady decrease in capital movements and the Government felt it necessary to take measures to curb the flow of Italian capital abroad.

The visit of the British Chancellor of the Exchequer brought into relief the existence of close relations of friendship and co-operation between Italy and Britain. The Italian Government had, in fact, been extremely active on the international scene in ensuring that full support was accorded to the pound. It had contributed in no small measure to the negotiations that led, on the part of the International Monetary Fund, to the granting of a stand-by credit of \$ 1,400m. In addition, the Bank of Italy, together with other Central Banks, had contributed to the loan of a \$1,500m credit to the United Kingdom. In 1968, again with the active participation of Italy, a medium-term support agreement was signed in favour of the Bank of England.

In taking part in these agreements, the Italian Government was not only prompted by the friendly relations that existed between the two countries but also by the fact that it was convinced that Europe must strengthen its economic and political links with Britain.

(Il Popolo, 12 November 1968)

3. Statement by Mr. Colombo, Minister for the Treasury, on monetary problems

Addressing the Senate Committee for the Treasury and Finance, Mr. Colombo, Minister for the Treasury, stated that the exceptionally high level of currency transfers to Germany in anticipation of a revaluation of the Deutsche Mark, had raised serious problems for France and the United Kingdom. The reserves of these two countries had been subject to a pressure which would have been unbearable if appropriate measures had not been taken.

Mr. Colombo then recalled that following the May events in France there had been wage increases which had led to increases in production costs without there being any corresponding increase in prices. The resulting situation was difficult for enterprises.

The Minister also referred to the slow process of adjustment in the British balance-of-payments position which could not but suffer serious prejudice from speculative capital movements.

In this context, Italy had also called for the meeting in Bonn, so as to preclude any purely national decisions on problems arising in any individual economy. It was preferable to have international co-operation within the Group of Ten rather than in the Community because the issues at stake involved both the United Kingdom and the United States.

Mr. Colombo recalled that Germany enjoyed an economic situation characterized by vigorous expansion, a full employment of its labour force and remarkable price stability. He said that Germany preferred to make adjustments in its balance of payments without making any changes in the previous order based on fixed rates of exchange. Some countries doubted whether the measures announced by Germany would prove effective and they had not concealed their preference for measures of a different kind. During the debate, reference was also made to the possibility of a revaluation of the Italian Lira.

Italy had taken a decisive stand in defence of the present system of freeing world trade, based on fixed rates of exchange. This system called for greater co-ordination of economic and monetary policies than obtained at present, but the problems of today would not be overcome by introducing changes in rates of exchange every time there were balance-of-payments difficulties. Otherwise, there would be the uncertainty that was typical of the system of fluctuating exchange rates. Italy was therefore in favour of solving economic problems which were due to balance-of-payments difficulties. This would involve pooling part of the reserves of the Western nations to support countries in difficulties; under this system the central banks which received funds would restore them to those suffering losses. This solution had been particularly welcomed by all delegates. As a result of this general commitment, which differed from the system of changes in exchange rates. Italy had excluded any possibility of a revaluation of the Lira. Indeed, the situation in Italy did not call for such measures because Italy was pursuing a policy of expansion in internal demand. An appreciable part of the Italian balance-of-payments surplus, however, was intended to be used for extending the internal market both in capital and consumer goods.

(Senate of the Republic, Meeting of the Committees, 27 November 1968)

4. Mr. Pedini discusses technological co-operation

Addressing the Institute for International Political Studies in Milan, Mr. Pedini, Under-Secretary for Research advocated setting up a European Technological Community. He said that Italy needed a definite policy for science and technology and referred to the difficulties inherent in launching a policy for investment in reasearch. He said that there were two arguments in favour of international co-operation in this field: (1) the acknowledged leeway of the European countries, (2) reviving European unification through recognition of the need for closer contacts in science and technology.

Mr. Pedini then described the four main areas in which technological co-operation in Europe and the West was possible: pure research, space, electronics and nuclear energy.

In pure research, European scientists had always been very dynamic but a gap had arisen because of the brain drain. In technology, the balance of payments position was extremely unfavourable (exchanges of patents, models, productive inventions). In 1963 the USA had a credit balance of \$514m in contrast to the EEC's adverse balance of \$292m; Italy's deficit was \$107m. To put a halt to the emigration of scientists, recourse could be had to university reform, research contracts and scientific agreements involving an exchange of information. In space, all sectors of research and advanced technology merged together. The EEC's interest in space research focused on the possibilities of postal communications by rocket, on telecommunication satellites, weather forecasting and air traffic control. Italy needed to be politically present in this sector, With Professor Broglio's St. Mark programme, Italy was co-operating with the USA. With regard to the EEC, it was in Italy's interest to participate in projects to make them more homogeneous. In the field of electronics, Italy was today achieving an independence and originality that were promising. International co-operation would be possible mainly between industries and should be carried through by reference to organic planning. The work of the Maréchal Committee on data processing and telecommunications was worth noting here.

Many countries established a connexion between nuclear research and real sovereignty. Nuclear power was essential not only for defence but also for the future of energy supplies. Italy had done much to equip itself adequately despite mistakes, criticisms and quarrels. International co-operation had been less effective: Euratom had failed to bring together the strength of the six Community countries on advanced projects which could not be carried through by individual member States. Italy hoped that it would be possible to make a new start and drew attention to the possibilities existing in the sectors of fast reactors and isotope separation.

All these efforts, said Mr. Pedini in conclusion, should culminate in a European technological community for all the sectors referred to; it should have a definite, practical content and be in direct contact with the production apparatus. This would enable Europe to make an organized financial effort and provide a market outlet so that it could narrow the gap between the Community and the USA and enable Europe to conduct an effective dialogue with it. Lastly, wider-ranging relations with Japan and the USSR would be possible.

(Il Sole - 24 Ore, 3 December 1968)

Luxembourg

Statement by the Luxembourg Minister of Foreign Affairs

The Luxembourg Chamber of Deputies met on 16 October 1968, when it heard an oral report by Mr. Grégoire, Minister of Foreign Affairs, on the consequences for Europe of the Prague coup. The Minister stated, inter alia:

'It would, perhaps, not be beside the point to consider the following question: "Would Russia's satellites have attempted the Prague coup if they had been faced with a really united Europe, that is to say a strong and determined Europe embracing all the free countries of the West?"

Unfortunately, Europe is not yet a decisive force in the competition between the big powers that are now about to quarrel over the possession of planets. The conclusion to be drawn is obvious: we must hasten the strengthening of what already exists in order to become a stabilizing element in the struggle that has been going on for the last twenty years. The snag, is, however, that in the West we play a very minor part indeed when we gather around a table to discuss the future of our continent. The majority are in favour of firm action but in order that such action may be taken, we must all share in it.

Should we follow France? Where will she lead us to? The Ural or nowhere? Are we, as a result of the events that have shaken the position of Paris, ready to join Britain? There is no doubt as to the alternative.

Yet we must persevere in the policy of persuasion which we have been practising vis-à-vis the French. For how much longer? Some of you may object that after so many failures, after so many attempts to advance in a roundabout way there is no point in pursuing this policy. Shall we remain confined to a little Europe that is hardly viable? Should we not, at last, try to do something really novel, even if we have to do it without France, if she doesn't want to join us, but never to do it against France?

This is the dilemma which recent events have brought about, and this is the choice we have to make! There is only one course to follow, that of Europe, greater Europe.

There is no point in opposing joint obstination to individual obstination. We must, at last, take a capital decision. I am glad to observe that an

idea which is very near to my heart is about to be achieved: the Western European Union now offers an encouraging forum for talks between the Six and Britain. Whilst it should not be regarded as a back-door for admitting candidate countries to the EEC, the Ministers have decided to meet in Rome for a further approach.'

(Press Department of the Luxembourg Ministry of Foreign Affairs and External Trade)

Netherlands

1. Parliamentary questions

Agreement between the Six on legal matters

In reply to a written question from Mr. Vredeling (Labour Party) dated September 19 (1) the interim Foreign Minister who was also speaking for the Minister for Justice stated on October 18:

'The six member States have appended to the Agreement they signed on September 27, 1968 a joint declaration in which their Governments express a desire to avoid any divergences in interpreting the convention concerned and to study the possibilities of endowing the Court of Justice of the European Communities with competence in this matter.

This study has in the meantime been entrusted to a working party set up by the Council. Its task is to draw up a report on the competence of the Court regarding the civil application agreement and a series of other agreements either concluded or to be concluded between the Six, particularly those under article 220 of the EEC Treaty.

The Dutch representatives on the working party consider that the regulations governing prejudicial decisions, as laid down in the Treaty, should be regarded as a model for the new regulations. There was general agreement on this basis although opinions differed as to how the work should proceed in future.'

(Second Chamber, Session 1968-1969, Appendix 149)

EEC participation in the International Sugar Agreement

In reply to a written question of October 24, 1968 put by Messrs. Westerterp (Catholic People's Party), Boersma (Anti-Revolution Party) and

⁽¹⁾ On the draft agreement between the Six on judicial power and the application of decisions in respect of commercial and civil law.

Van der Mei (Historical Christian Union) on the non-participation of the Community in the International Sugar Agreement, Mr. Lardinois, Minister for Agriculture, who was also speaking for the Ministers for Economic Affairs and for Co-operation with Developing Countries, stated:

'The sugar conference held on October 24 under UNCTAD auspices set a basic sugar export quota of 300,000 tons a year for the EEC even though the latter stated at the negotiations that it could not accept this decision. The EEC proposed to the Conference that its self-sufficiency rate should be 117 which corresponded with an export capacity of nearly 1,200,000 tons per year. The Netherlands gave their agreement to the EEC Council mandate, which was the basis of this proposal, but made this subject to the possibility of changing it should the negotiations so require. Although it later emerged during the negotiations that the EEC could not obtain a self-sufficiency rate of 117, it was not possible for the EEC Council to agree on a more conciliatory standpoint. The efforts made at the last minute, particularly by the Netherlands and the European Commission and some other member States, met with no success.

The Government regretted that, for these reasons, the EEC and hence the Netherlands could not subscribe to the Agreement; the participation of the largest possible number of the major importers and exporters was necessary to ensure that international commodity agreements were as effective as could be. From the standpoint of development policy, it was hard to ignore the fact that the EEC's position in Geneva was liable to have an unfortunate effect on its relations with the developing countries.

The Government considered that since the EEC was unable to subscribe to the Agreement at the start it should try to do so at a later date and endeavour in the meantime to establish the closest possible co-operation with the new international sugar organization in order to maintain the normal world trade in sugar in the interests of the sugar exporting developing countries, as required by the Agreement.'

(Second Chamber, Session 1968-1969, page 411)

European co-operation in oceanography

On 28 November 1968 Mr. Vredeling (Labour Party) asked the opinion of the Dutch Government on the co-ordination in the EEC of oceanographical

work and on the form that co-operation with other countries could take in this context.

On 20 December Mr. Luns, Foreign Minister, who was also speaking for the Minister of Agriculture and Fisheries and for the Minister of Education and Science, said in reply:

'The Government considers that the closest possible dovetailing of policies between the Six and the other European countries is desirable with regard to oceanography. This co-operation should also take into account the interests of agriculture and fisheries and be coupled with the co-operation already existing internationally on a much wider basis. It goes without saving that in view of the scope of oceanography, the cost of studies and the fact that the seas are international, it is in the interests of every country to co-operate as closely as possible here. It is therefore not surprising that such a tradition of co-operation, which had proved very fruitful, already exists. Several international organizations have been created for this purpose, or are extending their activities to this sector. At the world level, one may quote the International Oceanography Commission, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Food and Agriculture Organization (FAO). At the regional level there are the International Council for the Exploration of the Sea (ICES) and the International Council for the Scientific Exploration of the Mediterranean (ICSEM).

With regard to the subsequent development of scientific and technical research, including oceanography, we would refer to the EEC Council resolution of 9 and 10 December 1968.

(Appendix to the Report of the Debates in the Second Chamber, Session 1968-1969, page 501)

Association with Israel, Tunisia and Morocco

On 12 December Mr. Westerterp (Catholic People's Party) put a written question to Mr. Luns, Foreign Minister, who replied on 27 December as follows:

'An association agreement will probably be concluded between the EEC, on the one hand, and Tunisia and Morocco, on the other, early in 1969. The Council has, however, been unable to determine the negotiating mandate for the European Commission concerning Israel's association application.

The representative of the Netherlands has stated on the EEC Council on several occasions that the delay in looking into Israel's application for association is causing concern to the Dutch Government. It finds this most regrettable in view of the need to maintain an economic balance in the Mediterranean Basin.' At the Council meeting of 10 December, he once again stated quite unequivocally that the Dutch Government could not accept that Israel's application be set aside indefinitely. It therefore demanded that it should be looked into at the first Council meeting in January 1969, on the basis of the latest European Commission report on this subject and of the memorandum it undertook to draw up for this purpose.

Addressing the Council on 10 December, the Minister gave the following explanation:

'The Dutch delegation has already drawn the attention of this Council to the interdependence of our relations with the Mediterranean countries. We have seen today that we are no longer very far from concluding an agreement with Morocco and Tunisia. With regard to Spain, I have noted that consultations have progressed. It is true, and I would like this to be quite clear, that we welcome this development but we have unfortunately also to note, as I have said at the Council meeting on 30 July, that progress has not been as rapid with regard to Israel. Contrary to the promise that was made to us at that meeting, the Council has still not taken up the Israel application again. This is why I would once again draw your attention to the fact that the Dutch Government cannot accept that Israel's request for association be neglected in favour of requests submitted by other countries in a similar situation.

I have learnt that, apart from the publication of the Commission's report at the beginning of October, work on Israel's application was limited last year to a single meeting of the working party. The above-mentioned report, which dealt with the possible form our relations with Israel could take and which I, for my part, consider to be a perfectly valid document, appeared inadequate to some, who called for a more detailed study of the problem.

Mr. President, this appears to me to be entirely unnecessary as the problem has been studied in sufficient detail. It is now for the Council to give its opinion on the solutions proposed, on the basis of the preparatory work done by the Permanent Representatives. This is why I should like to urge that this question be examined at the next Council meeting. In order to complete the preparations for this examination, the Dutch Government intends, in the near future, to submit a memorandum on relations with Israel to the members of the Council and to the Commission.

(Annex to the Report of the Debates in the Second Chamber, Session 1968-1969, page 525)

Prior bilateral consultations within the European Community

In reply to questions put by Mr. Vredeling, a member of the Second Chamber, the Minister for Agriculture and Fisheries, who was also speaking for the Foreign Minister, said that the Government might consult with another member State on various aspects of EEC policy and adopt a common approach prior to a Council meeting, adding that this could take place on the EEC Council itself. The Government felt that such prior consultations, which should not moreover, necessarily be limited to two member States, could in some cases be a useful preparation for work by the Council of the European Communities which was, in any event, the body with whom the right of decision rested.

It was true that when it did not take part, these prior consultations did not make things any easier for the Netherlands at Council discussions. As long, however, as this did not involve a systematic effort by a group of member States to bend the Council decision to their will, no reservation could be made concerning prior consultations outside the Council.

(Handels & Transport Courant, 6 December 1968)

2. Mr. Luns, Dutch Foreign Minister, interviewed about the situation in the Community (8 November 1968)

Interviewed by the Swiss weekly 'Die Weltwoche', Mr. J. M. A. H. Luns, Dutch Foreign Minister, made a statement on the current Community crisis and on the prospects for European co-operation. He said, with reference to a possible new move on European integration:

'There has of late been a great deal of initiative in regard to European integration, i.e. since the "second French December" (I am referring to 19 December 1967). One only has to think of the Benelux Memorandum and the proposals made by Germany and Italy. My colleague Mr. Harmel, Belgian Foreign Minister, recently made a new move, starting from the Benelux Memorandum. This was at the WEU meeting in Rome. He proposed setting up a working party, comprising representatives from the seven countries, to find out if any steps could be taken in the context of European integration in fields not covered by the Community Treaties, such as foreign policy, defence policy or technology. I am firmly convinced that, even if France were not ready to endorse such a procedure, the other WEU members would shortly

set up a committee of this type, entrusting it with such a mandate. This would, of course, not solve the problems of Britain's admission to the EEC; but in this way we would be making an effort to strengthen links with the United Kingdom. France's attitude to European integration these last ten years has held back the development of the Community, which was to have led out into a real European Union. I think there have been many opportunities and I doubt whether many new chances will arise. Naturally, the reactions of the Five to the stance adopted by France have carried real weight, although not all of them are equally determined to make a definite stand on this point. I think, however, that some form of co-operation with other European countries, outside the scope of the Treaties, could still be worked out.'

He was then asked what the prospects for Europe would be if it were possible to bypass the France of de Gaulle and whether a European Community without France would be conceivable. Mr. Luns stated:

'As I have already said, co-operation is possible in spheres not covered by the European Treaties, even without France. On the other hand, I find it hard to imagine a European Economic Community without France. I do not think it would be possible. Similarly I would be as anxious to obtain the admission of France as I am now with respect to the United Kingdom if the present position of the two countries were reversed. Neither Britain nor France should be left out of European integration.'

On co-operation between Italy and the Benelux countries within the Community Mr. Luns said:

'..... In relations between Italy and the Benelux partners there is a satisfactory identity of ideas and approaches, especially as regards the admission of new members. I am particularly gratified at the efforts Mr. Medici, my Italian colleague, is making to further the discussion of Britain's admission, using every resource at his command.'

Lastly, Mr. Luns gave his opinion on the attitude of the Federal Republic of Germany following the most recent meeting between General de Gaulle and Chancellor Kiesinger:

'I think that today, as in the past, the Federal Republic of Germany sincerely desires an enlargement of the European Economic Community and is trying to devise interim arrangements which could strengthen our links with the United Kingdom. It does, however, seem very difficult for the Bonn Government to make any progress here if France is not in agreement. This

is equally true of those fields in which the member States are quite free to make agreements with other partners as, for example, was proposed in the Benelux Memorandum. I regret this attitude because I am convinced that Europe will never be united if we are obliged always to wait for the agreement of every single country. When the EEC was established, we did not wait for the United Kingdom which has, in recent years, completely changed in its attitude to the EEC itself.'

(Mondo Economico, 16 November 1968)

3. The Dutch Government recommends that a conference of European Ministers be called to discuss European unification

At the WEU conference in Rome the discussion focused on the Benelux plans for co-operation in the fields of politics, defence, technology and monetary affairs, that is to say on matters not covered by the EEC Treaty which could be handled by WEU. At the subsequent meeting of the WEU Foreign Ministers at The Hague, Mr. Luns, Dutch Foreign Minister, announced that the Dutch Government had decided to call a major European conference of Foreign Ministers to discuss European unification. Mr. Luns again announced this decision in Brussels at a meeting attended by his colleagues from the other EEC States (except France) and the United Kingdom. This Dutch move went back to a resolution passed by the European Parliamentary Congress which was held in The Hague.

The Congress in question had prompted favourable British and Italian reactions to the idea of a ministerial conference which would impart a new impetus to European unification. Mr. Brandt, German Foreign Minister, also came out in favour of this idea at the Brussels meeting.

(Handels & Transport Courant, 15 November 1968)

4. The Standing Committee for Foreign Affairs discusses European policy

Among the points discussed by the Foreign Affairs Committee at its open session were: Euratom, consolidating and enlarging the Community,

the EEC's subscribing to the International Sugar Agreement, association agreements and the common trade policy.

Every speaker expressed concern about Euratom and urged the Government to do its utmost to safeguard its future.

Mr. De Koster, Secretary of State for Foreign Affairs, agreed with those who felt that the 'à la carte' approach - to which France was so attached - whereby member States would participate only in the Euratom activities which interested them, was a serious threat and liable to dislocate the Community.

Also critical of the French approach was Mr. Oele (Labour Party) who advocated a method which would stem the resurgence of nationalist tendencies, namely the use of Community enterprises. He asked the Government to temper its rejection of the 'à la carte' formula so that the joint research centres might help in carrying through interesting technological and industrial projects.

As regards consolidating the Community internally, Mr. Vredeling (Labour Party) stressed Article 8, 7 of the EEC Treaty; he said that all the other provisions of the Treaty were conditioned by the way this paragraph was applied. This was particularly true of Article 138 concerning elections by direct universal suffrage to the European Parliament. These two articles taken in conjunction meant that the Council was obliged to abide by all the regulations in taking measures entailed by an enlargement of the Common Market.

Mr. Vredeling said the time had come for dealing with the problems involved in increasing the powers of the European Parliament, in particular that of the Community's having its own resources. He expected the Chamber to withhold its assent regarding the Community's own resources - to which the Council was committed - unless democratic control over the Communities was simultaneously introduced.

Answering Mr. Vredeling, Mr. Luns confirmed that the Government would not submit to the Chamber any 'own resources' regulations pursuant to Article 201 of the Treaty if the powers of the European Parliament were not simultaneously enhanced.

In response to a suggestion from Mr. Van Mierlo (Democracy '66) concerning direct elections to the European Parliament in the various countries,

Mr. De Koster, Secretary of State, said that the Dutch Government had already submitted proposals to the Council in 1964 designed to confer wider powers on the European Parliament. He had asked whether these proposals were still consistent with the wishes of the Government. He added that the Dutch Government would avail itself of every opportunity to make a real change in the powers of the European Parliament.

Mr. Boertien (Anti-Revolutionary Party) doubted the value of a summit conference on a larger scale than that of the Community arguing that the Government was not really in favour of a summit conference of the Six; it felt that it would achieve nothing. What, therefore, could be expected of a wider conference, he asked. Mr. Westerterp of the Catholic People's Party on the other hand was in favour of such a conference.

Mr. Luns said that the gap between the EEC and the applicant States should not be widened in those areas covered by the European Treaties. The Government used this argument to justify its 'cautious' policy on some points which lay outside the scope of the Treaties. The term 'selective boycott' was thus out of place. In reply to criticisms by the Commission, the Minister defended the Dutch standpoint regarding work on the Maréchal Committee. 'The Dutch Government has not changed its attitude. If the Council will confirm its intention to abide by the terms of reference of the Maréchal Committee set out in October 1967, the Netherlands is ready to resume these activities at once.' According to these terms of reference the Maréchal Committee should make a preliminary study which would be followed by negotiations on a basis of equality with other countries, notably the United Kingdom. Mr. Luns went on to say: 'In March, Mr. Couve de Murville, to whom I put the question, said that he could make no binding promise. He wanted first to see what emerged from consultations between the Six. I said: "Then we cannot go through with it. Italy followed our lead and at the present moment our position is unchanged." It was not the Dutch Government which had gone back on its word but France. To defend his position, the French Minister alleged that the situation was not the same as in October 1967.

Mr. De Koster, Secretary of State, referred to European patents - a point raised by Mr. Boertien. 'We were surprised at the WEU meeting by the attitude of Mr. de Lipkowski, French Secretary of State, who was known as a good European when he was a parliamentarian. He said at that meeting that the question of patents was one which France no longer saw as one limited to the Six. On point 3, in the programme put forward by Mr. Debré, this idea was advanced with some caution. Yet at the meeting in Brussels on 4 and 5 November, Mr. Debré somewhat changed his mind. He said that the Six had to be unanimous. In saying this he disowned his Secretary of State.'

With reference to the International Sugar Agreement, Mr. Udink, the Minister responsible for aid to developing countries, said that the EEC's non-participation in the Agreement had been a major negative psychological shock to the third world. 'I believe that this is to be deplored. It has been a major psychological shock, not only because the Agreement is of real significance for the developing countries but above all because it is regarded as evidence of what the EEC will do when it comes to the negotiations on primary products. The Dutch Government anticipated this reaction and did its utmost within the EEC to get the Community to subscribe to the Agreement. The Commission's mandate originally was that the self-sufficiency point should be the index 117, a stand that made any real negotiations impossible in Geneva because all the other parties wanted to discuss the problem of dividing up export quotas. The EEC eventually agreed to negotiate on export quotas but asked for an outright quota of 1,200,000 tons of sugar, which was a volume the Community had never previously reached. The Netherlands felt that to proceed from discussions on the self-sufficiency rate to discussions on export quotas was in itself a measure of progress. The Dutch Government originally agreed to the quota of 1.2m tons on the understanding that this negotiating mandate could be changed if this were necessary in order to arrive at an agreement. It quickly emerged that no agreement was possible on such a quota. Mr. Prebisch, UNCTAD Secretary-General, did not agree to go further than a figure of 300,000 tons for the EEC. Thus the gap was too great for any agreement to be possible on this basis. The Netherlands Government fought to the last ditch in Brussels for a different negotiating mandate to be given to the Executive, endeavouring to reach an agreement on a figure of 600,000 tons. Unfortunately, these efforts failed.' For Mr. Westerterp this was further proof that the EEC Commission should not be sent to international negotiations with a binding mandate. The EEC Commission ought - and the Treaty created this possibility to negotiate independently and then submit the results to the Council.

With reference to trade agreements and associations, Mr. Schuijt recalled that the Six had agreed that citrus imports from Israel, Turkey and Spain should attract the same treatment. He asked that this commitment be respected when the association agreements with Tunisia and Morocco were signed.

Mr. De Koster, Secretary of State, reassured Mr. Schuijt on this point but said with regard to the association with Israel that although the Chamber had passed a motion calling on the Government to promote this in every way possible, Germany was, apart from the Netherlands, the only one of the Six to support the idea. France was opposed to establishing any kind of relationship with Israel.

A trade agreement with Yugoslavia had the full support of the Government but, said Mr. Luns, France also opposed this because of its

agricultural interests. The trade agreement provided for in the mandate of the EEC Commission was, according to Yugoslavia, virtually worthless because of the restrictions included in it. The Dutch delegation to the Council meeting of 4 and 5 November had again called for a flexible attitude, for both political and economic reasons.

With reference to the renewal of the Yaoundé Convention, Mr. Westerterp called for an extension of the scope of the European Development Fund, an increase in the number of African States to benefit from it, an extension in the term of the association, on condition that a revision clause was included.

(Second Chamber, Proceedings, Session 1968-1969, Foreign Affairs Meeting of 21 November 1968)

5. Visit to the Netherlands of President Hamani Diori of the Niger

During his visit to the Netherlands last October, Mr. Hamani Diori, President of the Niger, outlined his views on the operation of the development assistance given by the EEC to the Afro-Malagasy States and stated his wishes concerning the renewal of the Yaoundé Convention.

He considered that the main problems raised by the renewal of the Yaoundé Convention were:

- a) marketing products on the European markets,
- b) guarantees relating to export receipts,
- c) the industrialization of the African countries.

EEC imports and, in particular, AAMS exports to the Netherlands still tended to level off. Mr. Hamani Diori thought this was due to the fall in AAMS exports of agricultural products. Between 1964 and 1966 Dutch imports of agricultural products from the AAMS fell by 32 per cent in volume and 20 per cent in value, while imports of similar products from other countries in Africa or Latin America increased. Tariff preferences extended to the AAMS had thus no adverse effects on trade between the EEC and other regions of the third world. It might not be going too far to say that, if they were removed, this would lead to the total disappearance of AAMS products from the EEC market.

It was similarly not going too far to suggest that the EEC restrictions to protect its own agriculture were liable further to impair AAMS trade with the Community. The new Convention of Association would have to specify the treatment to be given to AAMS products under the agricultural policy. It would have to give them effective protection so as to enable the AAMS to overcome certain handicaps affecting their competitiveness.

The Associated States were convinced that it was, above all, through international agreements that an attempt had to be made to remedy the deterioration in the terms of trade. They were forced to conclude, however, that international negotiations, whether under the aegis of organizations dealing with specific products or at the world trade conference, had so far been of no avail. This was why the AAMS attached the greatest importance to measures to provide effective price support for their products under the new Convention. What the Associated States were asking was, in the final analysis, relatively little if one set the \$200 m needed to support the prices of some products, particularly affected by price slides, against the \$200,000m which the European Agricultural Guidance and Guarantee Fund devoted to supporting the prices of agricultural products in the Community.

Mr. Hamani Diori said that the AAMS had been asked to diversify their production. This would only be possible if they were industrialized first. So far the AAMS had imported finished products and exported raw materials. In future they had to start producing some of the products they had so far imported and to process some of the agricultural and mining products themselves.

It would, however, not be enough - if real industrial development was to be achieved - to satisfy local needs. A recent EEC study showed that the number of businesses which could be set up would only be 100 and would only mean employment for 15,000 people. Hence the need to create industries geared to exports, either of agricultural or mining products which had undergone first processing or manufactured consumer goods intended for the European and American markets. This would be the best way in which the AAMS could diversify and get the most out of their agricultural products by the progressive integration of their primary and secondary activities. The attitude of the EEC was to be regretted because, while the Community agreed to give tariff preferences to raw materials imported from the AAMS, it refused to give them the same preference when they had undergone any kind of processing.

The highly-developed countries and Europe had therefore to leave it to the AAMS to produce a proportion of some finished goods and facilitate access of these products to the European markets. A fair division of industrial activity between poor and rich countries was as essential to the development of the third world as was the stabilization of raw material prices at an acceptable level.

In view of the small scale of savings in the AAMS they had, when they wanted to set up new industries or extend existing ones, to call on foreign capital and in particular private resources. Unfortunately, private capitalists were not very inclined to invest in Africa, first of all because the return on their investments did not seem adequate but, above all, because they were hesitant about taking risks in regions which they did not know very well or in which they had fears about their safety. The facilities and benefits extended by the various Associated States seemed inadequate to attract capital, despite the extremely favourable conditions offered by various investment schemes such as, for example, the support and guarantee funds in the countries of the 'Entente', which gave investors both technical and financial guarantees.

It would, however, be desirable to complement this range of banking and fiscal measures by creating a guarantee fund for private investments in the framework of the Association. The European institutions had so far been too little concerned with the industrialization of the AAMS. Of the credits committed under the Yaoundé Convention, only 8.5 per cent had so far been used for this purpose.

Mr. Hamani Diori thought that the AAMS would, as in the past, continue strictly to apply the principle of non-discrimination by extending to the six EEC States the same trade preferences, the same rights of establishment and the same conditions of access to their natural wealth.

Africa was still a relatively small market but for the Europeans it was a privileged market. It was imperative to develop it and to keep it against the day when other regions in the world were lost or became competitors. It was also necessary for Europe to continue to give the AAMS its support if it wanted them to preserve their independence and their stability which were every day under threat.

(Afrika, November 1968)

6. The Second Chamber discusses the International Sugar Agreement

When the International Coffee Agreement and the International Grains Agreement were adopted, the Second Chamber also had a debate on the International Sugar Agreement. In a resolution moved by Mr. Westerterp (Catholic People's Party) and by representatives of six other parties and which was passed almost unanimously, the Chamber:

'Being convinced of the great importance of concluding international commodity agreements,

Regrets that the EEC did not subscribe within the UNCTAD framework, to the International Sugar Agreement in 1968;

Considers that the size of the sugar export quota asked for by the EEC Council was inconsistent with a rational development policy and that a reduction in this quota would not have been seriously prejudicial to agriculture in the EEC:

Therefore calls on the Government to take the necessary steps on the EEC Council to hold the necessary discussions as soon as possible to secure the participation of the EEC in the International Sugar Agreement.'

Mr. Lardinois, Minister for Agriculture, felt that there was a real chance that the EEC would still adhere to the Sugar Agreement. If the EEC agreed on a new agricultural policy, this adhesion would not raise the same difficulties as in the past.

The Government fully endorsed the aims of the Agreement - which were not solely to create a better market for the developing countries - and regarded the motion as a practical form of support. Mr. Lardinois considered that it might be necessary to reduce the sugar surplus in the EEC. There was, moreover, little chance of importing more cane sugar from the developing countries.

The International Coffee Agreement, the aims of which were similar to those of the Sugar Agreement, provided for a fund to be set up to diversify the production structures in the main coffee-producing countries. The fund would receive more than \$25m from these countries. The USA had promised a contribution of \$25m and it may double this contribution if other importing States do likewise.

Various members, including Mr. Westerterp (Catholic People's Party) urged that the Netherlands should participate in the fund and Mr. Vredeling (Labour Party) put forward a motion, which had the support of three other political parties, asking the Government to subscribe to the fund. The Government should also call on the EEC and other developed countries to follow suit. As regards food aid, Mr. Udink said that the Netherlands was ready to take part in this scheme within the framework of the EEC. He thought it was im-

portant that part of the food aid should be earmarked for emergency assistance which should also be extended by the Community. The Dutch Government, he said, did not think that food aid should be tied to a national flag.

(Session 1968-1969, Doc. 9800, National Budget, Chapter V, Foreign Affairs, Handels & Transport Courant, 5 December 1968)

Scandinavia

1. Mr. Hilmar Baunsgaard, Danish Prime Minister, in a statement on foreign and European policy

The new session of the Danish Diet was opened on 1 October 1968 by Mr. Hilmar Baunsgaard, Danish Prime Minister.

Danish foreign policy would, in the near future, be strongly influenced by the Soviet intervention in Czechoslovakia. As Mr. Baunsgaard said, Denmark could see no reason in this time of crisis for changing its relationship with NATO; the events in Prague would be taken into account in the current review of Danish defence policy. At the same time, the Government hoped that it would be possible, in the long run, to return to the policy of rapprochement and detente it had so far pursued. Mr. Baunsgaard conceded that the policy pursued by Moscow had represented a step backwards but it was to be hoped that one day the situation would be restored in which meaningful discussions on European security would be possible. In this context, the question of German re-unification should also be discussed.

The Danish efforts to close no door and to create conditions for a new phase in the bid for contacts between East and West had found expression in an appeal recently made to various countries by the Government. These had been called upon to recognize the nuclear non-proliferation treaty. In the Danish view, any delay in the entry into force of the treaty would not only lengthen the hiatus in the drive for a détente but would also involve serious risk that other trends at odds with détente would become manifest. With this in mind, the Danish Government would, for its part, submit the treaty for the ratification of Parliament as soon as possible.

This speech was being made at the opening of the new parliamentary session for the coalition Government and Mr. Baunsgaard went on to say that the review of Danish defence policy would be concluded in the spring. At all events, the Government would submit proposals for a new defence system.

He greatly regretted that negotiations for enlarging the Community had, once again, come to a deadlock following the French veto. In common with the United Kingdom, Norway and Ireland, however, Denmark stood by its bid for accession. In order, however, to attenuate the adverse effects, especially that of the EEC's agricultural policy, on Denmark's balance of payments, Denmark would, in the meantime, keep in close touch with the EEC bodies in Brussels and endeavour to promote Danish exports through negotiations

with the individual member States and, in particular, with the Federal Republic. Coupled with this, efforts would be made to develop economic co-operation domestically and to establish a 'Nordic Treaty'.

(Frankfurter Allgemeine Zeitung, 2 October 1968; Die Welt, 2 October 1968)

2. Economic co-operation between Nordic States

From 19 to 20 October 1968 the Prime Ministers of the Nordic States had one of their periodic meetings in Oslo.

The discussions centered on the possibility of closer economic cooperation in the North referred to in an earlier meeting. This time, however, the heads of government hardly went into the material issues but dealt with the timing of further steps. Before the end of the year, the working party comprised of senior officials was to submit its report. In February this would be discussed by the Prime Ministers with the Bureau and the Economic Committee of the Nordic Council and in March it would be the main talking point at the Nordic Council meeting.

Practical details about progress in the studies were not given either in the joint communiqué or in the Prime Ministers' press conference. All those taking part recognized their positive commitment to closer economic co-operation in the North although they attached varying degrees of importance to this.

Mr. Borten, the Norwegian Prime Minister, emphasized the difficulties that had to be overcome. It was recognized that opposition in many Norwegian and Danish economic circles to going all the way to a customs union was considerable; at the same time representatives of all four countries expressed a definite political will to overcome the difficulties; this would not be impossible if there were reciprocal concessions at the negotiations. Iceland did not take part in this work as it is pursuing the aim of joining EFTA. An appropriate application would be submitted at the forthcoming meeting of the EFTA Ministerial Council in Vienna.

The most interesting aspect of the Oslo meeting was a statement to the press made by Mr. Koivisto, Finnish Prime Minister: he emphasized Finland's freedom of movement in the integration policy context. 'The idea seems still to be current,' he said, 'that Finland's neutrality policy could prevent it from co-operating in an international division of labour. The removal of trade policy barriers is, however, not inconsistent with a policy of neutrality. Otherwise the neutral nations would be left isolated.'

This statement, which was studied with great interest in the other Nordic countries, went no further, however, than to advocate trade liberalization in Europe and he made it quite clear that Finland still attached great importance to its trade with the East, and that it would continue to use State intervention as a shield with regard to its multination trade relations.

Mr. Koivisto's positive statement on trade policy had to be seen in conjunction with his statement on the international situation; this reflected the comments of President Kekkonen after the visit of Mr. Kossygin to Helsinki. Mr. Kekkonen had stressed that the talks with the Soviet leader had left him with the impression that the Soviet Union wished to pursue its policy of peace and international détente. Mr. Koivisto repeated that the international tension had not grown worse in recent months and that there were signs that the mutual mistrust was gradually diminishing.

(Neue Zürcher Zeitung, 22 October 1968)

II. PARTIES AND PROMINENT POLITICIANS

1. Professor Hallstein on European integration

On 3 October 1968, Professor Walter Hallstein, former President of the EEC Commission, advocated unflinchingly pursuing the 'European work'.

Professor Hallstein, now President of the European Movement, thought that the prerequisites today were firmness and patience in aiming to achieve the ends in view. An extension of integration in Europe was currently an issue that had fallen into the background and European unification was threatened. The definite but still only temporary difficulties should not, however, divert attention from the tasks ahead. Europe, at present, he said, was full of concern but it was also full of opportunities.

Speaking in Hamburg on 19 October 1968, he warned against any stagnation in European policy. At the opening of the CDU Land Conference in Hamburg, he said that the Czechoslovakian crisis had, once again, shown the need for a comprehensive policy design. Priorities should be established and Europe was the first priority.

An isolationist position was inconsistent with the European character. The first duty of western European politicians today was to hold fast by what had been achieved. Subsequently a federation had to be built by means of common foreign and defence policies.

In view of the French opposition, this could at present neither be achieved nor even worked out, he emphasized, but it was a thought that had to be kept permanently alive. In his view there could be no lasting Europe without France. In individual questions, interim solutions had to be worked out. Europe today had become politically provincial because the world of today called for a continental mould, warned Professor Hallstein.

Mr. Hallstein strongly warned against creating any special European community which could bring about the collapse of the structure of the Communities.

At the Sixth Marienberg Congress on Europe on 24 October 1968, Professor Hallstein came out against considering the Harmel plan, which was designed as an answer to the French attitude, particularly regarding the expansion of the Community, providing for a special arrangement with the applicant States, and above all in technology and on monetary policy.

If technology were put in a separate compartment this would be prejudicial to the economy at large. Instead, he advocated a flexible Community structure which would, in addition to the Community general programmes, involve special programmes affecting individual member States with which third countries could be associated.

Professor Hallstein came out decisively against the 'package deal' policy of the Benelux States, particularly the Netherlands, which amounted to saying that there would be no internal progress in the Community unless there were a change in the French attitude.

(Neue Zürcher Zeitung, 22 October 1968; Die Welt, 25 October 1968)

2. The Earl of Bessborough proposes that a European technology centre should be set up

Addressing the Anglo-German Society in Hamburg on 9 October 1968, the Earl of Bessborough suggested that a European technology centre should be set up. Lord Bessborough is the Opposition Spokesman in the House of Lords for Science and Research. He also called for closer economic co-operation between the United Kingdom and the EEC States.

He stressed that the United Kingdom was in a particularly good position to make a very useful contribution in this field. He referred to the British successes in the field of nuclear energy and computers and in the aircraft industry. He said that the United Kingdom's atomic power stations were already producing around 5,000 megawatts yearly. This figure would be doubled when the second nuclear power programme was carried through.

Lord Bessborough said that the United Kingdom led Western Europe in building nuclear reactors. In 1971, for example, the first purely commercial atomic power station would come on stream in the north of Scotland; this was based on a fast breeder reactor. Britain was also today's leading exporter of radio isotopes. As for computers, British scientists were already on the point of developing the fifth and sixth generations.

He said that closer co-operation in technology was also a matter of costs. In 1940 the production costs for a Spitfire were around £5,000 sterling but today the Lightning Mark I costs £500,000. The expense of basic research in all fields had to be set against a higher unit output at the production stage.

He particularly called on Germany to co-operate more closely with the United Kingdom on the peaceful uses of atomic energy, in the computer industry and in the field of turbine propulsion. The Leyland Motor Corporation had already developed a turbine-propulsion lorry which would be manufactured in 1970 and would have a horse-power of between 350 and 400. The prospects for oceanography, automation and the exploration of the solar system were also good.

The criticism that the United Kingdom had allegedly neglected to modernize and adapt its industry was one he rejected. A country whose exports today comprised 70 per cent commodities that did not exist 15 years ago could not be described as lagging behind. With regard to training scientists, the United Kingdom today had 45 universities and colleges of advanced technology.

(Die Welt, 10 October 1968)

3. Motion on foreign policy passed by the Political Council of the Democratic Party of the Centre

The Political Council of the Democratic Party of the Centre, chaired by Mr. Jean Lecanuet, met in Paris on 20 and 22 October and passed a foreign policy motion stressing, in particular, the problem of uniting Europe: 'The foreign policy of the French Government is paralyzing the unification of Europe and impairing Atlantic solidarity without achieving the key aim of detente because it places a premium on nationalism and is opposed to any Community organization of peoples for their defence and economic development.....

The Democratic Party of the Centre calls for the political union of Europe and the admission of the United Kingdom to the European Community on the basis of equal rights and obligations; for the French armed services to cooperate organically in the common defence within an Atlantic Alliance adapted to new circumstances'

(Le Monde, 22 October 1968)

4. Mr. Lemke's approach to European policy

Speaking in Mölln on 1 November 1968 at the Schleswig-Holstein CDU conference, Mr. Lemke, the Land Chairman, was highly critical of France's attitude to the accession of the United Kingdom and the Scandinavian countries to the EEC. 'If France goes on kicking over the traces, then we shall inevitably have to go on without her.'

Discussing principles, he said - regarding whether the EEC should not be enlarged through a European technological community comprising Germany, Italy, the Benelux countries, the United Kingdom, Ireland, Norway, Sweden and Denmark - that this could ultimately lead to common foreign and defence policies.

He said that Moscow had wrought a qualitative change in the status quo in Europe, as was exemplified by the Russian intervention in Czechoslovakia. He did not see how it was possible to defend the attitude that as long as Soviet troops did not cross the European demarcation lines, this should be the criterion for inaction on the part of the West. He emphasized that it must be made clear that no desire for peace and understanding would prompt any of us to repudiate our legal status or to recognize either the Oder-Neisse Line or the national identity of the Soviet zone.

Mr. Lemke was convinced that the Federal Republic had to spend more on defence. Similarly, a better design for NATO had to be worked out. At the same time the demand for justice in the defence dispensation had to be recognized. He did not see any reason why a new European defence community should not be created under new conditions within NATO.

(Die Welt, 2 November 1968)

5. European affairs reviewed at the CDU Party conference in Berlin

The CDU Party held its 16th Congress in the Berlin Congress Hall from 4 to 7 November 1968.

One of the focal points in the debate on the action programme was the drive towards a stronger design for European policy. One indication of this was the decision not to treat European policy as a part of the foreign and defence policy complex, but to deal with it between 'German policy' and 'foreign and defence policy' in a special and important section of the action programme. This was formulated as follows:

- '1. The political unification of Europe is a decisive contribution to peace in Europe and the world. The unity of Europe is the only chance for our continent to live in peace, independence and security, side by side with the existing and up-and-coming world powers.
- 2. For this reason, we urge the political unification of Europe. We call for (i) the completion of the European Economic Community and, in particular, for the removal of all frontiers, (ii) common policies for economic and monetary affairs, development assistance and foreign trade, science and research, and (iii) for a progressive approximation of social policies. The European Parliament should be directly elected and have budgetary, legislative and supervisory powers; it should be involved in the appointment of the European Executive.
- 3. Franco-German co-operation assumes great importance in the unification of Europe. We want the EEC to be enlarged through the admission of States ready to join. Until this accession takes place, advantage should be taken of every opportunity to co-operate with these countries, with a view to achieving European unity. For States that can or will only assume part of the common obligations, alternative organic links should be offered.
- Our goal is the early establishment of a European federation with a free and democratic constitution, a common foreign policy and a common defence system.
- 5. The European unification policy has not only to consider the interests of the States that belong to it at the moment. It should be devised in a spirit of "all-European" solidarity and responsibility.

Professor Walter Hallstein, former President of the European Commission, told the press that one could not but be pleased at the greater strength, clarity of definition and meaningfullness that had thus been achieved. He took exception, however, to the fact that the European ideas put forward in the new points were not exactly what was required to find a way out of the present deadend - the current context of this policy. But this was a short-term problem, whereas the CDU's action programme outlined what the Party's long-term political course was to be. However, Dr. Hallstein was pleased to have a basis for European policy which set out clear conditions and aims in a way which would be noted both within and outside the Community and this could help to exonerate Germany from the criticism that it was paying too much attention to one member State.

In fact, it is noteworthy how clearly the consolidation of the European Parliament to the point of including responsibility in regard to appointing the European Executive, together with the yearly establishment of the European federation with a free, democratic constitution and specific duties, are set out. The advocacy of a common monetary policy represented a clear refusal – in contrast to the current trend – to look for European solutions in this field outside the EEC.

Prior to the European policy resolution of the Conference, Chancellor Kiesinger noted with great concern in his 'statement of principles' that Bonn had, for a long time, been getting nowhere with its European drive. The endeavour here had to be to achieve greater political clarity. Both the Common Market and the European Economic Community were vital to Europe. Every effort should therefore be made to develop them further, now with the Six and later with other countries.

Chancellor Kiesinger regretted that the accession of the United Kingdom and other countries, of which the CDU was sincerely in favour, was being delayed by French opposition. Yet it would be a fatal mistake to neglect the urgently-needed internal development of the EEC for reasons of irritation or misplaced tactical considerations because these accessions had been delayed. The development of the EEC did not involve any political union of Europe. One had here to be careful to avoid the error of believing that the European economic union would lead directly out into a political union. This could, perhaps, be viewed as a long-term development. Until then, however, Europe would be excluded from any say in the shaping of its own destiny or the future of the world. 'We cannot wait that long!'

It was now that every effort must be made to form a more cohesive international approach on the part of the European States. Every use should be made of the institutional possibilities and of multilateral and bilateral relationships. This also meant that Bonn's efforts to achieve the economic and political unification of Europe should not simply be a series of stages but should go hand in hand with efforts directed at establishing the European federal state. This might be difficult. Chancellor Kiesinger had nothing to say against the existing European institutes. He was a vigorous supporter of them. If, however, it proved that Europe was, as it were, imprisoned by these institutions, then they would have to help the institutions themselves, using all the means available and exploiting all relationships to resolve this problem. 'We shall do this and, indeed, we have already begun to tackle this problem.'

(Frankfurter Allgemeine Zeitung, 5 and 6 November 1968; Handelsblatt, 6 November 1968; Neue Zürcher Zeitung, 6 and 7 November 1968)

6. Statement by the Dutch Ambassador in Bonn

Speaking in Düsseldorf on 6 November 1968 to the German-Dutch Society, Dr. J.G. de Beus, Dutch Ambassador in Bonn, called upon the Federal Government to make a greater effort to use its key position to greater advantage and increase co-operation between the EEC and the applicant States.

For more than six years, people had been waiting for the enlargement of the European Communities and they could no longer build their hopes on time working for European unification. So far France, whom the Ambassador did not mention by name, had continued to find new reasons for withholding its assent to the necessary enlargement of the Community. Hence Europe was at a dead end and, he said, it must be led out of it again.

Dr. de Beus outlined the Dutch standpoint by saying that the EEC should not widen the division of the free countries of Europe into two blocs through the further internal development of the Community, as France was now requesting. The enlargement of the EEC had to go hand in hand with its growth and it was high time to begin working together with the United Kingdom and the other applicant States in the fields of technology, defence and patent and company law.

(Handelsblatt, 7 November 1968)

7. A world monetary conference should be preceded by a European conference

Among the inferences he drew from recent crises, Mr. Giscard d'Estaing found fault with the European monetary system on two main counts: it was too flexible when creating new artificial liquidities was involved; this increased speculation; and it was too rigid when moderate adjustments in the rates of exchange were called for.

To put the system right, he felt that there should first be a centralizing body to create liquidities in the form of an international unit, which would underpin the national currencies; at the same time, the possibility of widening the margin through which rates of exchange were allowed to fluctuate should be studied. He said that large-scale adjustments in major currencies had become impossible because of the incentive they gave to speculators and because of the shock they imparted to the whole monetary system. Yet the lack of flexibility of exchange rates meant that the whole pressure of the adjustments was borne by the domestic cyclical policy and led to alternating inflation and deflation periods which were costly for the economy and prejudicial to employment.

A world monetary conference should therefore look into the possibility of joint decisions on creating liquidities and provide for the introduction of more flexible adjustment machinery.

Mr. Giscard d'Estaing stressed, however, that no world monetary reform could remove the need to solve the special problems of national currencies and that, prior to any international conference, it was necessary to organize the monetary solidarity of Europe.

If, as would be desirable, Europe were endowed with a monetary organization, it would have been able to deal with the problem itself and thereby assert its independence.

The monetary solidarity of the Community could, in his view, find expression in a regional institution similar to the International Monetary Fund, in swap agreements between interested countries, pooling part of the exchange reserves held, adopting a joint approach on international bodies and, lastly, the establishment of absolutely fixed rates of exchange within the Common Market.

(Le Monde, 28 November 1968)

8. Dr. Erhard warns against breaking up EFTA

Speaking in Vienna on 28 November 1968, Dr. Erhard, former Federal German Chancellor, warned against the attempt of individual countries to break with EFTA in order to join the EEC which might, perhaps, be of greater use to them.

Such an attitude naturally weakened their negotiating position. The fact that Britain's attempt to join the EEC had, unfortunately, twice been rejected was something he had taken to mean that 'the largest country in EFTA should be the key with which the door could be opened for all'.

Dr. Erhard was speaking as the guest of the secondary school students association on aspects of European integration. To give up the idea of a comprehensive solution or, in other words, to trust in the success of the 'small steps' approach would, he feared, lead nowhere and many plausible explanations would be found for the failure of the negotiations. No one was wrong, everyone was right but as a result, unfortunately, Europe would be a lost cause.

(VWD-Europa, 29 November 1968)

9. Mr. Marjolin: We must see to it that France does not withdraw into its shell

Mr. Robert Marjolin, former Vice-President of the EEC Commission, stated during a discussion on Radio Europe No. 1: 'The Common Market did not intervene as a Community in the monetary crisis because it is not a monetary entity..... I do not think that a European currency is possible without a European political community, without a European government.'

Mr. Marjolin also stated that he had been 'rather shocked' recently by the anti-German feelings of a large section of the public. He asked whether France would have revalued its currency had it been in the same position as Germany; he felt it would now have done so.

Going on to the decisions taken by the French Government, he said that the reintroduction of exchange controls was a necessary evil. Such a measure had to be taken but, he said, he would regard as an evil anything which restricted trade or the flow of capital or payments in a Europe moving towards unity.

He said that the danger which must be avoided at all costs was that exchange controls would give way to further controls and possibly import controls; this would, to some extent, be a negation of the Common Market. He thought that this danger would be avoided because Mr. Couve de Murville, Mr. Ortoli and, of course, General de Gaulle were convinced that the French economy had to be exposed to foreign competition. This danger would, if it materialized, cause France to withdraw into its shell. In his view, this trend was one which could come about imperceptibly and had to be avoided at any price.

He did not think that the abolition of the wages tax and the increase in the added value tax were inconsistent with the Treaty of Rome. He said that there was nothing in the spirit or the letter of the Treaty to prevent a Government from replacing non-repayable taxes by repayable ones.

Lastly, with reference to the international monetary system, Mr. Marjolin said: 'It makes me rather sceptical when I hear people criticizing this system. A monetary system is worth what the monetary policies of its member States are worth.' If, however, the decision were taken to overhaul it, a restriction should be placed on the possibility, open to certain currencies, of attracting credits – in a sense involuntarily – through the accumulation of reserves. In other words, the present practice of granting credits freely as between one country and another to contend with difficulties seemed to him both justified and reasonable; but he thought, conversely, that the use of reserve currencies was a dangerous practice if it went beyond a certain point. The idea that currencies could not fluctuate freely except within extremely limited proportions had, furthermore, been seriously challenged of late.

(Le Monde, 28 November 1968)

10. Mr. Pleven discusses French foreign policy on the television programme 'Meet the press'

In the television programme 'Meet the press', Mr. Pleven spent an hour under fire from three journalists from leading French dailies. With reference to European problems, the former President of the Council stated: 'The aim of achieving a détente with the East, which General de Gaulle desires, seems reasonable to me. My disagreement with the President of the Republic is on the means to be employed to achieve this end. France's leaving NATO was a princely gift to the USSR and nothing was obtained in exchange.

No alliance without a permanent organization can be effective. The Parliament does not even know if there is any agreement between France and NATO on the possible employment of French forces in Germany.

I do not think that France alone can produce a credible deterrent. For this to be possible, its forces would have to be merged with those of the United Kingdom and the United States.

(. . . .)

France alone cannot secure its own defence and remain in the scientific and technical race. We have been chasing after several hares at once and caught none of them because we have not allowed the conditions for European action to be created.

France's policy has also re-awakened nationalism in neighbouring countries. A united Europe cannot be achieved except on the basis of the equality of the participating States. Our bilateral agreements with Germany have worried our partners. If the path to a united Europe is blocked, it is through a fear that France and Germany may combine together.'

Mr. Pleven indicated that he would not make France's return to NATO a condition of his joining the French majority party. 'On the other hand,' he made clear, 'my position would be the reverse if France withdrew from the Atlantic Alliance.'

(Le Monde, 4 December 1968)

11. The Independent Party of Mr. Giscard d'Estaing and the National Independent and Farmers' Party discusses European unity

Speaking on 'Radio Europe', following a banquet in La Villette, Mr. Giscard d'Estaing said, with reference to Europe: 'There will not be a Common Market unless there is a monetary organization for Europe. If this is not set up soon, there will be further crises affecting other currencies and the countries concerned will not be able to do anything but pursue a policy similar to that which France is attempting at the moment. The Common Market would not be able to stand up to the series of shocks that would result. Hence monetary negotiations for Europe are essential before major international negotiations begin. If the nations of Europe go to this conference independently, the Common Market will break down.'

A few days later, the National Council of the Independent and Farmers' Party met in Paris under the chairmanship of its Honorary President, Mr. Antoine Pinay. The meeting closed with the adoption of a motion in which, with reference to foreign policy, the Party 'reconfirmed its resolve to respect its alliance with its Atlantic partners and proclaimed its faith in the European construction'.

(Le Monde, 21 December 1968)

12. Europe under discussion at the last conference of the SFIO

The SFIO Socialist Party held its last national congress from 21 to 24 December at Puteaux. The main aim of this congress was to constitute a new socialist party, merging the former SFIO, the Convention of Republic Institutions and various non-Communist groupings on the Left.

The Puteaux congress was dominated by the disappearance of one party and the constitution of a new one but it still adopted motions on foreign policy, one of which dealt with Europe. This read:

'Alarmed at the threats of disintegration hovering over the European Communities, which constitute a deliberate violation of the spirit and letter of the Treaties of Rome:

- (a) noting with regret the policy direction with which the Council of Ministers concluded its discussion on nuclear research in the Community;
- (b) considering that the lack of a common, co-ordinated effort in technological research means the end of any prospect of progress for Europe;
- (c) condemns the attitude of the Gaullists in power in stopping the Community work, which is a prelude to the destruction of the European Community;
- (d) is gratified at the public demonstration organized in Brussels on 17 December 1968 by the trade union organizations of European officials and declares its support for their action;
- (e) urges all those who want a united Europe to bring home to French public opinion the dangers with which Europe is threatened;
- (f) stresses the need for re-launching European integration to democratize and consolidate the Communities.'

(Le Monde and Combat, 21-24 December 1968)

13. The foundation of the Movement for the Independence of Europe

In April 1968 leading politicians of different allegiances signed a 'Manifesto for the independence of Europe', thereby setting up a European independence movement.

The Manifesto consisted mainly in a strong condemnation of 'the domination of American industrial and financial groups' and advocated 'the systematic development of the bases of true co-operation....with peoples' democracies, including the Soviet Union in so far as it proves itself to be European'.

The leaders of the new movement include, side by side, Communists, Christians of the left, members of the Progressive Party, Gaullists, 'fellow travellers' of the Communist or Gaullist parties and even militant members of the new Extreme Left. The Executive includes Alain Le Leap, former Secretary-General of the CGT who has for the past 8 years been living in retirement in the Var, declining any political responsibility.

The movement appears to have three aims: to set up political working parties to establish the constituent features of a 'minimum programme' for 'European independence'; to hold information conferences and to issue a publication to put the general public on its guard concerning the dangers of the 'American hegemony'; to encourage the setting up of similar movements in other European countries and to establish links with them.

The communiqué issued by the founders of the new movement reads as follows:

'In April 1968, and despite the diversity of their ideologies, the signatories to the Manifesto for the independence of Europe, signified their determination to help foil the economical, political and military imperialism of the United States and to work for a gradual union of the peoples of Europe which would rule out any domination.

They still consider that the independence of the European peoples means gradually eliminating the political and economic hegemonies and the military blocs which divide Europe.

Recent events in Czechoslovakia and the latest world monetary crisis have aggravated this division of Europe and started the cold war off again,

and this has made it more difficult and more necessary to solve the German problem.

In view of this situation, the signatories to the Manifesto have decided to resume, widen and organize their efforts. They constitute the Movement for European Independence whose principles are laid down in the Manifesto of April 1968.

The underlying principles of their joint action which in no way restricts their other political activities are:

- (a) to promote and support any move to combat the American hegemony in Western Europe, the ultimate effects of which can only be the financial dependence, technological leeway, social regression and cultural decline of Europe;
- (b) to organize contacts and increase the exchange of ideas and experience with all those in Central and Eastern Europe who are in favour of the independence and progressive union of Europe;
- (c) to develop relations with Eastern and Central Europe, to find solutions to the German problem and that of European security with a view to liquidating military blocs;
- (d) to help the peoples of Asia, Africa and America to free themselves from under-development and from imperialism.

As it takes root in France, the Movement has decided at the same time to broaden its relations in the various countries of Europe so as to bring the whole of Europe within its scope.'

The National Council of the Movement has 60 members including: Messrs. Emmanuel d'Astier de la Vigerie, Francis Crémieux, Max-Pol Fouchet, Pierre M. Gallois, Olivier Germain-Thomas, Paul-Marie de la Gorce, Pierre Le Brun, Alain Le Leap, Albert-Paul Lentin, Edmond Michelet, Alain Ravennes, Serge Vincent-Vidal, Pierre de Boisdeffre.

(Le Monde, 24 December 1968)

Mr. Mauro Ferri, National Secretary of the Italian Socialist Party, stresses the need to accelerate European unification

Interviewed by the review 'Iniziativa europea', Mr. Mauro Ferri, National Secretary of the Italian Socialist Party (which is affiliated to the Socialist International), said that the paralysis of European political and economic integration and the failure to enlarge the EEC to include the United Kingdom, were among the real reasons for Europe's present division and weakness. He said that Italy had 'trump cards to play' for a revival of a pro-European policy.

Italy's action in recent years had been consistent with the priority requirements of economic expansion. Italy had chosen the course of economic integration rather than that of political integration and had pursued it to the point where it was feasible; he said that Europeans were today faced with two basic political issues; the first was enlarging the Community to include the United Kingdom and the second was to make another more practical bid for political integration on an institutional basis.

Mr. Ferri then stressed the need for British accession to the Community to give a better balance in uniting Europe. He said that two factors to bear in mind were: 'The ambition of De Gaulle's France to become a great power and the not unexpected emergence of a Germany that is economically very strong and aware of its strength. It is against this background that Britain's presence in the Community and in other designs for European integration is seen to be desirable. We must also ensure that this enlargement does not whittle away the supranational component in European integration because the problems of balance within the integrated Europe will not be solved – to mention only the economic and financial ones – if we maintain the various national authorities; we must work towards a genuine common policy.'

Mr. Ferri went on: 'Economic, financial and monetary considerations have shown the urgent need, at the integrated Europe level, for an economic and monetary policy which will transcend the nationalist claims of De Gaulle or the ambitions of Germany.....

Secondly, we need a common foreign policy. The consolidation of NATO after the events in Czechoslovakia could come about within the Alliance if the American supremacy were flanked by a strong and co-ordinated European presence which could act as an independent counterweight. The Czechoslovakian crisis led to stalemate in the policy of opening up relations with the East European countries which the individual West European States had until then severally pursued; and this stalemate will probably only be resolved if

Europeans together review prospects and the ways and means of pursuing such a policy.

Thirdly, as we have seen, the Czechoslovakian crisis raised the question of restoring the military balance. This is a serious issue, involving economic and political considerations: there could be a change of emphasis and influence which would affect individual States internally. Again, only integration will give an answer to this question which will provide conditions of security for our economic and social development and our democratic stability. If European nations devise a common policy for economic affairs. foreign policy and defence, obviously there will have to be many institutional changes. We could envision enlarging the supervisory powers of the European Parliament (and here the Government's task of renewing the Italian representation assumes its full significance). The same criteria for the composition of this Parliament should be reviewed to give more direct participation by the public at large. It is true that speeches have been made and repeated on this subject. I think that the confused international situation has had a depressing effect on the internal politics of the countries of Western Europe. And this should induce us to quicken the pace.'

(Iniziativa europea 1968 - Year X - No. 111)

III. ORGANIZATIONS AND GROUPINGS

1. The Belgian trade union movement and European problems

The National Information Committee of Belgium's General Labour Federation examined European problems in the light of the recent GLF congresses and of the latest developments in the European Community. The GLF had the following observations to make to its affiliated members:

'1. The need to revive the idea of uniting Europe comes from the seriousness of the crisis which the Community is at present undergoing. Despite the completion of the customs union 18 months ahead of the original schedule and despite the fact that the machinery for the common agricultural policy has been set up, the outstanding fact is the lack of any real progress in formulating common policies.

In the long run this lack of common policies is liable to prejudice what has been achieved. The recent French measures are in this respect a significant example. The application of the safeguard clauses calls the customs union into question. More indirect measures, furthermore, lead to the same result: one has only to think of the various tax exemptions or subsidies in favour of investments.

2. For our trade union organizations there is also the fact that we have, by and large, been too much guided by the European Movement type of action summed up in the words "Europe for Europe". For the generation that emerged from the war this formula meant something, but for the younger generation it is meaningless.

Practically speaking, we have endeavoured to put our case in the Community institutions without always making a sufficiently clear distinction between ourselves and the other groups; agricultural prices and the non-disappearance of frontiers. For our propaganda we should also take into account the difficulty of assessing the favourable effects of integration.

3. Under these conditions, to relaunch the idea of uniting Europe means giving it a content. This means making a critical analysis of what is being done at the moment and suggesting alternatives.

Our campaign should be concentrated on a few general themes and one or two specific points.

(a) General themes

- The lack of unity in Europe explains why it is not present on the world stage. In the Vietnam war and in the Near East crisis, the States of Europe might have made suggestions or criticisms but only an integrated Europe could have affected the course of events.
- If it is true that fear of the USSR made people react in 1949 and 1950, the fear of American economic domination might perhaps provoke a beneficial reaction. Obviously one must not fall into the error of an unjustifiable anti-Americanism; one should, on the contrary, stress the dangers to Europe's future of being passive in the face of the American challenge.

Attention must thus be focused on the need to develop key sectors by a concentration of efforts in scientific research and technology and in guaranteeing security of employment through a policy devised at the Community level (and in particular through a regional policy).

- The points in the CISL/CISC joint memorandum issued from Rome, i.e. the enlargement of the Community and strengthening its democratic structure. It is worthwhile showing the adverse effects on consultations with the trade union organizations of transferring power from the Commission to the Council. Here, the point to be emphasized is the need to strengthen the hand of the Parliament.

These three themes should guide us with regard to the merger of the Treaties. We know by experience that our ability to influence events positively is limited. Even on those points where we have been successful, our contribution does not emerge clearly because of the amendements undergone in Community procedure.

We are, on the other hand, certainly able to stand in the way of certain events. If the merger of the Treaties does not measure up to our claims, we must try to prevent its ratification.

(b) Specific themes

- The role and the activity of the trade union organizations and secretariat.
- (ii) Introducing greater flexibility into the customs union, for example through easing up frontier controls (in the Benelux countries) and

the campaign regarding the prices of some products, in relation to competition rules and the agricultural policy.

- (iii) Our action programme of May 1965.
- (iv) The other social problems: employment, the Social Fund, occupational training.
- 4. If an agreement is reached on these themes there are two questions of organization which have first to be answered:
 - (i) Should one not plan from the outset to co-ordinate the campaign, both in the Benelux countries and in France, with the Christian trade union organizations?
 - (ii) If we enter on a campaign this must have the clear mark of trade unionism on it. We should avoid wasting too much effort on demonstrations of the "European Movement type" where we should be no more than "camp-followers".

(La Tribune, September 1968)

2. Mr. Huvelin, President of the National Council of French Management, discusses Europe

In an exclusive interview which he gave to the 'Républicain Lorrain' Mr. Paul Huvelin, President of the National Council of French Management, was asked about the attitude of French management to European unification. In reply he said: 'The National Council of French Management has felt ever since the Common Market started that European unification was a prerequisite for the expansion and the freedom of the French economy.....

The choice of opening up frontiers has been upheld and this is a clear sign that France has broken with the protectionist traditions of the past.'

Referring then to the British application to join the EEC, he said: 'The possibility of open competition from neighbours which have powerful industrial traditions naturally makes French business leaders think. Within an increasingly strong Economic Community they feel that they can nonetheless face up to this. Thus French management does not reject this possibility out of principle but it is convinced of the need to strengthen the Common Market as an economic unity before anything else. Once this priority is established it

would be strengthened rather than weakened if the United Kingdom were ready to join as a full partner, accepting all the commitments involved for the immediate future and in the long-term prospects.'

(Le Républicain Lorrain, 16 October 1968)

3. Conference organized by the European Movement in the Netherlands to discuss employment problems as seen from a European angle

On 17 October the Dutch section of the European Movement organized a conference in Amsterdam to discuss problems of employment in the EEC. The speakers included: Mr. Roolvink, Minister for Social Affairs and Public Health, Mr. Sassen, a member of the European Commission, Mr. Bosma, President of the Federation of Dutch Enterprises, Mr. Kloos, President of the Dutch Trade Union Organizations and Mr. De Wolff, President of the EEC working party on the medium-term economic policy.

The broad measure of agreement between representatives of trade unions and management and the speakers from Brussels was a noteworthy feature of this conference, They were unanimous in recognizing that none of the member States was yet in a position to pursue a long-term employment policy entirely on its own.

Mr. Roolvink stressed that, at present, the only problem commanding any real attention was that of employment structures. Two Ministers were dealing with this problem: the Minister for Economic Affairs who was responsible for employment policy and the Minister for Social Affairs who was concerned with the optimal adaptation of supply to demand, both as regards the location and the nature of job opportunities. Mr. Roolvink felt that a distinction had to be made between three closely-interwoven groups of problems:

- (1) problems raised by recession and the overhauling of certain branches of the economy;
- (2) problems associated with technological development;
- (3) those stemming from the uneven expansion of different regions.

All the member States were familiar with these structural difficulties. This was a reason why the problems of employment policy and the attendant labour market issues should be tackled at Community level. The Treaties and the tools they created were, however, inadequate to meet this purpose. With

regard to social policy, the Treaty looked for close co-operation between the social partners and that was about all. It could only be hoped, the Minister felt, that the climate would become more favourable and that an institutional framework could be set up. These were the two prerequisites if the problems were to be properly tackled.

As for measures designed to improve the present situation, Mr. Roolvink began by proposing that the European Social Fund should, in future, intervene not only to deal with urgent cases; its main function should be to take preventive action. Avoiding unemployment should not be the least of the Fund's purposes. The allowances it paid out should also go to poor areas and to improving the occupational training of workers because technological development necessitated that this be taken to an increasingly higher level.

Mr. Roolvink also asked that the European Investment Bank should have more scope and that its statute should be overhauled; he added that the ECSC redevelopment loans could serve as a guide here.

Mr. Sassen outlined the work done by the Community to promote employment. He, too, suggested various improvements, particularly regarding the operation of the European Social Fund. To date, it had operated mainly 'after the event', in that it had reimbursed member States with 50 per cent of the costs of measures already taken. It should, in future, act more 'before the event'; its concern should primarily be with additional training and occupational retraining; it should not, under any circumstances, remain a sort of European unemployment fund.

Mr. Sassen also quoted the ECSC as an example. He also advocated setting up a European employment council comprising members of the European Commission, national governments, trade unions and management.

Mr. Sassen came out against the nationalistic and egocentric ideas of many of the Dutch political parties which advocated special methods in the field of employment and who did not take into account the ideas or the approach of the other member States. These methods were often inconsistent with those prevailing elsewhere. The implementation of the European employment policy meant that all those concerned had to look at problems from a European angle.

Mr. Bosma considered that the surface area of a region should not be decisive when political guidelines were being formulated. A domestic survey could therefore show the way to a European policy to stimulate the labour market, pin-point the centres of tension and thus allow the necessary corrective measures to be taken in good time. Mr. Bosma again stressed the structural problems. Structural measures were not always taken in time and when they were, they were often too incidental to avoid upheavals on the labour market. A good policy presupposed an accurate idea of the development of society. Medium and long-term planning was necessary to show, with regard to employment:

- (a) the foreseeable employment trend in the various branches of the economy,
- (b) foreseeable changes in jobs within these branches of the economy.

These forecasts would have to be regularly updated because it was difficult to assess how rapidly change took place. The action taken on the basis of these forecasts would thus have to be flexible. This could be achieved by securing greater manpower mobility both from one place to another and from one job to another.

Mr. Kloos considered that the problems of employment could not be tackled on the national level. States, regions and towns were fiercely competing with each other to attract domestic and foreign industry without reference to any overall plan within the context of the regional employment policy. This was an unfortunate kind of competition of which those industries settling in a given region took advantage to obtain settlement facilities. A diversified expansion policy was essential. It had to be a policy of expansion because economic growth provided the means for increasing employment and productivity. It had to be varied because the problems themselves were varied and complicated and they transcended the national context. They could not be dealt with by a national policy. Mr. Kloos therefore felt that the European Commission should have greater authority. It should first have a genuine Community planning body to deal with cyclical policy problems and mediumterm planning. Only then would it be able to fight on equal terms with the governments. To cope with structural changes three sorts of measures were necessary:

- (i) a greater mobility both as to place and jobs should be secured by occupational training and allowances:
- (ii) alternative jobs should be created in declining industries and in regions with inadequate structures;
- (iii) to bring the recession process to a halt if the measures concerned were not effective enough.

Finding answers to all these problems called for a minimum of cooperation and even, in many cases, for a genuine common policy. The mediumterm economic policy should provide the basis. The assistance and rationalization measures taken in some sectors must — where these clash with each other — be replaced by a Community policy, established by reference to Community criteria. Such policies were urgently required in the fields of textiles, shipbuilding and the steel industry. Where rationalization took place, the closing of enterprises should not be made attractive only to employers; the workers, too, should benefit from advantageous provisions. It would thus be desirable, as part of the income guarantee coupled with age and/or years of service, to enable them to retire before the stipulated age.

To achieve this the Community must take community decisions and it must show financial solidarity.

From the institutional standpoint, it was essential for the Commission, the Governments and the social partners, to take part. The tripartite consultative committees of the European Social Fund could be merged to form a European labour market council. This council would not, however, be able to do anything unless it were given the necessary tools. The powers of the European Social Fund had to be increased so that it had the same scope for action as the ECSC in readaptation policy. It should have the right of initiative, to be used in the medium-term structural policy.

An active structural policy could go some way towards solving a great many regional problems but it could not solve those of regions which were lagging behind economically. Possibilities of co-operation were, no doubt, greater at the international level but it was also necessary to ensure that national measures did not cause too many irregularities in the conditions of competition.

The main aim was to reach the stage where the Community bore part of the financial cost of promoting the economic development of the regions.

This was a necessary consequence of the economic unity which the Community represented and this was something that could not be rejected on the grounds that the Netherlands would have to pay out more than it received.

(Nieuwe Rotterdamse Courant, 18 October 1968; Handels- en Transport Courant, 18 October 1968; De Vakbeweging, 18 October 1968; De Nederlandse Onderneming, 25 October 1968)

4. German Banking Conference in Düsseldorf

At the opening of the 11th German Banking Conference in Düsseldorf (21 to 22 October 1968) Dr. Schiller, the Federal German Economics Minister, discussed cyclical trends and external trade relations.

He said that there had been a made-to-measure upswing and that the German Mark was one of the most stable currencies in the world. He again rejected the requirement of some foreign circles that the D-Mark should be revalued. It would be depressing, he said, if we ourselves had to correct every error which had started off in other countries, in their own houses. Everyone had an obligation and obligations were not 'convertible'. A revaluation of the D-Mark was not debated at the IMF meeting either.

'We are moving from the naïve approach to an enlightened market economy, in which private banks are a vital factor,' he stressed. They were the main connecting link within the economy between enterprises, private households, the State and the outside world and exerted their influence through consultations, information and control on the decisions of their credit customers in the economy at large. Yet they were more than commercial partners for the private householders; those with savings and deposit accounts also referred to them for help in making decisions.

Professor Schiller also discussed Britain's accession to the European Economic Community. He said that it would only be possible to consolidate the British economy when it was merged with the EEC. Within the EEC itself, one had further to pursue a policy directed at growth and stability. 'Our aim is and remains a European Community of stability.' In this connexion, he praised the solidarity of the member States and said that the help given to France had shown that no member could now do without the Common Market.

In an impassioned speech at the Bankers' Conference, Mr. Jean Rey, President of the Commission of the European Communities, called for an attack on the right of veto. Departing from the original theme of his talk, he said that, although the Governments of the individual member States had the right to hold different opinions, they also had an obligation to work together. Otherwise, the Community would become as weak a body as 'the lame United Nations', similarly paralyzed by the very right of veto. By using its veto, one partner had stood against the enlargement of the Community which all the others wanted; it did this in the name of a Community about which it had, at the same time, said that it did not suit its taste.

Understandably, the economic integration of Europe and the structural changes linked to it incur a loss of impetus but these must be reduced to a minimum, not least to avoid political regression.

Mr. Rey praised the compromise bid of the German Foreign Minister with regard to enlarging the EEC and said that this suggestion still remained on the negotiating table. The Community was, indeed, in a state of crisis but this was neither the first nor the worst and it was certainly not the last. In spite of everything, he was firmly convinced that the EEC would not disappear from the economic landscape and that it would progress on the right course.

Different opinions were always being expressed as to whether the monetary union, which was an integral part of a complete customs union, should, as it were, be the culminating point at the end of the journey or whether it could not serve as the driving force for accelerating integration. Mr. Rey gave no direct answer to this question but it was clear from what he inferred that a gradual realization of the monetary union, in harmony with integration in all other fields, was the only possible answer he could have given.

He referred once again to the legally vague monetary policy provisions in the EEC Treaty which had, in the course of time, brought into being various committees to co-ordinate monetary policy (the EEC Monetary Committee, the quarterly meetings of Finance Ministers, the Committee of Central Bank Governors, the Cyclical Policy Committee, obligation to consult concerning changes in rates of exchange and on questions concerning international monetary relations). In this connexion, he referred to the units of account introduced in the field of agricultural market regulations, which would make it increasingly difficult and unlikely that there would be any parity changes.

With reference to the latest French difficulties, he advocated giving a more definite shape to the provision in the EEC Treaty for reciprocal assistance between the member States in the event of balance-of-payments difficulties. This could, perhaps, be developed as a reserve tool for the member States, which would subsequently also come to be regarded as such by third countries. The member States would thus help to solve the monetary questions arising in a larger context.

The Commission had, in several documents, both recommended and given precise details about monetary policy co-ordination. This mainly involved unifying the currency markets in the Community. He advocated either further restricting or completely removing the limits on the daily exchange rates fluctuations (currently .75 per cent either way) in the currency dealings within the Community. The same question arose with forward rates. Eliminating

fluctuations would effectively help promote trade and especially help financial relations within the Community and would have great psychological significance as a result; it would establish monetary policy co-operation in the EEC in a more practical way.

Mr. Strauss, Federal Finance Minister, spoke about 'the public authorities as creditor and debtor'; with reference to the revaluation of the D-Mark, he came out decisively on the side of Dr. Schiller. He said that recent experience and a careful weighing-up of all the arguments had shown that the majority was in favour of maintaining the present rate of exchange. 'In view of the uncertainty of the path before us, it would be inconsistent with a responsible attitude on the part of the Government to create new unrest and uncertainty.'

(Industriekurier, 22 October 1968; Die Welt, 22 October 1968; Frankfurter Allgemeine Zeitung, 22 and 23 October 1968; L'Echo de la Bourse, 23 October 1968)

5. Trade union action in the European Community

The Confederation of Christian Trade Unions in Belgium held its 24th congress in Brussels from 24 to 26 October 1968. The congress closed by passing the following resolution on European problems:

'The Congress,

1. considering:

- (a) that the Customs Union was in fact brought into effect on 1 July 1968;
- (b) the delay in finalizing most of the common policies;
- (c) the lack of progress with the European social policy:
- (d) the danger to European integration of a succession of political crises:
- regrets that Europe has failed to understand the need to create an
 economic, social and political entity that would turn it into a real
 United States of Europe able to play its rightful part on the world
 stage at the right moment;

- 3. recalls that the EEC cannot remain a mere Customs Union but must become a real economic union and that this must be with a view to a future political union;
- 4. asks that the merger of the Treaties of the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community should be effected in this spirit with the professional organizations, particularly the trade union organizations, playing a practical part at every stage:
- 5. assures the European Organization of the International Confederation of Christian Trade Unions of its support and would like to see it become more integrated and have greater resources at its disposal;
- 6. asks the professional organizations to contribute towards developing the work of the international professional organizations especially within the EEC so that the work of the trade unions may find expression in practical co-operation between the workers of more than one State. Europe must constitute both an economic and social whole.'

(Au travail, 9 November 1968)

6. The case for Europeanizing the Universities

Writing in the Bulletin of the European Movement, Mr. Oele, a member of the European Parliament (Dutch Socialist) called for a more rapid elimination of obstacles to the free movement of research workers, students and workers and for earlier implementation of the programme dealing with the equivalence of university diplomas. Mr. Oele supported the efforts being made in this direction by the EEC Commission. The Article in the Euratom Treaty concerning the European University had, like many others, remained a dead letter. This was why the European Commission could be proud of the fact that it was now less emphatic about the somewhat ambitious plan which originated around 1950 to set up a model European University. Whilst the idea itself remained valid, the chances of turning it into a practical reality were greater in the field of advanced research and teaching institutes which had a more specific purpose. Without wishing to deny that this was a worthwhile aim to pursue, it had to be remembered that the main focus should be on stepping up exchanges between existing European universities.

It was certain that wider-ranging contacts between the universities would be beneficial both to students and staff and to industry, especially if these contacts made for a better division of work and intensified other exchanges.

This proposal, which was in itself practical, had one appealing aspect: it concerned the younger generation and he who 'is young has the key to the future'. But would the Europe of today succeed in winning the support of the younger generation? To carry through its university plans, the European Commission could do with some allies because the difficulties were so great. Linguistic differences would still be a serious obstacle for as long as people refused to make English - for example - the language of the research workers and scientists whose vocation was international.

The research contracts that industry or the public authorities might conclude with the universities would do but little to help with the division of work and co-operation with these universities as long as these contracts continued to be envisioned in a purely national framework. The credits from Brussels would indeed be a great help because it was money that the universities needed more than ever in order to expand. For the time being, however, no great help could be expected from the Community's own resources. The free movement of university staff furthermore was liable to increase rather than reduce the financial difficulties of the universities. Lastly, the trend towards university autonomy was becoming more pronounced in the regions and States of the Community. The result of this was that the Commission could only take an indirect part in the process of reform the universities were currently engaged in. It could not rely on the active or tacit support of those for whom European co-operation was of immediate general interest because universities were not corporations geared to a market and having a single obiective.

Europe no longer had the wind of change in its sails. It was now blowing in its face, especially in the universities. The wind of change was at present blowing within national frontiers and it compelled a choice of course. In this choice Europe was not recognized as an end in itself but as a means. It had not to be the last bastion in the defence of national culture but the intermediate stage at which we could enlarge our sphere of action, have a greater say in decisions taken and attain to greater mastery over technical development. It was thus not for Europe to be the objective of a militant Christian West but to serve as a means of achieving a pluralist confederation able to help solve world problems. The best young people and scientists in the Community were moving in this direction and would no doubt like to help in 'Europeanizing' the universities, provided this in turn led to a social reform of these institutions.

The final aim of the European Community was a heterogeneous political society with limited powers. Was it to be expected that it should throw itself with political élan into the struggle for a reform of the universities? The answer was simple. The Commission itself was aware that to pursue this objective it needed new powers and new provisions in the Treaty.

It was therefore firmly resolved to break out of the limits of its terms of reference. If it wanted to help pulling down the great walls surrounding so many European scientific institutions, it could not be content to improve regulations on competition between the universities. It had to create the conditions for a wider and more social development of the European universities. It had to take part in a long-term development plan for university teaching, which Europe so much needed. It had to be the focal point for discussions on the university's responsibility to society. It had to help in a more experimental development of science teaching. Lastly, in the interests of the economy and of the whole of Western industrial society it had to work towards creating a European statute of the rights and duties of the specialized university.

If the European Community did not have its own design for the future, it could not really help dealing with university problems. It had clearly to show young people what there was for them in the Europe in which they would represent the decision-taking generation, what guarantees there would be against a relapse into political nationalism and, above all, what new tasks could be undertaken, which were still waiting to be tackled.

(Nieuw Europa, October 1968)

7. Professor Schneider and Mr. Fritz Berg oppose the formation of blocs in Europe and advocate giving a new impetus to European policy

On 3 October 1968, Professor Schneider, President of the German Chamber of Commerce and Industry, addressed the European Union of Financial and Business Correspondents in the Chamber of Commerce and Industry in Düsseldorf. From the standpoint of German business, as a large and oldestablished supplier but also as a customer of its European partners, he said it was an absurdity that blocs should come to be formed within Europe. It was undeniable that there was no longer a common political resolve on the part of the six governments to achieve the political aims of the Rome Treaties and that, as a result, further progress would be very laborious.

After the establishment of the customs union on 1 July 1968 which was, in fact, no more than a customs tariff union, it would be even more difficult to reach the next stage, i.e. the economic union, because traditional national interests were at stake and there would be a hard struggle to safeguard them. Similarly, he saw little, at present, on which the common trade policy envisioned in the Treaty could be based.

As for the agricultural policy, which had long been regarded as the pride of the EEC, he said that he could not accept that it was, in its present form, a 'tool in the hands of common sense in business' between the Six or a demonstration of the sense of responsibility of the Community vis-à-vis its trading partners in Europe and overseas.

It appeared to him that it was irreconcilable with sound common sense when the resolution of serious monetary crises was due, in a large measure, to the understanding and successful co-operation of the European Central Bank Presidents, but that the Governments could not agree on a policy which would serve to prevent economic and monetary crises in the EEC.

Speaking in Düsseldorf at the Annual General Meeting of the Industrial Credit Bank on 24 October 1968, Mr. Fritz Berg, President of the Federation of German Industry, came out against a revaluation of the German-Mark. A once-and-for-all intervention was as much to be rejected as were greater margins of fluctuation or graduated rates of parity. The uncertainty of unsteady rates of exchange was something that the world's economy could no longer afford. He emphasized that the future lay rather in a much closer cooperation in international monetary policy and legislation. The EEC had to develop into a hard-currency bloc.

Europe would only 'survive' against the USA if European firms met size with size. Either one struggled through to a European internal market or one had to fall back on a policy of 'national allotments'. In the latter case, Europe would fall to pieces.

(Die Welt, 25 October 1968)

8. Agricultural quotas? Statement on agricultural policy by the President of the German Agricultural Credit Union

In an article published on 31 October 1968, the President of the German Agricultural Credit Union discussed the problem of agricultural quotas in the following terms:

The common agricultural policy is based on the principle that the Common Market alone shall control prices and imports by variable levies which are adjusted to the prevailing situation. In the meantime, it has become obvious to everyone that this system has led to a dead end. The price policy,

which has proved so inadequate to the farmers, has stimulated overproduction and this is flooding the agricultural markets, restricting the room to manoeuvre trade policy and clearly overtaxing the budgets of the member States. The obligation of the Community resulting from the market regulations either to export surpluses at world prices or to destroy them has become an illusion since the surpluses no longer usable by market standards have grown to unanticipated proportions. The farmers recognize that price promises mean nothing when they cannot be fulfilled on the market and that excessive production, which has likewise been an unforeseen result of rationalization, is beginning to act against them.

The resulting discussion on a new agricultural policy course, accelerated and made more pronounced through a change in office of the Minister for Agriculture, has suddenly brought this fact out into the open and has also embraced the French, who have so far been the main beneficiaries of the system. In 1969 the French Government will have to pay out more than 7,000 m French Francs in market support alone and this is more than half the total aid for agriculture and nearly a quarter of the gross sales receipts. It clearly regards such a burden on the State as unacceptable. Moreover, it has cause to doubt whether Germany and Italy will still be prepared, for their part, to contribute through increased payments to the EAGGF, which will once again mainly benefit France, to this immense subsidy for French agriculture, whose overproduction is depressing its own markets. The French farmers, at all events the younger ones, seem indeed to have realized that there is no way out with the present system.

In the forefront of the discussions is the differentiation in agricultural assistance. Encouragement is to be given to the production of competitive farms, and farms of the size below this group are to receive social assistance in so far as they abandon or restrict production for the market. The main idea here is to regulate the whole output quantitatively instead of doing so as previously through the agency of price alone. As the French agricultural press indicates, this should mean production restrictions for cereals, milk, sugar beet and for fruit, which is of special importance to farmers in southern France. This would be a complete reversal of Mr. Pisani's agricultural policy which, for example, gave a strong stimulus to fruit in view of the apparently unlimited absorption capacity of the German market; the trees planted as a result of the official plan have now simply not to grow sky-high.

Similar observations are being made in other member States. The leading agricultural organizations in Germany proposed to the Minister of Food before the annual deadline that the milk market should be regulated by reference to the sugar market organization principle whereby every dairy would have a basic delivery quota; the quantities coming within this limit could be marketed at intervention or guide prices whereas the surplus quantities could only be marketed at world prices. The leading foodstuff organization in

the Community took up this proposal on a Belgian motion which was fully supported by representatives of the other member States, subject to reservations by the Dutch. The principle of quantity regulation or, to be more precise, of quotas, was once again on the table. The Commission has always energetically rejected the quota procedure both for the internal markets and for the common external frontiers although it would have been easier at the GATT negotiations, for example, if it had been able to offer firm, long-term import quotas. Since the market direction has come to a standstill on the question of price and the Mansholt proposals for a radical unification of farm structures are, in the best possible of contingencies, no more than pipe-dreams, there remains no alternative but to look this new course in the eyes.

(Handelsblatt, 31 October 1968)

9. Franco-German co-operation is the focal point of a meeting in

Dusseldorf of the German branch of the International Chamber of
Commerce

The importance of good relations with Germany for the French economy was emphasized in an address given at a meeting of the Management Committee of the German branch of the International Chamber of Commerce in Düsseldorf on 7 November 1968.

Leading French businessmen saw Franco-German co-operation as the nub of the European Economic Community and they felt that this had to be further developed because it was at the same time the basis of the Franco-German relations. This view was put forward by Mr. Paul Huvelin, President of the French Employers Association. Particularly noteworthy was his observation that French economy too was convinced of the need to enlarge the EEC. He believed that the recent efforts of the French Government to find possible solutions were quite sincere. In the event of Britain's accession, some areas of French industry would experience difficulties but these should not be overestimated. Mr. Huvelin referred here to the British monetary and balance-of-payments problems, which had first to be cleared. He stressed the overriding importance attached by the general public in France to the Franco-German rapprochement.

Mr. Huvelin did not think it likely that the introduction of participation in France would lead to a situation comparable with the German consultation system. The law, as so far envisioned, did not threaten the essential structures of private enterprises. What was involved was mainly better information for the works committees on the running of these concerns. At the

same time, French employers would have to make sure that the apparently 'fully acceptable' proposals of Mr. Capitant, the Minister for Justice on the Left of the Gaullist Party, for profit-sharing by workers were not carried too far. The spokesman for French employers here relied on the firmness of General de Gaulle who would certainly see to it that the authority of business management was not undermined.

French economy was anxious about the heavy cost burden borne by enterprises resulting from the wage agreements they had had to conclude early in the summer to end the crisis. The sequel to this crisis should not be under-estimated even though business activity in France had improved considerably and confidence had been restored since the end of the crisis. The increase in the cost of living of around 5 per cent in the current year and a further increase in 1969 had to be taken into account. Employers had, because of this increase in the cost of living in the spring of 1969, to reckon with new and massive wage claims from the trade unions. He did not think, however, that an increase in wages on the same scale as this year was likely because it would appreciably exceed the attainable progress in productivity.

Mr. Franz Heinrich Ulrich, Spokesman for the Board of the Deutsche Bank and Vice-President of the German branch of the International Chamber of Commerce, stressed how much it was in the interests of German economy for the French economy to recover completely from the difficulties resulting from the events in May and June as quickly as possible. France was Germany's main trading partner as, indeed, Germany was the most important trading partner of France. Trade between the two countries in both directions had grown to over DM 18,000m. The German economy was very gratified that French business was in favour, as Mr. Huvelin had assured them, of eliminating the French import quotas; this had been the quickest way of overcoming the difficulties resulting from the May/June crisis.

Mr. Ulrich called for closer co-operation in the EEC on cyclical and monetary policies. It was, in the long run, unacceptable to regard it as normal for one member State to have an average increase in its cost of living of 5 per cent, while other member States had to accept an upper limit of 2 per cent: 'We must work out a common measure here.' Despite Mr. Huvelin's acceptance of the principle of enlarging the EEC, Mr. Ulrich felt that there were still some differences of opinion on this subject. German business was ready to support any proposal that did not loosen the ties between London and the Community.

Mr. Otto Wolff von Amerongen, President of the German Branch, concluded the meeting by stressing the need for sound monetary discipline throughout the Community. Only this, he said, could provide a joint stand

against changes in exchange rates. Dr. Alwin Münchmeyer's proposal to create a European monetary union as the beginning of a new stage in Community integration was one which Mr. Otto Wolff regarded as not feasible.

(Handelsblatt, 8 and 9 November 1968)

10. Belgian industries and the future of the Community

In its bulletin of November 10, 1968, the Federation of Belgian industries published an editorial entitled: 'The drive towards reviving the European Community.'

'For nearly a year the Six have been failing to agree on a common design for the conditions under which the Common Market might be enlarged. They have issued numerous plans, and ideas have been put forward by this or that member State, but no valid common synthesis has been established by the European Commission whose responsibility it is to look after the general interests of the Community, because of a lack of any adequate political consensus.

Although this is in itself not very encouraging, what makes it the more dangerous and unacceptable to both Belgian and European business spheres is that it has led, in a way that was not intended in the Treaty of Rome, to a series of political vetoes which have prevented the Community from developing normally and rationally and from expanding internally. This practice of "retaliatory" vetoes has particularly affected industrialists because of the way it has hampered business within the Community. The most characteristic examples are the common work on setting up a new, Europeantype company and that regarding research and technology.

Today a great many firms are forced to expand their organizations to an optimal size, to streamline their buying and sales service, to specialize and diversify their products, their range or their services and to increase their research potential. It may be indispensable for firms to amalgamate in order to withstand world competition and to meet the challenge of technological change.

Most industrialists who are confronted with the obstacles and delays in the harmonization work affecting enterprises regard the creation of a European-type company as a way of accelerating mergers and amalgamations and of providing new opportunities for firms which want to go to the financial market so that they can become established and expand their activities in several Community countries. Such a company could, furthermore, pave the way to the real economical integration of Europe. All these arguments justify the work done so far both by the Commission and the Permanent Representatives; these deserve to be continued and to lead to early decisions.

At the meeting of the Council of Ministers in Luxembourg on 31 October 1967, representatives from the field of scientific research showed how the technological gap between the United States and Europe went on widening every year. A working group under the chairmanship of Mr. Maréchal was set up to look at the problems facing Europe in scientific and technological research.

In its first report, this group recommends that "a systematic effort should be made to innovate at both the Community and national levels".

All those concerned are agreed and wanting a better co-ordination of European research and development work. One urgent need is that the necessary legal framework be set up to encourage firms to participate in technological progress. Practical measures must be taken to ensure real co-operation between governments and between enterprises; Belgian industry feels bound to express its concern at the prolonged stoppage in the work of the Maréchal Group.

The seriousness of such a situation is a revealing comment on the very unsatisfactory atmosphere for political co-operation between the member States. This makes it difficult not only to attain new objectives within the Community but also to carry on with the perfectly normal work (formally provided for in the Treaty) of changing the present customs union into a real and adequate economic union before the end of the transition period on 1 January 1970.

The serious imbalance between the actual stage reached with the customs union and the various common policies (economic, trade, aid, free movement of capital, etc. with the sole exception of the common agricultural policy) is causing very serious concern to Belgian industry. The lack of adequate common policies results mainly in the lack of any real single market for the six countries, because a series of trade, technical and fiscal obstacles remain – where they do not grow worse – and means, in practice, that markets are in separate compartments. This situation is disturbing because the resultant economic nationalism in the Six makes it hard and, to a large extent purposeless, for the European Commission to do its job under the Treaty of

assessing how far national and regional assistance, which has recently been growing to chaotic proportions, is consistent with the Common Market.

The lack of any adequate, general control over such practices aggravates competitive anomalies between the Six, and, in some sectors, negates the benefits of eliminating customs duties.

In conclusion, Belgian industry feels that a situation, where no progress is possible in new and essential ways and where there is no satisfactory development of the economic union planned in the Treaty of Rome, calls for urgent and appropriate action on the part of the Council of Ministers of the Community to get things moving again. This must have top priority, bearing in mind the time-limit of 1 January 1970 for the work on developing the Community internally.

How indeed can one imagine that even third countries will go on wanting to belong to a Community whose internal development has stopped, with the sole exception of the customs and agricultural problems?'

(Bulletin of the Federation of Belgian Industries, No. 28, 10 November 1968)

11. <u>Conference in Rome on employment problems seen in the light of technological development</u>

On 14 and 15 November a conference was held in Rome to study problems of employment in relation to technological development. The conference had been organized by the Federation of Chambers of Commerce on the initiative of Mr. Andreotti, Minister of Industry. In his opening address Mr. Andreotti stressed that between 1950 and 1968 the Italian Government had created two million new industrial jobs and Italy was the only country in the European Community where unemployment had decreased in 1967 (from 769,000 to 689,000 units).

However, the remaining number of unemployed, as well as the fairly large number of under-employed, regional differences and the medium level of the gross national product (which is, in fact, well below the German and French levels), are sufficient reasons for the Government to consider more appropriate remedies to its economic difficulties.

There was, in particular, the problem of the relationship between technological modernization and employment which, in some sectors, was causing great concern to employers and personnel.

The high cost of machines and the development of automation required a lesser number of workers. Technical progress could not be stopped but it was necessary to plan in time a number of additional measures. On the other hand, technological evolution should not alter the fact that the development of industrial employment – even in quantitative terms – was the main objective of Italian economic policy. If this were not so, then the employment problem in southern Italy and other underdeveloped areas would be perpetuated and this would go against every principle of justice and morality.

The example of the highly industrialized nations was particularly comforting with regard to the growing possibilities of employment.

The Italian economic success was the result of a general effort at all public and private levels.

Following the conference at the national headquarters, there will be further regional meetings to give practical effect to the measures which the Federation of Chambers of Commerce intends to take. It will, in addition, be both necessary and advisable to consider closer co-operation with trade unions, as it is essential to dispel the understandable diffidence on the part of workers with regard to certain modernization efforts, which were all too often seen as measures designed to reduce the employment of less qualified workers.

(Il Sole - 24 Ore, 16 November 1968)

12. Farmers: the time has come to reinforce European solidarity

The three large farming organizations - the Farmers' Federation, the Young Farmers and the Agricultural Mutual Benefit Society - had a meeting in November with Mr. Boulin and afterwards issued a communique on the consequences of the Government's recent economic decisions. They took the view that the only possible approach to the austerity programme would be to ensure a division of effort between the various occupational and social categories, bearing in mind the situation of each; recovery prospects must be real for all sectors. The communique recalled that farmers had borne heavier

burdens in 1968 because of increases in other sectors and stated that it would be unfair to ignore this now.

The agricultural organizations could not accept that farmers should once again be penalized. They asked that all the measures designed to reduce the cost of investments and stimulate exports should also apply to farming. They trusted that European solidarity would be reinforced on all sides, particularly as regards agriculture.

(Le Monde, 27 November 1968)

13. The president of the Federal Union of German Banks draws certain conclusions from the international monetary crisis and calls for a European monetary system to achieve stability

Dr. Alwin Münchmeyer, President of the Federal Union of German Banks, dealt with current monetary problems in an article which appeared in 'Handelsblatt' on 2 December 1968.

Among the points he made were the following:

'If we consider the outcome of discussions on the international monetary crisis and the measures taken to restore the stability of our monetary system, then we must recognize that we are still as far as ever from a decisive breakthrough. Once again, it emerged from all the consultations that when there is a dangerous worsening of the situation in one country, the decisions taken are governed by considerations of national prestige. International agreements such as GATT and procedural questions governed by Treaty such as that of the EEC were simply ignored. We have now once again left the path towards gradually freeing world trade which has been pursued with tremendous effort over the last twenty years; we have gone back instead to a jungle of protectionist and "dirigiste" national measures.'

In this context the German Government's decision to choose fiscal measures rather than revaluation to maintain the balance of external trade had been the choice of the lesser of two evils. Revaluation would not have been desirable because other States did not make it clear what monetary and cyclical policy measures they envisaged to deal with their difficulties. Whether the programme decided upon by France was in fact a lesser evil than devaluing the franc remained to be seen and depended on the extent to which other nations

saw the need for counter-measures - in view of its considerable effects on the international flow of goods and capital. Hence the international monetary system was at present in a state of uncertain calm but it could easily change into one of extreme instability.

It had therefore to be asked what could be done permanently to strengthen confidence in the stability of individual currencies and in the system as a whole. It was recognized by those who wanted a radical re-organization of the world monetary system that it was not so much the system as a failure to respect the rules of the game that was responsible for the crisis. Calm and stability could be, to a large extent, achieved with the present system but only if maximum international co-operation and co-ordination were not only discussed but actually secured.

The European Economic Community seemed to Dr. Münchmeyer to be the very area which simply had closely to co-ordinate its economic and monetary policies in line with the objectives it had set under the Treaties. It was therefore regrettable to have to acknowledge that one was regressing to-wards disintegration instead of taking a definite political stand to take decisive steps forward in a European integration policy. But for the present crisis, in which France felt it could not opt for a devaluation of its currency, would we now have arrived at a good point in time for establishing a European monetary union?

Setting the exchange rates of all the member States at the present level and eliminating the margins of fluctuation would have taken the wind out of the sails of the speculators. If the rates of exchange within the EEC at least were to cease to be used as an economic policy parameter, a common economic, financial and cyclical policy would act as a practical control for the Governments of the member States.

The institutional requirements for close monetary policy co-operation in the EEC were to a large extent already fulfilled, in view of the existing interdependence. It had for a long time been the advice of the Finance Minister that it should be on the Medium-term Economic Policy Committee and the Committee of Central Bank Governors that the policy of the issuing banks was discussed, and where they kept each other regularly informed on lines of credit policy and the main measures taken by the Central Banks. There was also the Monetary Committee which had, pursuant to Article 105 of the EEC Treaty, to keep an eye on the financial and monetary situation of the member States and of the Community and on the general flow of payments of the member States and report regularly to the Council and to the Commission. Every member State was 'examined' by the Monetary Committee at least once a year. In April 1964 its mandate was extended to cover exchange rates and international monetary questions. The institutional nucleus for a European federal

reserve system already existed in the shape of these committees. It had, however, to be used to greater advantage as a starting point and above all its position had to be made more secure by agreement.

For some years there had no longer been any decisive impulse in the EEC; the completion of the customs union in the middle of 1968 was the result of a decision taken a long time ago. At the present stage the operative factor was a national 'dirigisme' which had long been regarded as having at last disappeared.

Dr. Münchmeyer expected a great deal from the creation of a monetary union which he saw as a way out of the deadlock; he felt it could impart a strong impetus to overcoming stagnation and to accelerating the harmonization process which would otherwise be very exacting. Differences in fiscal systems and in the remaining competitive conditions could probably be dealt with much more quickly if the currency and credit policies for the whole EEC were uniformly regulated and the unimpeded flow of currency and capital due to variations in interest rates evened itself up. It would then soon be clear that the highly-prized national independence regarding budgetary policy was subject to limitations. Every budgetary deficit could then only be covered from a joint pool of liquidities. The illusory possibility of straying from 'the straight and narrow' would then be restricted.

A common currency and credit policy would also define the area within which everyone had to remain. If the boundaries were fixed and if within these boundaries the market forces had a free rein, then it would soon be evident just how untenable national differences in, say, the taxation of similar situations or in the investment provisions of finance institutes were. They would thus be cut off from the main stream of expansion and this process would follow through more rapidly than could be achieved at the laborious discussions of experts. A European monetary union would thus not have to be the cornerstone of European integration, as had so often been suggested, but it could indeed prove to be the strongest dynamo for integration.

To the extent that a European monetary union became a reality and the Community developed into an internal market, this area would strengthen its tactical and trade policy position vis-\(\frac{a}\)-vis the other major trading nations. To the same extent this unity would indirectly also give a special negotiating position on monetary policy questions because discussions on the national balance-of-payments situations of the member States would have to take second place to an assessment of the overall balance of payments of the Community. In 1967, the balance of trade surplus of the EEC vis-\(\frac{a}{a}\)-vis third countries was only just around DM 3,000m. But even with this figure, discussions must take a different

turn at negotiations between a European monetary union and third countries if there should be an external trade imbalance.

(Handelsblatt, 2 December 1968)

14. The 'Force Ouvrière' Confederation criticizes the French Government for having admitted the General Labour Confederation (CGT) to a European Committee

In an article entitled 'The European Trojan Horse' in the weekly journal of the 'Force Ouvrière' (Socialist), Mr. Camille Mourgues, a leading member of that Confederation, criticized the French Government for having paved the way for representatives of the CGT to enter an EEC Committee.

The 'Force Ouvrière' (which is affiliated to the International Confederation of Free Trade Unions) was attacking the decision of the French Government to find a seat for the CGT on the EEC's Committee on the free movement of workers.

Mr. Camille Mourgues said that nobody would have thought of associating the professed opponents of the European idea with the Community, whether or not they were organized into a constituent body. The CGT and its 'overlords', the Communist Party, were a case in point - they had deliberately been left out of 'the building of Europe'. Admittedly, however, they themselves had not wished to participate and this was as it should be. The CGT had always inveighed against this Europe and had tried, by every means, to wreck it.

Mr. Mourgues added: 'Nobody will be fooled, at least they should not be; and yet it was the French Government which prepared, organized and launched the whole affair, for it was not just a first step. A promise has been made to go farther by opening other doors, particularly that of the Economic and Social Committee of the EEC.

The collusion between the CGT and Gaullism does not in any way disturb the former; but for the French Government to lend itself to this is something we find annoying but not surprising. Perhaps it is seeking "allies" to delay or even hamper the unification of Europe or to remain at most the Europe of nation States, so dear to General de Gaulle.'

'With or without a wooden horse', he concluded, 'the wolf will enter the fold with the complicity of the French Government.' $\frac{1}{2} \int_{\mathbb{R}^n} \frac{1}{2} \int_{\mathbb{R}^n}$

(Nouvelle République du Centre Ouest, 29 December 1968)

DEVELOPMENT OF EUROPEAN INTEGRATION

At the Community and International Level

I. COMMUNITY INSTITUTIONS

1. Speech made by Mr. Mansholt during the European Week in the Faculty of Law of Utrecht on the prospects for European integration

In a speech on 30 October - during the European Week in the Faculty of Law of Utrecht - Mr. Mansholt, discussing European integration prospects, opined that there was little chance that the programmes for furthering European integration would come to fruition in the next few years. Nonetheless, optimism was not out of place because there was no other solution than that proposed in the plans.

Mr. Mansholt felt that the Spaak Committee, which was wound up ten years ago, should be revived. This Committee should look into ways of breaking the deadlock in Europe.

Although, under present circumstances, the political community had to be built using such existing democratic means as the political parties and national governments, it would one day be necessary to do away with the outworn machinery of national governments and parliaments.

A thorough enquiry had to be made into the fundamental differences of view concerning the construction of Europe and to associate the United Kingdom and the Scandinavian countries in deliberations on a new political construction.

In support of his views on the need for a politically united Europe, Mr. Mansholt spoke of its economic, technological and scientific expansion. It would no longer be possible, twenty years from now, to resolve in a national context the problems resulting from an increase in material welfare. The whole governmental complex had to measure up to the European dimension.

Mr. Mansholt felt that it was high time to create the means to control and influence the financial and social decisions of the European Communities: 'Thousands of millions pass through our hands without being subject to any control and - let us be quite frank about this - the officials care little for parliamentary democracy.'

Regarding help for the developing countries, Mr. Mansholt observed that far more than the 'charity' of one per cent of national incomes was needed for any real result to be achieved.

(Nieuwe Rotterdamse Courant, 4 October 1968)

2. <u>President Rey reviews the general situation in the European Community</u>

On 24 October, Mr. Jean Rey, President of the European Commission, spoke to the Institute for International Political Studies about 'The general situation in the European Community.'

He began by recalling the contribution made by Italian statesmen to bringing the European idea to fruition and made special reference to Mr. Alcide de Gasperi and President Saragat. He said that Italy was playing an increasingly important part in Europe; this was also due to the brisk tempo of Italy's economic expansion. Going on to discuss the situation in the Communities, he said that the customs union of the six member States had been completed on 1 July and it was time to move on to the next stage. Among the objectives to be achieved were:

- a) A common industrial policy;
- b) The application of the added value taxation system;
- c) Drawing up common regulations for competition, social services and transport;
- d) Co-ordinating monetary policies with a view to introducing a common currency for the member States.

The legal instruments for merging the economies had to be created. In particular, transnational mergers had to be promoted. Europe's economy would not be able to withstand American competition if the Six acted independently and if their economies were not merged. There were, for various reasons, sectors which needed raising to the Community scale, especially key industries and those in a state of crisis. In other words, it was a question of adjusting to the scale of the market that had been created.

Mr. Rey denied that the Community was paralyzed. There were many sectors in which it was still operating. One example was the agricultural policy. Progress was being made with fiscal harmonization and in unifying the transport sector. Negotiations had been held with Morocco and Yugoslavia and the renewal of the Yaoundé Convention was being discussed. The member States had adopted a common policy at the Kennedy Round as they had when sterling was devalued. There was thus no cause to suggest the Community was paralyzed although there was a political crisis concerning its enlargement. The Commission had always thought that the best way of solving the existing problems was to negotiate with the United Kingdom. It was possible to find a way in which Britain could participate in the EEC, in all probability by means of a transition period prior to full accession.

The speaker repeated that he was opposed to the veto system and strongly hoped that it would be abolished. Unanimity had been reached in some cases but unanimity had not to be confused with the veto. If the veto system continued, other answers would have to be found. It gave rise to reprisals and counter-vetoes. Examples of this were Italy's attitude to concluding trade agreements with the other Mediterranean States and the Dutch attitude to technology. The Commission was also opposed to nationalism. It was paradoxical that while industry was becoming concentrated internally, Governments were trying to oppose concentrations between States. National arguments could not keep pace with the needs of Europe. The Community Treaties had to be merged even though this might take years.

Lastly, consideration had to be given to the political union. The Common Market had not been designed and built purely as an economic market. The lack of political co-operation was a source of concern. It had, however, to be remembered that if Europe was in a state of crisis there had been three similar ones since the Community came into being. These had always been overcome because the reasons for working together had always been infinitely stronger than the forces dividing the Community. No one would have imagined, fifteen years ago, that Europe could have made such striking progress. He concluded by saying that there were two events which characterized our time: the reconciliation of churches and the reconciliation of the peoples of Western Europe. For centuries now we have had 'the Europe of nation States', these

were centuries of civil wars between Europeans. It depended on the faith of Europeans that Europe should become what they wanted it to be.

(Relazioni Internazionali, No. 44, 2 November 1968)

3. Mr. Rey sums up the progress of the Common Market in 1968

Speaking to journalists in Brussels on 17 December, Mr. Rey, President of the EEC Commission, summed up progress in 1968.

He began by saving that he was convinced that the Community would resolve the current crisis as it had resolved several others since 1954. He was annoyed at the pessimism expressed in the press. There was no cause to fear that the Community was paralyzed, nor that it would remain at the stage of a mere customs union. New decisions were being taken all the time and these did not only concern what the Community had achieved so far. The search for an agreement on European technology was now going forward unhampered and a compromise had been worked out. The Council had recently had interesting talks on monetary problems, so as to devise co-operation machinery. The fact remained that a certain number of issues were still on the table. He discussed four of these, the first being that of enlarging the Community. He recalled the various proposals that had been made in 1968 and said that trade arrangements could only be envisioned as a first step towards the subsequent accession of the applicant States, although the transition from one phase to the other would not be obligatory. Such arrangements could, moreover, be proposed to countries which simply wished to be associated with the Common Market, This would be consistent with GATT rules. Other arrangements would not be acceptable: the States neighbouring the Common Market had rejected the idea of establishing a free trade area with it and a preference zone would not be acceptable to GATT. The analysis of such arrangements was progressing and there was a chance that the Six would agree on a provisional settlement at Easter.

The second problem discussed was the common agricultural policy. The Commission had not been surprised at the very strong reactions of the general public to Mr. Mansholt's memorandum on reforming agricultural structures in the Common Market. Mr. Rey said that the value of this memorandum lay in the fact that it stated problems as they were and in the fact that it had brought the problems home to the general public.

Broaching the problem that had provoked the most pessimistic and biting comments in recent weeks, Mr. Rey put forward three arguments for preserving Euratom:

- a) what had been gained over the past ten years had to be safeguarded;
- b) it would be an unacceptable paradox to place the Joint Research Centre in jeopardy at a time when technological co-operation had become possible:
- c) the human problem of 2,700 research workers and technicians who had put their trust in the Community could not be ignored.

Lastly, Mr. Rey discussed the consolidation of the Community. He said he was concerned because there were some who sought to challenge the very institutional principles on which the Community was built. Supranationality implied no suggestion of superiority. It was a legal principle and it was only by putting it into application that it was possible to devise common policies. Mr. Rey took a very firm stand: the Community powers had to be preserved at all costs. If the Council were to take decisions that were inconsistent with the Treaties, the Commission would not hesitate to refer the matter to the Court of Justice of the Communities.

(Le Soir, De Standaard, 18 December 1968)



II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. <u>Sir Geoffrey de Freitas and Mr. Stewart discuss new ways of making</u> Western Europe more coherent

At a meeting of the Labour Committee for Europe, in Blackpool, on 1 October, which he chaired, Sir Geoffrey de Freitas, President of the Council of Europe, urged the British Government to propose a conference of heads of European States which were members of the EEC and EFTA to decide the strategy for a united Europe on a wide range of subjects which fell outside the jurisdiction of the EEC.

The Foreign Secretary, Mr. Michael Stewart, told the meeting that seeking for fields of cooperation which are available outside the scope of the Treaty of Rome, the Government must take the initiative in proposing new or adapted institutions for greater collaboration between Britain and the EEC countries. The Western European Union is undeniably an official forum where Britain and the countries of the Six can meet. Britain ought to start to make fuller use of the opportunities for consultation there.

(The Guardian, 2 October 1968; The Times, 2 October 1968)

2. European questions under discussion at the Second German-Italian Legal Congress

The theme of the Second German-Italian Legal Congress held in Berlin on 4 October 1968 was the abuse of market positions with special reference to the implications of Community law for the German and Italian legal systems.

Dr. Mestmäcker argued that neither German nor Community law on competition included any measure against the acquisition of a dominant market position but sought only to prevent an abuse of market strength. There was still no direct decision about the interpretation of Article 86 of the EEC Treaty. But perhaps the ruling of the European Court of Justice concerning Ruhr coal

sales could be helpful in regard to an interpretation although this was a decision taken pursuant to Article 65 of the Treaty establishing the European Coal and Steel Community.

In this connexion, the European Court of Justice decided that oligopolies had a power of price decision which could be misused. If the interpretation of Article 65 of the Treaty of Paris could be transferred so as to apply to Article 86 of the EEC Treaty there would be a field of application for this provision which was extraordinarily wide. The changes sought by Germany followed in a similar direction.

On the other hand, Dr. Ricardo Monaco, judge at the European Court of Justice, opined that it was doubtful whether the ECSC decision of the Court could be made to apply to the EEC field. Amalgamations were to some extent absolutely unavoidable today even though they had been regarded as inadmissible when the relevant provisions were drafted. The interpretation of the EEC Treaty had to take into account the economic developments since it was passed and the needs of the Common Market.

The authors of the EEC Treaty had been far-sighted in allowing amalgamations in areas other than the coal and steel sectors. Admissible mergers, however, could have unacceptable effects in the light of Article 86 of the EEC Treaty. There would, of course, be abuse if trade between the member States were appreciably affected.

(Industriekurier, 5 October 1968)

3. The 'Berlin Business Conference for 1968': the trade problems of the developing countries

At the 'Berlin Business Conference for 1968' Dr. Thiessen, a director of the financial board for redevelopment in Frankfurt, proposed a comprehensive system of incentives for increasing exports to promote the sales of the developing countries.

The essential feature of this system of incentives could be financial assistance on the part of the developing countries; this would involve:

- (a) loans to the developing countries which obtained an export surplus in relation to others or
- (b) a willingness to credit the other country with this surplus and therefore to provide development assistance itself in its own currency or
- (c) loans to all mutual suppliers unable to balance their trade.

The developing countries had to increase their trade with each other. Financial assistance of the kind proposed could be given in the framework of existing development aid. Without such help, however, it was unlikely there would be any early increase in the individual trade of the developing countries. Dr. Thiessen thought that the financing system could be carried through bilaterally as a 'bonus system' under the development aid; this would give it more chance in the regional and multilateral context when it came to settling the balances of payments as between developing countries.

Trade of the developing countries between themselves had developed disappointingly since 1950 as compared with the 'own' sales of the industrialized States and the East European countries. The supplies of the developing countries to each other totalled DM 32.000m in 1966 or only 21 per cent of their total exports. In 1950 the figure was DM 20,000m or around 27 per cent of total exports. The 'own' trade of the developing countries which was twice as high in 1950 as that of the East European countries was thus less than the internal trade of the industrialized States and the Eastern bloc. Dr. Thiessen noted that the slower growth in this field was manifest, he said, 'in the process of disintegration, namely in the trade of the developing countries with each other.' Indications of this disintegration were the dissolution of monetary unions, the creation of protective tariff systems, even against immediately neighbouring States, the change of status of the surplus-producing countries into that of importing States and the divisions due to political conflicts. A return to international free trade was, he thought, Utopian bearing in mind the aims of the development policy over the long term. Progressive economic expansion ought, however, to make a more liberal trade policy both possible and necessary once again. This called for a review of the relevant economic policy.

In Europe this meant that the three regional economic blocs – the EEC, EFTA and Comecon – wished to be seen as alternatives. The decisive issue was whether ways and means could be found to adapt trade policy to the degree of its economic expansion. This would be decisive for the advances in productivity of the whole of Europe. As recent events in central Europe had shown, a change from thoughts of political alternatives to discussions of a different kind to the dialogue that had so far obtained would be welcomed.

Mr. Henry Rochereau, a member of the European Commission, spoke at the business conference about prospects for renewing the Association Agreement. In its present form, dealing as it did with the Associated African States and Madagascar, it would expire on 31 May 1969. The EEC had already proposed special arrangements to improve the conditions for selling the products of these countries on the Community and other markets. The proposed arrangements would focus mainly on training qualified staff, organizing their participation at fairs, meetings between the specialists concerned, market research and publicity campaigns. Europe was already an important market for tropical products and it could and must endeavour in the years ahead to secure a more favourable sales pattern for these products, particularly the tropical products of Africa, on the world and Community markets, Mr. Rochereau added in conclusion.

(Industriekurier, 5 October 1968)

4. Speech by Mr. Christopher Soames, British Ambassador in France

Speaking in the University of Lille on 13 October, Mr. Christopher Soames, British Ambassador in France, made his first major speech in French since his arrival in France.

Mr. Soames began with a profession of his European faith and friend-ship for France. 'I am an ardent European in that I passionately believe in the beneficial influence on the world that a really united Europe could exert. But this Europe will never come about without Franco-British understanding - indeed, without Franco-British conviction', he said.

He then emphasized that the economic power of unity was only a means to an end. 'Our conception of Europe requires that she devote her growing economic strength to influence events of the world in the European interest. The Europe of which we think is not only more prosperous, it is also more powerful and more autonomous. That is the Europe we wish to help create.

Could it become a reality, or was this condemned to remain an inaccessible hope? 'It implies that we superimpose on our interests and our national prides the interest and the pride of Europe. First and foremost we shall need to have the sense of a common aim, in order to attain common European views expressed with a common European voice. What a great and difficult adventure, but also what an exalting one!

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'From the British point of view the decision is taken, the choice is made. Both Government and Opposition hope that negotiations will open as soon as possible between her Majesty's Government and the Governments of the Six and that they will reach a positive conclusion. If this were not the case, it would be for reasons independent of the British Governments's will. This great and important decision has not been taken lightly; you may be sure we will not give it up lightly,'

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'There is in Europe a sufficient potential to equal - and more - the super powers, but only on condition that she is ready to devote herself to the common endeavour required, and to be inspired by the vision which will enable her to achieve a unity of views, of ideals, and of action. Let us not allow obsolete disputes to rise again. What should concern us today is no longer the equilibrium of forces within Europe; it is rather the equilibrium of economic and political forces between Europe and the rest of the world.'

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'The destiny of Europe is to be at the centre of world affairs, in the scrum and not on the touchline as a spectator. If we are able to attain the necessary unity, accepting the necessary institutions, then those who come after us will have a solid foundation on which to act, and on which to exercise the influence for which our acquired experience, our savoir faire, our civilization, and our culture have prepared us. But if, on the contrary, the States of Western Europe turn in on themselves and keep up ancient and outworn quarrels, then our successors will inherit nothing except a house divided against itself.'

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'Time is not working for us. We must travel fast. The present superiority of America's advanced industries is increasing each year. Technological co-operation between Britain and her European neighbours is possible

even when we are outside the Common Market, and it must be exploited. But it is only when we enter the EEC that we shall realize all the possibilities.'

(The Times, The Guardian, Le Figaro, 14 October 1968)

5. Mr. Poher hands the Robert Schuman prize to Mr. Emilio Colombo

In Thionville on 13 October, Mr. Alain Poher, President of the European Parliament and President of the French Senate, handed the gold medal of the Robert Schuman prize for 1968 to Mr. Emilio Colombo, Italian Minister for the Treasury; this prize is awarded each year to a pioneer of the European idea. The ceremony was attented by many leading Europeans, including Mr. Pierre Werner, President of the Government of the Grand-Duchy of Luxembourg, Mr. Joseph Bech, former Foreign Minister of the Grand-Duchy and signatory to the Treaties of Rome, Mr. Bodson, representing Mr. Rey, and Mr. Alfred Töpfer, of Hamburg, who created the prize.

Mr. Joseph Schaff, President of the Association of the Friends of Robert Schuman, described Mr. Colombo as a staunch supporter of the European idea and Mr. Alain Poher said, before handing him the great gold medal: 'It is possible to be both European and patriotic. This is not contradictory. To be European is no doubt the best way of being patriotic today.'

In an analysis of the situation in Europe today, Mr. Colombo stressed that Europe wished to be the point of departure for a new age in human history. It did not intend to return to out-of-date national patterns, even on a larger scale. Referring to the present difficulties, Mr. Colombo concluded: 'We must continue in a practical way in sectors where it is possible, with all those who are ready to share the rights and duties of this undertaking with us.'

Mr. Saragat, President of the Italian Republic, sent a congratulatory message to Mr. Colombo in which he stressed the fact that the Schuman prize awarded to him was also a tribute to Italy and a recognition of its efforts towards solidarity between the peoples of Europe. A similar message was sent by Mr. Medici, Foreign Minister, who hoped that the Thionville ceremony would constitute the point of departure for a new move towards uniting Europe.

(Agence Europe, 14 October 1968)

6. The three main British political parties join the Action Committee for the United States of Europe

On October 25, the Action Committee for the United States of Europe, of which Mr. Jean Monnet is chairman, published a communiqué announcing that the three main British political parties had joined the movement.

The aims of the Action Committee were closely in line with those of the Labour Party which believed that European political, economical and technological integration was essential if Europe was to fulfil her great potential and make a unique contribution to securing and maintaining world peace. The work already achieved by the distinguished members of the Action Committee was quite remarkable. It was an honour for the Labour Party to be invited to take part in it, and the Labour Party was glad to join the Action Committee for the United States of Europe as a full member.

The Conservative Party recalled that when it was in power from 1951 to 1964, it had played its full part in all the European organizations. In 1961, furthermore, it took the historic decision of asking to become a full member of the three European Communities and continued the negotiations held to this effect until they were broken off against the wishes of the British Government in 1963. The Conservative Party would particularly appreciate joining the Action Committee with whose work it was fully familiar. Indeed it offered an opportunity to have talks and to consider how progress could be made to achieve a wider European unity.

The Liberal Party stated that it had since the war constantly struggled not only to create a united Europe on the basis of voluntary co-operation between all the free nations but a Europe with common institutions, developing in a European democracy. It recognized that however great the results of economical and technical co-operation had been, the European Community of the future had to go much further. Not only has the sphere of co-operation to be enlarged to include foreign policy, defence and a large proportion of the social and cultural policies but also these policies had to be carried through as soon as possible by means of an elected European Parliament acting according to its own powers as a sovereign body.

Europe was too weak and too great to be fragmented. Alone, these countries, even the largest of them, would be dominated by external powers. If Europe remained divided, the genius of its civilization would no longer be able to guide the world in creative thought and action but would do no more than provide sorry evidence that its governments and its peoples were incapable of learning the lessons of history.

The British delegates to the Action Committee are: Messrs, George Brown, Walter Padley and Michael Stewart for the Labour Party; Mr. Reginald Maudling, Sir Alec Douglas-Home, Mr. Selwyn Lloyd for the Conservative Party; Mr. Jeremy Thorpe for the Liberal Party.

They will sit as representatives of their parties, as is the case with their continental colleagues and not as individual members.

On this occasion Mr. Jean Monnet stated:

'I consider the fact that the three main British political parties have joined the Action Committee for the United States of Europe is an important new factor which should facilitate British participation in the Common Market and in the unification of Europe. No negotiations are possible at the moment between the Six and the United Kingdom because of the attitude adopted by the French Government; but the problems are still there and as time goes by the situation in Europe gets worse.

The entry into the Common Market of a country like the United Kingdom cannot be done without raising difficulties. General de Gaulle has stressed several of these as being insurmountable obstacles. The Committee, on the other hand, thinks that these obstacles can be overcome and that it is urgently necessary to work out a common standpoint for the United Kingdom and the Six concerning the practical solutions that are possible. The Committee is going to look into these solutions and to make proposals to the governments.'

(Le Monde, 26 October 1968)

7. Monetary relations in the European Community

The way that the European monetary system could be organized was discussed at a conference in Brussels on 25 October. This was convened by the European League for Economic Co-operation and began with a paper by Professor Triffin and a report by Mr. Lamfallussy, a director of the Bank of Brussels.

Mr. Eyskens, Belgian Prime Minister, and Mr. Werner, President of the Luxembourg Government, also outlined their views.

Mr. Eyskens thought that the economic integration which was now being achieved was hard to imagine without a European monetary system, the culminating point of which should be a European currency. This would require each of the partners to accept a discipline which would go as far as harmonizing incomes policies. It would be gratifying to imagine this monetary order in a Europe embracing the United Kingdom and the Scandinavian countries.

Mr. Werner, for his part, recalled the plan he had already outlined at the CDU Conference in Saarbrücken in January 1968 (1).

At the close of the conference, the European League for Economic Co-operation adopted a resolution:

'The ELEC recalls that its work has always been directed at creating a unified Europe embracing all the West European nations. A combination of circumstances has meant that the European Economic Community, comprising six of these countries, finds itself in the vanguard of this movement. The ELEC firmly reiterates its conviction that the economic integration of the Europe of the Six implies its monetary unification and subsequently the creation of the joint decision-taking and management bodies which this unification will call for.

Bearing in mind the advanced degree of monetary co-operation already achieved between the Six and the existence of large monetary reserves in these countries, the ELEC asks these countries to undertake not to change the relative parities of their currencies. In order to create the conditions that would enable them to keep this commitment, the ELEC considers that the six countries should at once adopt common objectives for their economic and social policies and ensure that they are compatible with each other, particularly with regard to the desired rate of growth, the optimum level of employment and price trends.

With the same end in view, all the provisions of the Rome Treaty covering consultations and assistance between member States should be carried into effect. The mutual assistance provisions in particular should be made more precise so as to support fixed rates of exchange by all necessary means,

⁽¹⁾ See Quarterly Survey of European Documentation No. 1, January-March 1968.

not only through standing consultations but, if necessary, by direct and even automatic assistance. The Community institutions ought, under conditions to be specified, to have their powers regarding recommendations and decisions extended to the monetary field.

The ELEC proposes that the Monetary Committee should actively pursue the introduction of a system of relations between the currencies of the Six based solely on their official rates of exchange, ruling out any internal fluctuations below and above these parities and thus making these currencies completely interchangeable.

The ELEC stresses the immediate need to widen the scope of monetary co-operation and, at the same time, to continue the work undertaken to integrate the national capital markets. It considers that the policy pursued in this field must be treated by governments as a Community problem and no longer seen from the purely national angle.

The ELEC considers that it is essential for the six countries to devise a common standpoint in all matters referred to the international monetary authorities so that they can there express their views with the full authority attaching to their real importance in the world's economy. Recent developments in world monetary co-operation, notably regarding special drawing rights, make it essential for the six countries to acquire this authority.

Through this series of measures, the Europe of the Six would acquire an economic and social power which would enable it to act as a catalyst on the progress of European unification and thus improve the contribution it can make to international co-operation. The ELEC considers that Europe will not really be complete unless the other countries of Western Europe and, above all, the United Kingdom add their potential to that of the Six, thus enabling Europe to exercise its rightful influence in the world.

In the meantime, the ELEC trusts that the Six will, while stepping up monetary co-operation between themselves, bear in mind the wider Europe and take an active part in devising a European monetary policy.

(Luxemburger Wort, Le Soir, 29 October 1968; Bulletin de la fédération des industries belges, No. 28, 10 November 1968)

8. The European Conference of Local Authorities favours strengthening regional structures

Mr. Lambin, Mayor of Trélou (France) submitted a very lengthy resolution for the Conference's Economic and Social Committee in which the Conference drew attention to the fact that the regional context was sufficiently broad and yet sufficiently limited; this made it possible accurately to assess not only the extent of local needs and resources but also the number of national and European markets; it also catered for the needs of the Association of Local Communities and their representatives in regard to decisions affecting them and it was the right context in which to adjust and co-ordinate measures, to ensure a 'snowball' effect over a wide front.

The regional context, the Conference stated, allows for overall plans to be drawn up in which all the means available to a region for development policy can and must be co-ordinated (industry, agriculture, trade, tourism, finance, energy, communications, amenities, housing, teaching, occupational training, etc.) and the task of giving a new lease of life to rural areas is an integral part of this policy.

The Conference considered that strong decentralized regional structures implied that there should be elected regional assemblies endowed with the power to create resources and in particular to levy taxes. They also implied that there should be regional executives responsible to them and empowered in particular to draw up regional redevelopment and expansion plans. Lastly, they implied regional councils which would represent the various professional, social and cultural bodies.

With regard to European integration, the European Conference of Local Authorities said that the liberalization of markets could only be pursued rationally in a European Community context. It therefore felt that a European policy for helping the predominantly rural regions called for a European political authority which would be responsible to a real European Parliament; this would be stronger for being authentically and hence democratically representative of all the regions in Europe.

The locally elected representatives also came out in favour of enlarging the Community to other European States which were ready to accept the same rights and obligations as the Six. They called on the European Communities to strengthen the links established with these States. They said that they were in favour of elections to the European Parliament by direct universal suffrage.

(Dernières Nouvelles d'Alsace, 1 November 1968)

9. Speaking in Turin, the United States Ambassador calls for co-operation against the danger of a return to protectionism

Speaking in Turin, Ambassador Ackley stressed that the process of freeing international trade had to go on. In the last 18 years between 1950 and 1967 world trade had undergone an extraordinary expansion and had almost quadrupled. He reviewed the 20 years during which GATT had been in operation and the contribution its two underlying principles, non-discrimination and reciprocity, had made to economic progress. He said that with the conclusion of the Kennedy Round, the modern world had attained to an unprecedented degree of free trade; but the ground won had to be protected because there was an ever present danger of a return to protectionism. New moves were therefore necessary in the field of freeing trade.

He stressed the successful efforts of the United States to resist protectionist pressure, including that in the U.S. Congress. Whatever the outcome of the presidential election, he said, it could be anticipated that the protectionist pressure which had already been experienced the previous year would continue to be applied and might even become more pronounced.

With reference to the principle of reciprocity, he stressed the value of co-operation and of non-insistence on reciprocity for every concession because there were times when the greater interests of all demanded understanding, tolerance and generosity.

As an example, many countries, including Italy, had last spring offered to accelerate the introduction of Kennedy Round concessions - without reciprocity - to help the United States to solve its balance-of-payments problem. This gesture of international friendship had been of incalculable value in helping those in the U.S. who were opposed to the protectionist pressures.

Another example was the position of the United States with regard to the creation of the European Common Market. The United States had supported the Common Market and accepted the fact that American products would be subject to discrimination on the European markets; it had done so because it felt that the political advantages of a strong Western Europe would be of greater importance. This was still the American attitude.

Ambassador Ackley concluded with an appeal on behalf of the developing countries calling for every effort to be made to strengthen economic cooperation between the nations of the Atlantic Alliance not only for the benefit of both sides but of the whole of the free world.

(La Stampa, 1 November 1968)

10. The 20th anniversary of the Franco-German Institute in Ludwigsburg

The Franco-German Institute in Ludwigsburg celebrated its 20th anniversary on 7 November 1968.

Its foundation in 1948 was an act of courage and good sense on the part of a few men who understood the need for Europe to sweep aside the rubble of tragedies, misunderstandings and sorrow between the two neighbouring States on the Rhine.

At that time, France had already done considerable cultural work in its occupation area. In the old Württemberg city, whose links with its twintown Montbéliard (which formerly bore the German name of Mömpelgard) were those of history and tradition, an Institute had been created which was an independent meeting-place open to people from all walks of public life. The argument that it was wrong to want to restrict talks between French and Germans to cultural affairs had proved over two decades to be right: several thousand French and German people had, thanks to the intervention of the Ludwigsburg Institute, travelled to the neighbouring country and had seen from their meetings, training courses and conferences how important it was to complete the rapprochement in a practical way, thus developing an inner conviction that both countries are part of Europe.

In his progress report, Dr. Franz Schenk, the Director of the Institute, outlined its history. The Institute, which was concerned with promoting both languages, had arranged for board and lodging for thousands of guests in both countries and had arranged trips, the twinning of towns and schools, training courses and also organized regular meetings in Ludwigsburg.

Professor Carlo Schmid, who spoke at the anniversary celebrations, recommended, with regard to Germany's 'French policy': 'patience, prudence

and honorably to state what changes one wanted; but without going too far. Thumping on the table was no policy.'

He said that no European policy was possible either against or without France. To pursue such a policy at all was not a simple matter but 'the carpet had to be rolled down so that they could go on walking.' In this connection he mentioned the bilateral agreements on limited areas of interest, a more intensive exchange of capital within Europe instead of overseas and the development of joint nuclear research and development assistance.

It was noticeable that Professor Schmid, who described himself, to the amusement of the guests, as a kind of political assistant waiter, was unusually indulgent about de Gaulle's policy. He described the nationalism of the French President as being basically anti-imperialism. In support of this view he referred to 'the great courage of de Gaulle in winding up the Algerian business.'

Mr. François Seydoux, French Ambassador in Bonn, speaking in French and German, paid tribute to the services rendered by the Ludwigsburg Institute in the past and stressed how necessary it would remain in the future.

Professor Wilhelm Hahn, Minister for Culture for Baden-Württemberg recalled one memorable incident. When General de Gaulle had, six years previously, come into the castle and received the tribute of the younger generation in Germany he not only spoke of the value of Franco-German friendship but also of the value of a 'vision of a greater Europe.'

(Die Welt, 6 November 1968; Frankfurter Allgemeine Zeitung, 9 November 1968)

11. Mr. Robert Schaetzel: U.S. prefers a united Europe

Addressing industrialists and bankers at a conference on the lessons of the first ten years of the European Economic Community and the prospects for industry, sponsored by the Federal Trust for Education and Research and Britain in Europe Limited, Mr. Robert Schaetzel, U.S. Ambassador to the European Community, said in London, on 7 November, that the U.S. preferred a united Europe because of the dangers it saw in a fragmented Europe. American

interest in Europe was not that of being a 'kind of mother hen or Boy Scout' telling the Europeans how to organize their affairs.

The new U.S. Administration would be forced to make new choices and lay down new policies. At this moment of flux, what seems to want to do may be a major factor in the formulation of new foreign policy in the U.S.

America had been consistently in favour of a united Europe as the only framework they envisaged for the handling of the German problem. It also seemed to be the only means whereby the problem of the technological gap could be solved.

To him, the gap in the economic strength and the economic growthrates between the U.S. and Europe could only be bridged by Europeans achieving a degree of unification which took full advantage of the economic and political resources of Western Europe.

It seems the technological or economic gap might turn out to be one of the most important incentives which will continue to drive Europeans towards a greater degree of unity.

Mr. Schaetzel said that alternative policies to a united Europe were non-existent. He could not persuade himself that a North Atlantic Free Trade area was an economically sound or a politically viable notion. It suggested economic warfare between Atlantic countries against the major European Community.

It was politically unrealistic because he could not imagine any countries being willing to engage in this economic warfare.

The second alternative would be General de Gaulle's idea of a Europe of nation States. That concept seemed to be rejected not only by all other member States but many Frenchmen as well.

It was reasonable to expect there would be an end to the stagnation in European communities, and they would move forward to give more intelligent and consistent support to the institutions which were essential and needed by the European Communities.

Speaking of the need to appeal to the coming generation, Mr. Schaetzel expressed the belief that it was absolutely vital to explore the field of education. Opportunities were legion and requirements were clear. The students were restless and there ought to be a possibility of some exchange of information and experience between the U.S. and Europe.

It seemed equally essential that Europe, even in its present configuration, must be prepared to assume responsibilities in the fields of less-developed countries, commercial policies, the broad field of monetary affairs, and possibly in the defence field as well.

It seems entirely possible that the objective situation can produce very sudden changes.

Both the U.S. and Europe must be clear where they want to go. There must be rigorous thought and analysis now so that Europe and the U.S. will be prepared for change when it takes place.

On the question of the danger of a third force hostile to the U.S. he said there was more concern in the U.S. about the possibility of a fragmented Europe than there was about a united Europe.

(News Bulletin of the United States Information Service, 7 November 1968; Times, 8 November 1968)

12. Conference of European Parliamentarians in The Hague

The European Movement held a conference of European Parliamentarians in The Hague from 8 to 9 November 1968 to give fresh impetus to the European idea. It was attended by 525 parliamentarians from sixteen countries, including 100 British MPs and ten ministers; there were eight foreign ministers. Neither the French Government nor the French majority party was represented. The French opposition parties had fifty members present. Also participating were Mr. Rey, President of the European Commission, Mr. Geoffrey de Freitas, President of the Consultative Assembly of the Council of Europe and Mr. Badini Confalonieri, Chairman of the Western European Union.

The Congress was opened by Queen Juliana of the Netherlands, who stressed that the economic and political unity of Europe was a vital necessity. European unity could serve as an example for bringing other parts of the world together and could thus contribute to peace between large groups of the world's population.

After an address of welcome by Mr. Molenaar, President of the European Movement in the Netherlands, Mr. Hallstein, President of the International European Movement, assumed the chairmanship of the Congress. He stated that the unification of Europe was a matter of life and death. Europe had no support in the world and its security was thus insufficiently assured. The Europeans let slip great opportunities to take decisions in matters which involved the European responsibility and were of European concern. 'We are here to change this,' he said, 'and for this purpose we must give absolute priority to the completion and systematic development of the European Community; our main aim is to create the United States of Europe. It is for us to take the initiative and go beyond the treaties which lead to that goal.

Mr. Duncan Sandys (British Conservative) explained that the deadlock in uniting Europe was not only the result of the veto of one government. He argued that it was possible to have common policies in areas which fell outside the scope of the Treaties of Rome.

Mr. Stewart, British Foreign Secretary, saidthat the United Kingdom could not wait indefinitely and that some progress must be made. 'If this is not possible in the economic field, we must explore other possibilities.' He recalled that the United Kingdom had earlier in the year endorsed both the Benelux memorandum for co-operation in areas outside the scope of the Community and the Harmel Plan for using the Western European Union as the framework for wider co-operation. He said that these two plans did not restrict co-operation to foreign policy and defence. Technological co-operation was specifically mentioned in both plans as a viable area for wider European co-operation.

Mr. Harmel, Belgian Foreign Minister argued that the drive to unity should be devoid of dogmatism. 'We should be ignoring realities if we affected to believe that the united Europe which we seek - i.e. the Europe which will develop round the Community - will suddenly come into being through a simple formula.

This whole issue is too great and too many-sided for a solution to be found in an identical manner, at the same moment, by the same individuals. We must therefore harness the European will to progress wherever possible.

What matters is that we should not disperse our efforts; they must be concentrated; for our States are bound by Treaties and these must be executed - within the framework of the Treaties of Rome, Brussels and Paris and in the context of the Council of Europe.

We should direct our efforts through these channels, while respecting in full our existing commitments.

People want to know where Belgium stands in the discussions between the countries of the Treaty of Paris and those of the Treaty of London. We made proposals to this effect. We are in favour of a conference at the highest level; this is something which our partners want and this meeting is thus useful in bringing us nearer to this end.'

Sir Geoffrey de Freitas, President of the Council of Europe, explained in his speech: 'We should now be able to make a more imaginative use of the Council of Europe. A resolution passed by the Committee of Ministers in 1951 made it possible for any group of member States to conclude partial agreements covering monetary, technological or political affairs even if other States in the Council of Europe are not ready to join them. Naturally a member can veto the formal conclusion of such a partial agreement. But this cannot stand in the way of setting up an ad hoc committee to study the Harmel Plan if there is a simple two-thirds majority in favour. Our rules of procedure do not call for unanimity, even as regards the granting of a budgetary appropriation. I myself make a proposal along these lines on the Council of Europe. Against this background of the many recommendations and resolutions which have nearly always been passed unanimously over the last two years, I expect that the Consultative Assembly will give unanimous support to my proposal.

Through the Council of Europe every democratic State in Europe has the chance to express its opinion and to make a practical contribution towards implementing the Harmel Plan which could be a decisive step towards European unity.'

Speaking for the CSU, Mr. Strauss, German Finance Minister, came to the conclusion that the Common Market had to be expanded and its doors opened if the unity of the States of Europe was to be achieved.

Mr. Brandt, Foreign Minister, referred to the draft resolution and to the complete absence of Gaullist members from the discussion; he warned that the meeting might be seen as an anti-French demonstration. He firmly rejected any attempt to undertake anything without France. He referred to the constructive talks which had been held in the Community and said that defence and security under NATO had been discussed. He greeted the idea of a European summit conference without enthusiasm.

Mr. Jean Rey, President of the European Commission, said that only the Community was in a position to develop common policies; the independence of Europe had to be achieved by consolidating the Community institutions. He said that the lesson of the present crisis was that the right of veto must be abolished.

Speaking for the Swedish, Austrian and Swiss delegations, Mr. Bo Martinsson said: 'We share the hopes of a progressive development of a united Europe. However, we hope that in the efforts to reach this goal it will not be considered necessary to insist on the use by all participants of methods which will make it difficult for some interested European nations to play their natural rôle and thus be able to make their full contributions. In the economic, social and cultural sphere we are prepared to take part in organizations and activities that will bring the European peoples ever closer together. It is, however, our belief that an intimate international co-operation in Europe can grow faster and better if consideration within practical limits is given to the special position of some countries with regard to certain forms of political co-operation. Even if we cannot adhere to all parts of the resolution and therefore cannot vote for it I wish to emphasize our interest in contributing to the development of a united Europe. It is our sincere hope that this Conference will give a new and strong impetus to the movement towards this goal.'

Mr. Badini Confalonieri, President of the Western European Union Assembly, discussed defence:

'Twenty years ago, when we were making preparations for the unification of Europe, one of our main aims was to stem the expansion of the Stalinist dictatorship. Today, thanks to the nuclear deterrent of the United States, the Soviet advance has been stopped. But the invasion of Czechoslovakia, twenty years after the Prague "coup", shows that there is a continuing threat to divided Europe.

To meet these threats, all our countries rely on the Atlantic Alliance. But co-operation with the United States within the Alliance should not preclude the tightening of links between Europeans. By drawing closer together, Europeans can make a more effective contribution to the defence of their own

continent. That is why Western European Union, the only European organization with competence in the field of defence, should pursue two complementary aims. The first is to express the European viewpoint in the definition of the western defence policy. The harmonization of the political and military concepts of the WEU countries will simplify and facilitate consultations within the United States, and here, speed will be essential in the times of emergency which may well lie ahead for Europe. The second aim is to maintain and develop a modern armaments industry, giving priority, for political and economic reasons, to the output of European industry. Arms procurement, which accounts for such a large part of our countries' budgets, should be an instrument for the building of Europe. But we must not be concerned with defence matters alone. Thanks to the protection ensured by the deterrent effect of the American, British and French nuclear forces and of the defence system of the Atlantic Alliance as a whole, Europe can pursue a policy of persuasion. By this, I mean that with the help of the "shield" the WEU countries can take the risk of increasing exchanges with Eastern Europe, with a view to spreading the ideal of freedom which is inherent in them all without exception, since neither Portugal nor Greece is a member of their alliance. In this ideological competition, it is the Soviet Union which is on the defensive, as is proved by the occupation of Czechoslovakia or the iron curtain which isolates the inhabitants of East Germany.

It is perhaps difficult to foresee the reactions of the Soviet Union to the inevitably changing style of socialism in the former Stalinist empire, which cannot evade an evolution which is worldwide. During the dangerous period, Europeans must show their determination not to accept the division of Europe as final. What an example would be set, what influence and what prestige could be gained for our cause with the successful building of Europe! Any steps towards the unification of Europe will bring us closer to the time when each European nation will be free to decide for itself on the political régime of its choice.'

At the close of the Conference, the following 'Declaration of Europe' was unanimously adopted:

- 'a) We, European Members of Parliament, assembled at The Hague on the 20th Anniversary of the Congress of Europe of 1948, declare that it is more than ever necessary and urgent to bring about the economic and political union of Europe.
- b) During these last twenty years substantial progress has been made. But all further advance is now being held up. The present stalemate is undermining public faith in the European idea and encouraging a revival of nationalism. The essential momentum is being lost; and we are in danger, not merely of making no further progress, but of slipping backwards.

- c) The dominant influence of America and Russia is increasing; and China is on her way to becoming a third super power. The free nations of Europe have ceased to have any significant say in great international decisions; and the rape of Czechoslovakia is a sharp reminder of the continuing threat to their security. Meanwhile, the technological gap between the two sides of the Atlantic is getting ever wider.
- d) So long as Europe remains divided, her position will continue to decline.

But unity will not come about automatically, simply by waiting. It requires positive action and the will to take the necessary decisions.

- e) The best and most natural way to unite Europe is to build upon the foundations of the European Community which means simultaneously:
 - 1) to complete the process of economic and social integration;
 - 2) to strengthen progressively the democratic character of its institutions;
 - 3) to enlarge its membership by the admission of Britain and other European nations:
 - 4) to extend the competence of the Community to the wider political sphere.

The governments should make a final effort to compose their differences and go forward together.

f) But the peoples of Europe cannot afford to stand still any longer. If this road continues to be blocked by disagreement we call upon those governments which recognize the pressing need for European unity to seek other ways towards the integration of their policies in spheres outside the scope of the European Community and towards the setting up of the necessary common institutions, which should have supranational powers and a solid democratic structure, based on direct elections. The matters on which joint study and decision are needed include international affairs, defence and arms procurement. We ask that a conference of Heads of Governments be convened for this purpose.

Any agreements made should be open to subsequent accession by other countries.

g) The final decisions rest with governments and parliaments. But the active support of the people they represent is indispensable. We, therefore, appeal to all who share our aim, and particularly to the rising generation, to help by word and deed, to hasten the construction of the United States of Europe.'

(Europese Beweging, Den Haag, 'Nieuw Europa', November 1968; Frankfurter Allgemeine Zeitung, 11 November 1968; Neue Zürcher Zeitung, 11 November 1968; Nieuwe Rotterdamse Courant, 9 November 1968).

13. World Space Conference in Bad Godesberg

At Europe's third international space conference which was held in Bad Godesberg from 12 to 14 November, an attempt was made to go a stage further towards a single European international space organization. It was attended by Ministers from 12 European countries and from Australia. Canada and several other countries sent observers.

The States concerned, including Canada, are members of one or more of the three European space organizations:

ELDO (European Launcher Development Organization);

ESRO (European Space Research Organization);

CETS (European Conference on Telecommunications Satellites);

In his opening address, Mr. Stoltenberg, the Federal Minister for Research, stressed the need for drawing up a European space programme provided, however, that the objectives set were limited and realistic. The two most important questions on which decisions were needed and about which resolutions were adopted, were:

- a) Should Europe's three international space organizations which at present exist side by side (i.e. ESRO, ELDO, CETS) be merged into a single organization along the lines of the American NASA?
- b) Should the European satellites and rockets programme be expanded and, if so, in what direction?

At the Bad Godesberg conference, support was given to the idea of setting up a large-scale European space organization along the lines of NASA. Mr. Stoltenberg endorsed this view at the close of the conference.

He described the results of the three-day talks in which representatives of approximately 19 States had taken part as the first success in concentrating European space research. He had gone to the conference with a Government mandate to achieve the amalgamation of the three European space organizations in a single one.

The most important result of the conference remained the basic decision to set up a new European organization for space projects, communication satellites and carrier rockets. Those attending the conference hoped (a) that there would be better co-ordination between the existing space

organizations, (b) that national disagreements within the organizations would be removed and (c) that the programme would be implemented more effectively. Concerning the agreement for this new organization which should supersede ESRO and ELDO and lead to a 'European NASA', further detailed work would have to be done in the period up to 1 October 1969. The final decision can perhaps be reached at the next space conference in Brussels early in 1970. The Committee of experts should consider all the proposals which had already been put forward, particularly those in the three reports by Messrs. Causse, Bannier and Spay. This decision stemmed from a French proposal and was finalized by a small committee of Ministers.

It was unanimously agreed at the conference to work out a joint position for the negotiations beginning in February 1969 for the final statute of the International Space Communications Satellites Consortium: 'INTELSAT'. It was hoped that this would enable the Europeans to achieve a stronger position vis-à-vis the United States. The INTELSAT consortium which at present included 62 countries had so far been dominated by the US.

Europe should not in future give up its own rocket capacity. On the eve of the European space conference, the ELDO Ministerial Council had agreed, on the basis of a German motion for a resolution, that the current ELDO programme (Europa I and Europa II) should be brought to a successful conclusion by means of technical simplifications subject to an upper budget limit of \$ 626m. The rocket development programme for the European satellite programme should be prepared by means of studies and experimental work with a view to launching heavier space satellites. The ELDO Council was asked to prepare proposals for the new organization for running future launcher rocket programmes and for the new arrangements to be made with industry which should provide real competition as a result of setting up European industrial consortia to allow for the conclusion of agreed price contracts. Apart from the UK, all the ELDO member States were ready to take part in a further programme provided the costs could be contained and that the end in view remained the European satellite. The United Kingdom confirmed its decision not to co-operate in the ELDO programme after 1971. It did however state its readiness to give British rockets of the Blue Streak type to ELDO or to individual member States. Blue Streak is the first stage of the European rocket.

In the resolution passed by the space conference on manufacturing and using European rockets, it was however stated that between 1972 and 1976 the European countries should launch two rockets a year. It was noted that up until 1976 two European rockets could be made available only. As emerged from the papers of the space conference, a programme for ESRO satellites has a secure future until 1971. From that period up till 1974 the necessary funds have not yet been secured. Further analysis is necessary for decisions

on building communications satellites. In this connexion, the specific need mentioned was satellites for meteorology and for air and sea navigation.

With regard to television satellites covered by the European Conference of Telecommunications Satellites (CETS) the Governments concerned were asked to state their conditions of participation by 1 February 1969. A Governmental conference of those concerned would be held in March or April 1969 to take a decision on the basis of the economic and technical studies made. Mr. Stoltenberg made it clear that most of the countries had spoken in favour of this plan.

(Frankfurter Allgemeine Zeitung, 1 and 13 November 1968; Neue Zürcher Zeitung, 9 and 16 November 1968; Die Welt, 13 November 1968; Industriekurier, 14 and 15 November 1968; Handelsblatt, 18 November 1968)

14. <u>J. Robert Schaetzel: 'Challenge of technology is for all advanced nations'</u>

J. Robert Schaetzel, the US Ambassador to the European Communities writes in an article published by the News Bulletin of the United States Information Service (15 December): '... All ingredients of "The American challenge" are really responses to phenomena which are common to every advanced society. The "counter-attack" prescribed for Europe by Servan-Schreiber is, of course, the outline of a European response to a challenge which America has been meeting in its own fashion, but which in essence is not uniquely American.

It is evident, however, that there would be political and economic consequences for the United States if Europe followed the course recommended by Mr. Servan-Schreiber, some of these consequences would not be altogether pleasant. Even now there are economic problems between the United States and the European Communities, for example, in agricultural trade and in non-tariff barriers to trade. We have no illusions that these economic problems would suddenly be solved if Europe were to unite in a dynamic liberal framework with common institutions.

Nor do we expect that a Europe with common political institutions would necessarily see the political problems of the world in the same light

that we do. Geography, history, and profound differences in military power and defence responsibilities will preclude that for as far into the future as anyone can see...

... In fact, I can testify that the United States Government continues to hope that Europe will be capable of unifying in all conceivable fields... economic, political, and military.

The opinion of the American people, reflected in the position of both the democratic and the republican parties, has been favourable to European unity, and it still is. I see no reason to think that that will change. The voices of those Europeans who call for the unity of the European nations will continue to be heard and to be welcomed in America. The United States rejects hegemony for itself in Western Europe as much as it would reject the claims of any other single state to speak for Europe.

Asserting my belief in the continuity of a policy which seems rooted in the deeply-held opinions of the American people is no guarantee that that policy will not change. There are, fortunately, other reasons (economic, political and security reasons) to think that the American commitment to European unity will remain the keystone of our European policy.

...I began by arguing that the challenge described by Mr. Servan-Schreiber was not really American, that basically it was a challenge which every advanced nation, including America, had to face.

There is another challenge, to which America has a better claim, except that it was really European by origin and inspiration. This is the challenge to Europe to throw off its allegiance to the patterns of the past and to find its future in a unity which alone can bring it greatness.'

(News Bulletin of the United States Information Service, No. 239, 10 December 1968)

15. The Union of the Industries in the European Community (UNICE) and research activities

In December 1968 the UNICE published a memorandum on scientific and technical research in the European Communities.

The memorandum expressed UNICE's concern about the immediate future of the nuclear sector, for which the Community had had no real research and teaching programme since 1 January 1968. While it was recognized that the nations of Western Europe had to make a greater effort on research and development if they were to compete successfully with other major States, the Joint Centre for Nuclear Research had been working below capacity for several months. In its resolution of 8 December 1967 the Council of Ministers demonstrated that it was aware of this situation and envisaged that the work of the Joint Centre might also cover non-nuclear activities, particularly in the fields referred to in the Council Decision of 31 October 1967. It also recognized that the administrative structure and the management of the Joint Centre had to be improved to secure greater efficiency.

This same concern was apparent in the Council decision of 28 November 1968.

In view of its responsibilities, the UNICE appealed to the Commission and to the Governments of the member States to see to it that measures were taken to make the best possible use of the Community potential in forward-looking research and development programmes.

To plan the long-term work of the Joint Centre effectively, it had to be completely overhauled and there should be no hesitation about changing staff, organization or objectives. There were some major tasks to be carried out in nuclear research and development but these should be the subject of a selective programme.

Similarly, in the next programme to cover a period of years, it should be possible to entrust non-nuclear activities to the Joint Centre. Apart from the nuclear and para-nuclear sectors, one could, indeed, quote many fields in which major research into the future of technology had to be carried out.

This was especially necessary because Western Europe was lagging behind the other economic powers in many sectors of decisive importance for its future; this gap could only be bridged by research and development projects that should be both selective and on a large scale.

It would also be worthwhile ascertaining whether the Joint Centre could not also become a European documentation and information centre.

Generally speaking, there should also be more effective co-operation between the various public bodies in Europe engaged in advanced research in what were often related fields.

It was also important for work to be organized in a different way in future. The guidelines should be laid down by reference to the principles of organization and to the structures of industry. Only guidelines such as these would make it possible to carry through work geared to innovation, particularly in pure research and technological development, and ensure its usefulness from the point of view of developing Community industry.

UNICE hoped that there would be a constant exchange of men and ideas between the Community institutions and the research bodies on the one hand and industry on the other.

(Bulletin of the Federation of Belgian Industry, No. 32, 20 December 1968; Le Soir, 29 and 30 December 1968)



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