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a survey

EUROPEAN PARLIAMENT

Directorate General for Parliamentary

Documentation and Information

In addition to the official acts published in het 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 Economic and Social Committee issues press releases at the close of its plenary sessions, and its overall activities are reported on in a Quarterly Information Bulletin.

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

- 1 -

REACTIONS FOLLOWING THE CONFERENCE OF HEADS OF STATE OR GOVERNMENT AT THE HAGUE

1. The European Branch of the International Confederation of Labour (ICL)

Meeting in Brussels on 3 and 4 December 1969 the Committee of the European Branch of the ICL adopted the following resolution on the statement made after the summit meeting at The Hague.

'The Committee notes with satisfaction that some progress has been made on the majority of points referred to in this statement as features of a programme for urgent Community action: the ultimate political form of the Community, the financial settlement for agriculture including the special revenues and budgetary powers for the European Parliament, the economic and monetary union with the establishment of a European reserve fund, industrial research and development including a programme for Euratom and the expansion of the Community.

On this last point the Committee regrets that no precise date has been fixed for opening negotiations with the countries which are candidates for membership.

The Committee protests against the fact that no progress has been made towards strengthening and increasing the democratic basis of the procedure for reaching Community decisions, especially as regards the election of members of the European Parliament by universal suffrage.

On the other hand, the Committee considers it to be a positive achievement that the final communiqué issued after the Hague conference recognizes the need for close harmonization of social policies and places especial emphasis on reform of the European Social Fund ...

Finally, the Committee notes that the governments have shown their will to take common action on social matters by deciding, a few days before the Hague conference, to convene a tripartite Community conference on employment in March 1970. The Committee declares its readiness to

organize a contribution by the European branch of the International Confederation of Labour towards the preparation of the work of this conference.'

(Au travail, 13 December 1969)

2. Statement by the European Movement

The Executive Committee of the European Movement in the Netherlands has issued the following statement on the results of the summit conference:

'The Executive Committee of the European Movement in the Netherlands notes that the Hague Summit Conference has issued positive guidelines on a number of important questions which will enable further progress to be made towards integration in the next few months after the earlier stagnation.

However, the Summit Conference has not provided that new political impetus which the European demonstration had justifiably demanded on 1 December. Agreement was reached at the Summit Conference on the date by which a mandate must be given for negotiations with Britain and the other applicant countries and after which negotiations must begin immediately.

Agreement was also reached to settle the problem of agricultural financing by the end of this year and adapt the relevant regulations at a later stage to the situation arising from the accession of new countries, to draw up a new research programme for Euratom, to make funds available for technological research and development and to reform the European Social Fund within the framework of a new harmonized social policy.

There would be a gradual transition to financing the work of the Communities from their own source of revenue and at the same time the European Parliament would be given increased budgetary powers. Substantial progress may well result from the agreement to work out by the end of 1970 a concrete plan for the phased achievement of a complete economic and monetary union.

However, the European Movement notes with regret that the communiqué issued after the Summit Conference does not contain a clear statement of the need to strengthen the Community institutions and put an end to

that erosion of supranational authority which is particularly apparent in the failure to allow the Council to take majority decisions, and which has made the work of the Communities increasingly difficult in recent years. It is the firm conviction of the European Movement that the guidelines agreed upon at The Hague will only lead to concrete results if the political courage is shown to sweep away this legacy of the past.

On the subject of European elections, the summit conference has simply reached the limp conclusion that the European Council of Ministers must study the question further. In the light of the agreement to increase the budgetary powers of the European Parliament and in view of the decisions to promote the work of European unification in other major areas, it is inadmissible for the citizens of Europe not to be able to have their say by electing their own representatives to determine policy which touches upon their vital interests and which they themselves finance by taxation to the tune of many millions each year.

Referring to the decision that the six Ministers of Foreign Affairs will examine during the next six months how political unity can be achieved against the background of enlargement of the Communities, the European Movement repeats its proposal that the Governments of the Six and of the applicant countries should set up an independent Commission of leading officials – including the Chairman of the European Commission – to develop concrete proposals on this matter.

The European Movement is convinced that the citizens of Europe are willing to go much further towards the establishment of the United States of Europe than the European Governments have decided in their difficult deliberations at the summit.

There is no doubt that the summit conference did take a step in the right direction, but a clear choice in favour of a federal Europe is essential to give a fresh political impetus.'

(Informatiebulletin, Europese Beweging in Nederland, No. 35, 3 December 1969)

3. Debate in the German Bundestag

On 3 December 1969 Federal Chancellor Brandt made a governmental statement to the Bundestag giving details of the summit meeting at The Hague between the six Heads of Government or State of the EEC countries.

The speeches by Mr. Brandt, Foreign Minister Scheel and the spokesmen of the three political groups in the Bundestag all emphasized that the road to Europe would still be long and difficult.

The statement by the leader of the opposition, Mr. Rainer Barzel, that the dispute between the parties on European policy had now been settled was underlined by Mr. Hans Apel (SPD) and Mr. Ernst Achenbach (FDP). Mr. Achenbach felt that the Government's negotiating position had been strengthened as a result.

Chancellor Brandt began his governmental statement with the words: 'Europe had to choose between a courageous step forward or a crisis. The choice has been made. A decision has been taken at The Hague in favour of the future of Europe. Europe has been given another great chance.' Mr. Brandt felt that an even better result would have been conceivable. But what it had been feasible to decide at that stage had in fact been decided. Mr. Brandt emphatically thanked President Pompidou for his courageous attitude. He hailed the results achieved at The Hague as a magnificent proof of Franco-German friendship and of the solidarity of Italy and the three Benelux countries.

In Mr. Brandt's opinion the debate over the desirability of expanding the EEC was now settled. 'We have confidence in the word given by France.' Without a result in this area the conference would have been doomed to failure. Mr. Brandt stated that it was at least equally important for the Foreign Ministers to be instructed to discuss political co-operation against the background of the EEC's enlargement.

He observed that Bonn was no less interested than Paris in completing and strengthening the Community. It would be necessary to stop the clock for a short time so as to comply with the agreed decision to lay down a definitive financial arrangement by 31 December.

Mr. Brandt's comments on agriculture went beyond the communique He pointed out that he had clearly stated at The Hague that in working out the

financial arrangement the problem of surpluses, a healthy financial policy and the interests of German farmers must all be taken into account. Structural policy must remain in German hands: 'The reform of agricultural policy appears on the agenda. It was not disputed at The Hague that the definitive financial arrangement must be ratified by the Parliaments, and that this arrangement must remain flexible.' Here Mr. Brandt was alluding to Great Britain's entry which was felt to be desirable.

In Mr. Brandt's opinion the attempt to reach basic agreement to save Euratom had been successful. He said that the passage on this subject in the communiqué must be understood as implying that the existing research centres would be maintained and that a more flexible approach would be adopted to joint activities, which would be extended beyond the strictly nuclear field to cover the broader area of technological research. There were also good prospects for establishing the European youth movement advocated by Bonn.

The speech of Foreign Minister Scheel showed even more clearly than the communique the purpose underlying the proposed phased plan for the common economic and currency policy. Both Scheel and Brandt pointed out that they had announced at The Hague that the Federal Government would continue in the future to keep the question of stability firmly in mind. Harmonization of short-term economic policy and of pricing policy should come first, followed by harmonization of monetary policy. This could result in a common currency fund 'which would pave the way for currency union.' Mr. Scheel emphasized that this was a very difficult task.

The CDU/CSU intentionally limited themselves to a single statement with a very balanced speech paying tribute to the achievements reached despite all its criticism of individual points. The whole statement was characterized by objectivity. Mr. Barzel, CDU/CSU chairman, specifically recognized the expert way in which Mr. Brandt had presented such a rapid and at the same time objective report to the Bundestag. Mr. Barzel stated: 'The results reached at The Hague fulfil some of our expectations but fall short of others.' The communiqué was vague and might be interpreted in a number of ways. What it said about internal financing for the EEC lacked precision. No date for a further meeting between the Heads of Government had been fixed, and no reference made to relations with neutral countries.

Like the SPD spokesman, Mr. Apel, Mr. Barzel expressed his concern about the lack of parliamentary control over the Brussels institutions. Both speakers insisted on the need for direct elections to the European Parliament. 'But in general,' said Mr. Barzel, 'progress has been made.' On the discussions concerning monetary and economic policy he felt that everything depended on what was actually made of them. He appealed to Mr. Scheel

to be as active as possible in the forthcoming discussions between the Foreign Ministers on a common foreign policy. Mr. Barzel saw the general result as a 'working compromise.'

Mr. Apel highlighted the close connexion between European policy and foreign policy as a whole when he emphasized that integration of the Federal Republic within the West was a prerequisite for a new policy towards the Eastern bloc. It was the special merit of the Federal Chancellor that the chain of 'completion, strengthening and enlargement' of the European Communities had been broken at The Hague. These problems ought to be dealt with not successively but simultaneously as of equal importance. The conference had shown that the EEC had not 'melted like a lump of sugar in the Atlantic.' Mr. Apel did however strike a note of caution: 'In agricultural policy it is the details which will cause difficulties.'

Mr. Ernst Achenbach (FDP) called the communiqué 'a piece of constructive reason.' He thanked Mr. Brandt and Mr. Scheel for the success achieved. 'We are now on the same wavelength as all our European friends,' he added. Agreement had now been reached on the crucial questions. It should be possible for negotiations on the enlargement of the EEC to begin in July.

(Die Welt, 4 December 1969; Frankfurter Allgemeine Zeitung, 4 December 1969)

4. Statement by the President of the Luxembourg Government, Mr. Pierre Werner, to the Chamber of Deputies

Before commenting to the Chamber of Deputies on 4 December on the decisions and guiding principles adopted at The Hague, the President of the Luxembourg Government wished to emphasize that 'this conference could be considered a success.'

The Heads of State and Government 'unanimously reasserted their faith in the political finality of the Treaties by a procedure of integration which must ultimately lead to "a united Europe, able to assume its responsibilities in the world of tomorrow and make a contribution which is worthy of its traditions and mission"...

The unanimous and spontaneous way in which all the Heads of Government and State reaffirmed these objectives provides striking evidence of their will to see economic co-operation resulting eventually in a political community...

With this in mind, we must appreciate the true significance of the solemn reaffirmation of the will of our Governments to see the European Economic Community pass from the transitional period to the final stage at the end of this year... Having regard to the urgency of this matter, the conference stated that the financial regulations laying down the method of financing the common agricultural policy and the creation of the Community's own source of revenue will be adopted by the end of this year. In so doing, the Community must succeed not only in perfecting its own common agricultural policy, but also in laying a basis for genuine financial independence which will constitute a very important factor of strength...

You will be especially pleased to learn that the Heads of State and Government were unanimous in acknowledging that the progressive creation of the Community's own source of revenue must go hand in hand with an increase in the supervisory powers of the Strasbourg Assembly over the budget. In this way we shall move towards democratic control of Community expenditure and probably, in the long run, towards a decision-taking function for the Assembly on certain forms of income.'

Analyzing the decisions taken at The Hague and referring to the completion of the common agric ultural policy, Mr. Pierre Werner stated that 'the Community should introduce a genuine policy for agricultural production so as to allow surpluses to be disposed of and achieve a better adjustment to real requirements.'

But in the opinion of the President of the Luxembourg Government, the basic achievement of the conference at The Hague 'was that it led to a real awareness of the need to draw up a number of new policies, even covering certain areas for which the Treaty of Rome itself made no detailed provisions ... The Hague conference had given rise to new hopes for a monetary policy and for greater co-ordination of economic policies. For the first time, the member States have shown a positive attitude towards the inevitable creation of a monetary union.'

After recalling the decisions taken on this subject, Mr. Werner expressed satisfaction with the progress achieved at The Hague on European scientific and technological co-operation, and with the desire shown by the six countries to 'do everything possible to put an end to the difficult position

facing Euratom and its research centre. '

Speaking of the enlargement of the Communities Mr. Werner had this to say: 'It is apparent that a conference such as the one held at The Hague could not act in place of the Community authorities which are responsible for deciding on applications for membership. However, in view of the immense political significance of this matter and also of the difficulties which the Community has in the past experienced in dealing with it, the Heads of State and Government have been obliged to state their standpoint as clearly as possible. They have unanimously proclaimed their desire for enlargement of the Communities on the most positive lines.

Translating this affirmation of principle into practice they have signified their agreement to the opening of negotiations between the Community and the candidate countries. This evidently rates as a very important step in the direction which all the partners of France in the Common Market have wished to take for many years now.'

The Hague conference was also an occasion for re-opening discussions between the Ministers of Foreign Affairs on the problem of political unification. The continuation of these negotiations 'leads us to hope that the ultimate political aim which was so greatly stressed by the conference' will be reflected in clearly fixed terms for political co-operation which is the natural outcome of economic unification.

Mr. Pierre Werner stated in conclusion: 'Beyond the inevitable problems, the difficulties which are often serious and the defence of the legitimate interests of each member country and of each social and economic grouping among our populations, there is a manifest will to overcome all obstacles.'

(Luxemburger Wort, 9 December 1969)

5. United Kingdom: debate in the House of Commons

In a debate in the House of Commons the Prime Minister answered questions from several members about the outcome of the summit meeting at The Hague.

'Mr. Winnick (Lab.) - Is it the Government's intention to provide that there should be some reasonable chance of success before negotiations actually start, say next July? Is there a possibility that at the end of the year during the negotiations the British Government will come to the conclusion that the cost could be too high and therefore decide not to go any farther?

Mr. Wilson - The best chance of assessing the prospects of success is to have a go. It is not possible for me to form a clear view of what terms will be available to us except by entering into negotiations. If the terms are possible and make it open to us to accede to the Community, that is one thing; but if the terms involve too high a price I hope that all of us would agree it would be wrong to accept them.

Mr. Barnes (Lab.) - Following the encouraging outcome of The Hague summit many people will hope that the Government will make a whole-hearted statement of our will to complete negotiations successfully. Would it not be dangerous for this country to approach these negotiations on a "take us or leave us" basis?

Mr. Wilson - There is no question of "take us or leave us". I have expressed the view that Europe needs Britain just as much as Britain needs Europe. That is a very fair approach. As to a wholehearted application, we have made this clear on a number of occasions - in 1967 and again this autumn. Obviously one cannot forecast what terms will be made available to us. For my part, I would hope these negotiations could be over in a much shorter time scale than the Leader of the Opposition indicated in his broadcast last Sunday.

Mr. de Freitas (Lab.) - Not only is it encouraging that there is agreement to open negotiations but also agreement to look at the agricultural front and to study the ridiculous surpluses and the equally ridiculous budgetary burdens.

Mr. Wilson - It is the common agricultural policy, and what would be required of us in this connexion, that is the crunch of the issue as regards prices, the cost of living and the budgetary contribution and the balance of payments. I see some encouragement in some of the speeches reported at the summit talks this week, both as regards the budgetary contribution, and if I read them aright, a matter of great importance to us - the question of production grants, as we would call them, farm grants and the rest, which might be treated in a different way in the future to the way they have been treated in the past.

Mr. Thorpe (Lib.) - One of the hopeful aspects of The Hague communique is that should negotiations start in July between Britain and the other applicants and the Six, by then we shall know what will be the general level of agricultural prices and the general monetary policy to be pursued. Then our own position can be assessed on the basis of a realistic known future for this country and not on the basis of wild and usually totally inaccurate statistics, put forward by opponents of the Common Market.

Mr. Wilson - I hope that it will be possible to know the back ground of the common agricultural policy. Obviously we cannot know what changes will be available during the negotiations. The problem Mr. Thorpe mentions is the big problem we have in preparing our White Paper on assumptions. We are choosing a wide range of assumptions, some of which might become unrealistic by the time negotiations are well advanced. We shall still go ahead with the White Paper even though that is so.

Mr. St. John-Stevas (Con.) - Would the Prime Minister agree, apart from his unrestrained enthusiasm for entry, that the most important thing is to have an early negotiation on a limited number of the major economic and political issues?

Mr. Wilson - I think Mr. St. John-Stevas is right in saying that. Certainly, I would hope that the negotiations may start before what was stated at the summit as the latest date. I hope they would be reasonably speedy. I think there will be a desire in Europe, as in this country and in the House, that we do not have long, tedious negotiations about a lot of small matters, many of which are capable of solution after entry, but that in our negotiations we should concentrate on the really main issues - and there are some serious issues - between us and the Common Market countries. I would hope negotiations would be reasonably short but directed to the main strategic questions

Mr. Shinwell (Lab.) - The Leader of the Opposition has stated that we are unlikely to enter the Common Market before 1973 or 1974. Does this not damp down the Prime Minister's enthusiasm on this?

Mr. Wilson - The Leader of the Opposition must take responsibility for his own statements. I hope what he said will not be taken in Europe as any weakening of his will or of anyone in the House on this matter. There is certainly no need for it to take as long as he said. It may be Mr. Heath thinks they ought to wait for him, in which case they would have to wait a very long time.

. . .

Mr. Maudling (Con.) - As the Prime Minister commented on the Leader of the Opposition's estimate on timing would he care to make his own estimate of the possible timing for British entry into the Common Market? Would he regard harmonization of a value added tax as part of the things to negotiate?

Mr. Wilson - The leader of the Opposition must take responsibility for that forecast. It is not for me to give another one. I do not accept that the timetable need be anything like as long as he said. Obviously, all regulations and decisions made under the Treaty of Rome are matters for the negotiations, including not only the value added tax but other aspects of prices and agricultural policy. Where Mr. Heath and his party seem to indulge so much in masochism for themselves and for the country is that they want to inflict all these big increases in costs and taxation in this country without even getting the gains of joining the Common Market.

. . .

Mr. Edelman (Lab.) - Will Mr. Wilson discourage premature optimism about British entry and read the small print in the communiqué and Mr. Pompidou's gloss on it which has no mention of a time schedule.

Mr. Wilson - I hope I have said nothing which would encourage excessive optimism in this matter. I regard the summit conclusions in the spirit of "so far, so good". They represent a step forward, but we must all be on watch against any dragging of feet and excessive hardening of position on other issues between now and the opening of negotiations which might make negotiations more difficult. There is no need for anyone who is keen to get in to get over-excited or for those who are not keen to take a particular view except that we are ready to enter negotiations. The door is now open, we must see how we go, and then put a proposition to the House.'

(The Times, 5 December 1969)

6. Statement by the Irish Government

Mr. Lynch's Government regards the decision of the summit meeting as a success for Ireland's application, but the Finn Gail and the Labour Party were sceptical about the proximity of negotiations. They asked Mr. Lynch to conclude an interim agreement with the EEC but he refused, saying

that the Government's aim was Ireland's entry into the Common Market as a full member.

(Le Monde, 5 December 1969)

7. Statement by the US State Department

Mr. John King, spokesman for the State Department, said in Washington that the communiqué published at the end of the summit meeting had been read with great interest. Progress appeared to have been made at the conference and, as Secretary of State William Rogers said, the United States welcomed this new development. Since the end of the Second World War the USA have supported the drive towards unity in Western Europe and would continue to do so. As to how the Europeans decided to organize themselves, this was a question they must answer themselves.

President Nixon had stated on his return from Europe that the world would be a lot safer both economically and militarily if there were a powerful European Community. Mr. King added that at a time when Europe was moving towards greater unity this trend might raise various problems for the United States and third countries. If they co-operated closely with the Europeans, however, it should be possible to deal with such problems. At all events it was felt that the economic and political benefits that would result from European unity could not fail to outweigh the problems.

(Le Monde, 6 December 1969)

8. Monnet Committee meets in Bonn

The Action Committee for the United States of Europe met in Bonn on 15 and 16 December 1969 under the chairmanship of Mr. Jean Monnet to discuss current European problems.

Mr. Jean Monnet, one of the founding fathers of the European Coal and Steel Community and founder of the Action Committee, opened the meeting which was by invitation only. Those present included Mr. Willy Brandt,

Mr. Herbert Wehner, Mr. Helmut Schmidt, former Federal Chancellor Kurt Georg Kiesinger, Mr. Kurt Birrenbach, Dr. Walter Hallstein, trade union leaders Mr. Ludwig Rosenberg, Otto Brenner and Otto Kersten, Mr. Michael Stewart, British Foreign Minister, and many other leading politicians from other countries. Mr. Monnet emphasized that the special political significance of the Committee lay in the fact that it contained members from all the democratic parties, including the Gaullists, and from the trade unions of the six member States; for a year now Great Britain had been represented on it by two or three of its leading politicians.

Chancellor Brandt stated: 'We do not wish to argue about whether the step taken at The Hague was a courageous one. At all events it has opened up new prospects for the Community.' The understanding between France and Germany had been the decisive factor at the summit meeting.

Following the successful conclusion of the summit meeting Chancellor Brandt expected that the necessary conditions for negotiating with Britain and the other applicant States would be in existence by the end of June 1970 at the latest. He said that this was a time for 'appropriate consultations and co-operation' in forms that could not be handled by the existing institutions.

The party and trade union leaders of the six EEC States and Britain on the Monnet Committee agreed on the need to set up a European currency zone. The reserve fund mentioned in the communiqué issued at the close of the summit meeting had intimated that a reserve fund had to be worked out concurrently with the stage-by-stage plan for an economic and monetary union. A resolution adopted, with two abstentions, at the close of the meeting advocated that part of the currency reserves of the member States, including special drawing rights, should be jointly administered by this reserve fund.

Mr. Jean Monnet described the results of the Committee's work as practical proposals for the immediate future that were intended to help in implementing the decisions taken at the summit meeting.

The strength of the British delegation was striking. Mr. Stewart expressed his satisfaction with the resolution: 'Practical progress, that's what we want.' The representatives of all three British parties agreed with this. The same applied to the main ideas put forward in the comprehensive resolution on negotiations with the United Kingdom.

Mr. Monnet's view that the institutions could speed up European unification was reflected in the proposal that the Common Market's Social

Fund should be given a wider role and greater resources. The implementation of the economic and monetary union called for a strengthening of the existing institutions, even more so in an enlarged Community.

The resolution goes on to say that the negotiations between the EEC and the United Kingdom should be kept to essentials and the remaining points dealt with after British entry. To apply the financial regulations for the agricultural market at present in force between the Six to the United Kingdom would obviously be both unfair and impracticable. Nevertheless the British contribution would be considerable. It would have to be built up by stages, the full amount being reached only at the end of the transitional period.

At its next meeting the Committee would look into the practical measures to be taken to strengthen the institutions of the enlarged Community and to get the political organizations of Europe under way. It was already being said that common institutions would have to be set up in the field of foreign policy after an initial period of co-operation. A European political authority would be inconceivable unless based on organized common interests and on direct general elections.

(Die Welt, 16 and 17 December 1969; Frankfurter Allgemeine Zeitung, 16 December 1969)

9. Belgium: oral question to the Chamber of Representatives

On 18 December Mr. Radoux (Socialist) put an oral question to the Minister of Foreign Affairs on the final communiqué of The Hague summit conference; he was particularly interested in the prospects for political union. This followed an earlier question by Mr. Radoux on 13 November, in which he tried to obtain a precise statement of the Government's position before the conference at The Hague. Here is the text of his question: 'Article 15 of the final communiqué of the summit conference of the Heads of State and Government in The Hague states that the Ministers of Foreign Affairs have been instructed to study the best means for achieving progress towards political unification, against the background of enlargement of the Communities. The Ministers will make proposals on this subject before July 1970. Referring to these proposals on the "achievement of progress towards political unification" can the Minister indicate the particular institution to which these proposals are to be made? The communiqué is silent on this point.'

Mr. Harmel, the Minister of Foreign Affairs, answered: 'As I told the honourable member in my reply to his question before The Hague summit meeting, the Belgian Government attaches considerable importance to the achievement of political unification in Europe.

For this reason the Government derived great satisfaction from the inclusion in the final communique of a reference to the ultimate political aims of the existing Communities as well as a special sub-paragraph on political unification. Article 15 stipulates that the six Ministers of Foreign Affairs must make suggestions by the end of July designed to bring about progress towards political unification; these suggestions will then be submitted to their Governments. The latter will consider at that time how co-operation between States can be carried out on this important matter.

It was logical to choose this time limit because a decision will be taken by then within the Community on the opening of negotiations with countries wishing to join the EEC; our proposals must therefore take into account the possible enlargement of the Community.

It should be noted that in specifying that the study should be carried out with the prospect of enlargement in mind the six Governments have solved one of the problems which led to the failure of the proposals for political unification, better known as the Fouchet Plan, in 1961-1962.'

(Chamber of Representatives, compte rendu analytique, 18 December 1969)

10. Netherlands: debate in the Second Chamber of the States-General

On 23 December the Second Chamber discussed the results of the summit conference held at The Hague on 1 and 2 December. Almost all the speakers expressed their satisfaction with the Council's approval of the agreement reached at the conference to grant certain additional powers to the European Parliament. Mr. Berkhouwer (People's Party for Freedom and Democracy), opening the debate, wondered whether the Council of Ministers, acting as a Community institution, could not itself have achieved the same results as the summit conference. He agreed with the Prime Minister who would also like to see the Council functioning more as a Community institution and less as an inter-governmental body. Mr. Berkhouwer was disturbed that the German delegation had made a reservation on financing and the French delegation on ultimate control by the Parliament. In his opinion this conflicted with the

passage in the communiqué stating that the results achieved at The Hague formed an indivisible whole and that overall solutions must be worked out. Mr. Berkhouwer felt that the reference to the European University contained in the communiqué was no longer relevant, and that greater progress could be made towards Europeanization and co-operation by the institutes for scientific education; he thought that a start could be made by 'Europeanizing' the Universities of Aachen, Liège and Maastricht. Maastricht University had the added advantage that it was still being established.

Mr. Schuijt (Catholic People's Party) was not particularly concerned about summit meetings becoming an institution. Since all the outstanding major problems could not be solved at a single meeting, he felt it inevitable that there would be a series of them. He advocated a moderate degree of institutionalization, i.e. the appointment of a small body of officials - rather like the Permanent Representatives in Brussels - who would work with the objectives of the Community in mind and analyze the different national approaches to a number of political problems; their analysis could then serve as a starting point for the conference. He felt that the remarks made by the Foreign Minister in an interview published in the French daily 'L'Aurore' showed that he was now coming round to this opinion, although the Government's report did not actually say so. If, in a political framework such as this, the Ministers were willing to report periodically to the European Parliament on their discussion of political problems centring on the common foreign policy which remains to be developed, the Parliament could then discuss subjects other than agriculture. This might lead to more energetic European policies which would arouse the interest of the citizens of Europe.

The extension of the budgetary powers of the European Parliament, which Mr. Schuijt felt to be the central decision taken by the Council on 21 and 22 December, meant that the direct election of the European Parliament had once again become a live issue. The desire to avoid wasting time and money was now gaining ground; finally direct elections were important in the light of the possible entry of the applicant countries in which the notion of democracy was firmly established. On the question of the European University, Mr. Schuijt agreed with Mr. Berkhouwer who had strongly advocated the Europeanization of universities.

Mr. Schuijt went on: 'In my opinion the vision of the edifice of Europe has vanished into a cloud of verbiage. The communiqué leaves a great deal of ambiguity about the intentions of the participants in the summit meeting when they discussed Europe. Which Europe are they talking about? What kind of Europe do they want? With what sort of institutions do they expect to build their Europe? What are the political objectives they keep telling us about? Have they any clear idea of the task, functions and responsibilities of Europe? These questions must be answered before a policy can be laid down. The Government's report on the conference mentions a study to be

made by the Foreign Ministers. The wording used is curious:

"Statements by various delegations to the conference showed that when they refer to political unification they are thinking primarily of co-operation on foreign policy."

This is followed by the cryptic comment:

"The Netherlands will, however, attempt to give greater significance to the term 'political unification' through the European Communities."

This sentence raises three questions: was the Netherlands not among the "various delegations" which voiced these opinions? What does the Government have in mind when it wishes to give greater significance to the term "political unification"? The Treaties of Rome and Paris do not deal with foreign policy. What then does the sentence "through the European Communities" mean?"

Mr. Van der Stoel, speaking for the Labour Party, was pleased that Euratom might now be able to make progress, particularly through technological co-operation in an enlarged Community. Until a European technological community was established a European research council could do the preparatory work. This idea raised by the speaker's fellow party member, Mr. Oele, approximates closely to Mr. Wilson's concept of a European technological institute. Referring to enlargement, Mr. Van der Stoel recalled that the French President had given an assurance to the summit conference that he would certainly not place any unnecessary obstacles in the way of future enlargement of the Community. Nevertheless if things turned out differently and serious difficulties arose in the preparation of a common negotiating position there would, in his opinion, be a grave crisis in Europe. The Socialist Party might then wonder whether it was possible to participate in ratification of the European agricultural agreements under these circumstances. Mr. Van der Stoel hoped that this situation would not arise after the positive assurances by the French President.

Going on to the problem of political co-operation, Mr. Van der Stoel asked the Government for an assurance that no new forms of political co-operation would be established unless the four applicant countries could participate in them from the outset. He also hoped that any tendency to make this new form of political co-operation into an alliance within the alliance would be opposed by the Government. A great deal had been said about the risk that new forms of political co-operation might undermine the existing EEC bodies. This was now becoming an urgent problem again. The Fouchet Plan not only mentioned a European Council of Ministers but also a European political commission. This commission might well be forbidden to discuss

subjects falling within the province of the EEC Commission, but if there were two such bodies the danger of such overlapping of activities was real. Mr. Van der Stoel therefore wondered whether 'the correct solution might not be to attempt from the outset to incorporate the new forms of European political co-operation into the existing Community, after making the necessary changes in the Community authorities and in their membership – I am thinking of the European Commission. This would also have the advantage of keeping the door open for future supranational developments.'

Mr. Vredeling (Labour Party) expressed his concern over the reservations made by various delegations and recorded in the communiqué issued after the summit conference. Referring to the question of independent revenue for the Community, he said he was worried by the considerable gap between the introductory date and the date on which budgetary powers would in fact be granted to the European Parliament. His party did not agree that funds for the European budget should in the long run come solely from indirect taxation. i.e. agricultural levies, customs duties and value added tax. This would be particularly disturbing from the social angle, since the costs of the regional policy, of the structural adaptation of industries which ran into difficulties, of the Social Fund and of technological development would all have to be met by indirect taxation.

The European elections, which Mr. Vredeling saw as a logical consequence of the agreement on the powers of the European Parliament, were now on the Community's agenda, and the Netherlands should also consider this problem.

Like other speakers, Mr. Visser (Democracy '66) wanted to know whether the Luxembourg Agreement had now been revoked. This seemed to be a distinct possibility after reading Article 13, para. 2. of the communiqué stating that countries which wish to accede must accept the 'options adopted in the matter of subsequent development.'

Mr. Bos (Christian Historical Union) regretted that the question of majority decisions had not been placed on the agenda. He was particularly intrigued by the statement in the communiqué that the Foreign Ministers would be invited to examine how the greatest progress could be made towards political unification. What exactly did the term political unification mean? Did it only cover foreign affairs, or was defence included as well? Were only certain aspects of what the Netherlands understand by political unification involved?

Many other speakers were confused by the often sybilline wording of the communiqué. For instance, Mr. Van der Spek (Pacifist Socialist) wondered whether the word 'continent' concealed a 'booby trap': 'The accession of other countries from the continent of Europe to these Communities – in accordance with the provisions laid down in the Treaty of Rome – will undoubtedly contribute towards bringing the Communities more and more in line with the latest economic and technological developments.'

It was generally known that when reference is made to the 'continent' in the United Kingdom the term implies Europe without the UK. Might not the use of this term indicate that certain promises could be evaded? Mr. Bos, on the other hand, was pleased that for the first time in the history of the European Communities France had shown a positive attitude towards the granting of powers to the European Parliament.

According to Mr. Biesheuvel (Anti-Revolutionary Party), there was reason for moderate optimism on the progress of European integration after the summit conference. He felt that the political significance lay above all in the establishment of confidence between the partners, in the possibility of strengthening the powers of the European Parliament, and in the fact that negotiations could now be opened once again with Great Britain and the other applicant countries.

The Prime Minister, Mr. de Jong, felt that a conference of Heads of State and Government did not lend itself to taking concrete and carefullythought-out decisions on which progress towards integration depended. These decisions could in fact only be taken by the institutions of the Communities themselves with the assistance of the European Commission, the European Parliament and the Council of Ministers, and with all the intensive preparations, according to the provisions of the Treaty, essential to a good decisiontaking process. Such conferences were useful for developing co-operation between governments but they could not generally solve the complicated problems of countries which had embarked upon a process of integration. Mr. De Jong agreed with Messrs. Berkhouwer, Biesheuvel and Bos that these conferences in their present form should remain the exception rather than the rule in the European Communities. As an exceptional procedure, they could do what might reasonably be expected of them, i.e. express in a useful form the harmony of political wills, and maintain or strengthen a general political trend. Against this background he felt that the results of the summit meeting were positive.

Reacting to the advice of Mr. Berkhouwer who had advocated simultaneous negotiations with the applicant countries Mr. Luns, the Foreign Minister, stated that various countries, in particular Ireland, were still worried

by the possibility that negotiations would in fact be held with Britain and an agreement reached with Britain, after which everyone could sit back and wait for further developments. 'I myself believe that the problems which must be discussed with Britain are such that once they are solved, many of the obstacles in the way of the other countries will automatically be removed. I can well imagine that discussions may begin with all the applicants, after which progress may be made in negotiations with Britain and then, in a final phase, discussions held with all the applicants again. I do not exclude the possibility that all four applicants, namely Ireland, Britain, Norway and Denmark, may ultimately become members at the same time.' He felt that discussions must concentrate on essentials. One of the most important aspects of discussions at the summit conference was the problem of the political unification of Europe. There seemed to be an honest desire in many quarters to strengthen economic integration within an enlarged Community. He had the impression that everyone was aware of the political consequences which this development will entail.

As regards the monetary union, the Minister believed that this could not be achieved without first making progress towards political unification. He repeated that it was impossible to achieve and maintain such unification with the existing, relatively weak institutional structure of the Community. He felt that greater readiness to take decisions and real action were prerequisites. Mr. Luns also thought that the underlying tendency to oppose strengthening of the European authorities and to adhere stubbornly to existing national achievements should be remembered. The time had come to choose between unity or division. If a real need was felt for greater economic unity in Europe the political consequences would have to be faced.

On political co-operation Mr. Luns recalled that at the conference the Prime Minister, Mr. De Jong. had stated that the Dutch Government was willing to hold preparatory discussions on political co-operation but only in the specific context of enlargement.

Mr. De Koster, Secretary of State for Foreign Affairs, agreed that the communiqué issued after the summit conference had been interpreted in different ways. In reply to questions on the value of the agreement, and bearing in mind the reservations made by some countries and recorded in the communiqué, the Secretary of State indicated that the various agreements must be considered as an indivisible whole and an overall legal form developed for them. If the reservations which had been made on a part of the agreement were unexpectedly upheld, this would mean that the entire agreement would be defeated. On the French reservation concerning the agreement on powers for the European Parliament Mr. De Koster noted that the way this reservation had been worded in the communiqué remained the responsibility of the secretariat.

Referring to technological development, Mr. De Koster agreed with Messrs. Van der Stoel and Oele who advocated the creation of a European Research Council as a first practical step towards a European Technological Community.

Finally the Minister of Finance, Mr. Witteveen, examined the problem of independent revenue for the Communities. 'A first objection to customs duties as the source of independent revenue for the Community is that these duties have no budgetary flexibility in the sense that they cannot be raised or lowered as the expenditure of the Communities fluctuates. Customs duties cannot be considered as a genuine Community tax - it would be wrong to appropriate them for such purposes. The level of import duties must be a function of trading policy and not of budgetary policy. This means that the ear-marking of customs duties will never be sufficient if the objective is to create a truly independent source of revenue. There must be a genuine Community tax, the rate of which can be altered to meet changing requirements. We in the Netherlands have insisted on this from the start. We have also urged the need for practical decisions on a genuine Community tax, going beyond the Commission's proposal. This too has been achieved. From the Dutch standpoint a second important objection to the ear-marking of customs duties is that this would represent a relatively heavy burden for the Netherlands. The Dutch share in the total import duties of the Communities is 13.6 per cent, while our share in their gross national product is only 6.6 per cent. In other words, our share of duties is twice as high in comparative terms

The Netherlands has an economic structure which is strongly biased towards international trade, so that import duties play an important role. Import duties have a significant place in the budgets. These objections from our country have met with real understanding by the Council in Brussels. This led to the conviction throughout the Council that the proposals of the Commission must be altered.

Earlier on we had agreed the Community's revenue could best come from turnover tax or value added tax. We should then have a tax with a rate which would vary in the countries of the Community and could completely fulfil its budgetary function. This tax has a broad basis of application, automatically leading to a reasonable distribution of the burden; the tax on total turnover is distributed in a manner which conforms accurately to the gross national product. The tax must be applied uniformly throughout the economy and must also cover the retail trade.'

Mr. Witteveen said that in future there would be two different turnover tax rates, i.e. a national rate and a European rate. He felt this was important to enable the European Parliament to adjust the European turnover tax rate to expenditure. For the time being the tax as a whole, including the European element, should be levied by the national governments; this procedure deserved preference, he felt, for administrative and practical reasons. It was, however, conceivable that the income yielded by the European levy could be allocated to a special account and then paid directly to the European Community instead of passing through the national budgets. This was a problem for the accountants which would have to be examined in greater detail. It did not, however, change the fact that every country would retain complete autonomy in determining its taxation policy, apart from this small European turnover tax levy. If any particular country felt that the turnover tax was excessive, it always had the option of lowering the national rate and levying other taxes instead as necessary.

(Second Chamber, 1969-70 session, sitting of 23 December 1969)

11. Questions in the Belgian Senate

During the session held on Wednesday, 14 January 1970, Mr. Dehousse (Socialist) questioned the Government on 'the results of the summit conference in The Hague, the developments to which these results will give rise and the measures to be taken to strengthen European political co-operation,' while Mr. Ballet (Volksunie) asked a question on 'the overall results of the EEC summit conference in The Hague, the attitude of the Belgian Government to the change in the foreign policy of certain EEC member countries and the likely repercussions on political co-operation in Europe.'

Mr. Dehousse stated that the results of The Hague conference must not conceal the problems which remain to be solved. 'Admittedly,' he added, 'progress from the transitional period to the final period has been complete since 1 January 1970. But this is still only true in theory. The Council has still in fact to examine some two hundred texts. We are therefore going to be faced with a difficult legal position. Article 8 of the Treaty establishing the EEC specifies that 1970 is the final date for application of all the proposed regulations. There is therefore a risk that certain economic groups will appeal to the Court of Justice of the Communities if the delay is extended, since 1970 was to be the year in which State monopolies were eliminated; it was to see a common transport policy and above all a common trading policy. But in fact we are still in the era of regulations allowing bilateral negotiations until 1972, and I have doubts about the legal validity of these agreements which date from the dark period of the Common Market. I would urge you, Sir, to call for frequent application of Article 113 of the Treaty which allows the Commission to play an active role in various fields, whether it is a question of trading agreements or the membership of new countries.'

Mr. Dehousse then questioned the Government on prospects for political co-operation between member countries of the Community and referred to five problems: the Community's own source of revenue, the budgetary powers of the European Parliament, the direct election of members of that Parliament by universal suffrage, the voting procedure to be used and the enlargement of the Community. 'Article 201 of the Treaty provides for the creation of a Community budget to which the Community's own revenue will be allocated and in the more distant future, the budget of the Community will amount to some Bfrs. 400,000m.

All this demonstrates the need for providing democratic control over the budget and expenditure under the different budgetary headings of the EEC. There is of course control at the level of the national parliaments but it is rare for a national parliament to have an adequate general picture of the budget of the Communities. It should be noted that in the Community system it is the Council which determines expenditure and is invested with legislative power. This is an anomaly in the legal structure of the Community, and it is therefore necessary for control to exist over the Council as the financial legislator. Must the method of financing be applied to all EEC expenditure? Must it also apply to the expenditure of the two other Communities, namely ECSC and Euratom?'

Mr. Dehousse went on to deal with the communiqué published by the Council after its discussions on 22 December 1969. The communiqué contains a stipulation that 'the European Assembly will be obliged to respect the financial law of the Community and in particular Article 199 as well as the authority delegated to the other institutions. Article 199 stipulates that all "income and expenditure of the Community must be assessed and shown in the budget." Does this not mean that Parliament might on occasion be denied the right to reject a tax if it is not in agreement with the authority? Similarly does the obligation on the Parliament to respect the authority of the other institutions not imply that the powers of the Parliament are budgetary rather than political? This may result in Parliament being unable to reject the budgets necessary for a specific form of expenditure. If this is so, the Parliament's authority is strangely restricted. I would like the Minister to explain this point.'

Mr. Dehousse went on to the problem of electing the European Parliament by universal direct suffrage: 'The European Parliament forwarded a draft treaty to the Council on 17 May 1960 and the Council simply shelved this text. What would be the purpose of granting the European Parliament power to supervise expenditure if that Parliament were to remain a mere

extension of the national parliaments, cut off from any contact with European public opinion. In fact these elections should be held in 1974 at the latest. Would it not therefore be desirable for a contact group to be set up by the Council and the European Parliament to study a project to replace the one drafted in 1960? It would be desirable to define Belgium's attitude on this subject. Would separate elections comply with the Belgian Constitution? Be that as it may, 5 million Belgians cannot be called upon for the sole purpose of electing 14 persons. The Italian Senate has proposed that European elections should be linked with regional elections. If a common effort fails, it would be necessary to consider holding elections in four countries simultaneously; I do not hold out much hope as far as France is concerned in spite of the favourable developments in that country at present.'

The fourth point made by Mr. Dehousse concerned the method of voting in the Council. 'The system laid down in the Treaty is very clear except in a few cases such as that of European elections where unanimity is a permanent requirement. This system is characterized by a gradual development towards the disappearance of unanimity and its replacement by a vote based on several weighted majorities. This development is unfortunately inhibited by the Luxembourg agreements of 1966 which stipulate that when a government considers its vital interests to be at stake it may require a unanimous vote to be taken. This is a violation of the Treaties. The Council does not have the right to review the Treaties – but this change is tantamount to a review. Now a review can only be made in accordance with conditions and rules laid down in the Treaties themselves. I wonder whether it would be desirable to take advantage of the favourable developments in France and reexamine the Treaty regulations.'

Making his fifth point, the speaker went on to the question of enlargement of the Communities: 'You will soon be opening negotiations. You will have to ask candidate countries for information concerning the adjustment of the weightings. This adjustment will completely change the Benelux position. The weightings were calculated to allow Benelux to block certain decisions. If we are seven or ten instead of six, the system of weightings must be entirely overhauled.'

Finally Mr. Dehousse considered it essential to maintain the democratic character of the Communities in the event of enlargement. 'I do not hesitate to advocate the suspension of the Agreements of Association between the EEC and Greece. In conclusion I reaffirm my firm opposition to any agreement, whatever form it may take, with Spain under its present regime.'

The Prime Minister, Mr. Eyskens, replying to Mr. Dehousse gave him a full assurance of the Belgian Government's political determination to

see a united Europe, while Mr. Ballet (Volksunie) emphasized the shortcomings of the Hague communiqué and the negative aspects of the Euratom policy as well as of Britain's attitude.

Answering the speakers, Mr. Harmel stated: 'No doubt there are still gaps and weaknesses in our work, but it seems evident to me that there is a revived political will. The results of the Hague summit meeting and of the marathon negotiations could never have been achieved without the will to complete the transitional period of the Communities and pass on to these important discussions concerning the final phase. Dark areas do, it is true. remain. Decisions must still be taken on the change-over to the final phase. But, taking the customs union as an example, it is worth noting that decisions have been reached earlier than scheduled. All the forms of action decided upon in The Hague must be clarified in the months to come, so that when negotiations on enlargement finally open, the applicant countries will know that they are not faced with a Community frozen as things stood on 1 January 1970. Everything which remains to be accomplished to complete the final phase is now under way. Article 113 empowers the Commission to act as negotiator for the Community. One of the tasks which seems most urgent to me is that of determining the method of negotiating with the six member States.'

Mr. Harmel went on to examine the five questions raised by Mr. Dehousse and, referring to the Community's own income, he answered that 'when it is approved, the financial settlement will cover the entire budget of the Common Market and Euratom. As for the ECSC, the Commission has made no proposal on the integration of the financial activities of this body within the general system of Community resources, since in the opinion of the Commission, the problem must be solved when the Treaties are merged. This being so, the decisions taken by the Commission do not eliminate the system of ECSC drawings. This matter will require further study during the forthcoming discussions in Council. On the other hand it is a source of considerable satisfaction that the Parliamentary Assembly will, as Mr. Dehousse said, have the last word, so that the system of parliamentary supervision will be strengthened.

Is this special authority of the Assembly to take decisions a budgetary or political power? There are two reservations on what I have just stated. The first is that the Assembly must abide by the provisions of Article 199 of the Treaty, and in particular sub-paragraph 2 of this Article which states that the income and expenditure of the budget must be balanced. The second limitation on the powers of the Assembly is that, with regard to expenditure, the Assembly cannot amend the figures for the budgetary heads corresponding to decisions taken in Council. This leaves the Assembly the last word on its own budget and on subjects which have not been covered by a decision in Council. What is the present position on the election of members of the European Parliament by direct universal suffrage? I undertake to ask my colleagues for this question to be placed on the agenda once again.

As regards Mr. Dehousse's suggestion that a contact group be created between the Council of Ministers and a working party of the Parliament, this has already been decided upon at national level.

Referring to the method of voting in Council Mr. Dehousse stated that the arrangements reached in Luxembourg amounted to a violation of the Treaties. As I am in full agreement with my predecessors, I would express myself differently on this point. To my mind it would be a mistake to uphold the present position. How can you expect every decision taken by the Council of Ministers in a Community of States to be unanimous? What would happen if unanimity were necessary on every decision to be taken on every subject? This is a deadlock which must be broken because the voting system laid down in the Treaties is not only obligatory but also reasonable.

Enlargement is the policy of Parliament as a whole, to the extent that this enlargement does not imply changes in the nature of the Community. I would also emphasize that countries which wish to join must all be parliamentary democracies. I must stress that we have informed the applicant countries that they will have to accept the Treaty with all its consequences as far as the development of internal legislation is concerned. I also believe it evident that the EEC needs a wide variety of contacts (including contacts with the Eastern bloc countries), depending on whether what we are negotiating towards is an association. full membership in the future or simply economic contacts.

On Greece, I still hope to see the restoration of a democratic regime. We have no interest or advantage in seeing the number of countries on the map of Europe with a parliamentary regime reduced still further.'

(Belgian Senate, compte rendu analytique, Sitting of 14 January 1970)

12. The Federal Council of the European Movement passes a resolution

At the close of a meeting held in Rome from 28 February to 1 March the Federal Council of the European Movement adopted a resolution giving the

summit meeting at The Hague credit for changing the political climate in Europe, even though. for the moment, it had not gone beyond proposals and declarations of principles.

The prospects opened up for widening the EEC's economic and financial responsibilities would mean strengthening the Community institutions. Europe had to have a real Parliament elected by direct universal suffrage and enjoying increased powers, including real control over the Community budget. Should the Community fail to reach agreement on this basic issue, the national governments would have to organize the direct election of the people's representatives to the European Parliament. The accession of the applicant States, which boasted a long-established parliamentary tradition, could not but strengthen the democratic spirit in the Community.

The resolution goes on to say that the Rome Treaties should be applied in full. Another point dealt with is the powers of the Community institutions, particularly as regards diplomatic affairs, external trade, armaments, defence, and co-operation with the Third World. The resolution also stresses the need for a reform of the European Social Fund as part of a properly co-ordinated policy of full employment. National social policies ought to be improved and brought into line to ensure social justice for all citizens of Community countries.

To ensure that this programme is carried into effect the resolution urges that a timetable be laid down for enlarging and developing the Community more quickly than decided after the summit meeting. With this in mind, the European Movement suggests the setting up of action groups made up of politicians from the six countries and from the applicant States as well as members of the European Commission. A united Europe was essential for human freedom. If the State remained confined in its national shell while industrialists and financiers operated on a European and international scale, policy would be swayed by purely economic considerations and the ordinary citizen would be defenceless. The main purpose of building Europe was to strengthen the continent in every sector and, by drawing on Europe's diversity, cultural riches and traditions, to make a major contribution to the wellbeing of all mankind.

(Il Popolo, 3 March 1970)

At the National Level



I. GOVERNMENTS AND PARLIAMENTS

Austria

Problems of negotiations between Austria and the EEC

Mr. Mitterer, the Austrian Minister of Trade, visited Brussels on 17 February for discussions with Mr. Jean Rey. President of the European Commission. At the request of his Government, the Minister emphasized the Austrian desire for an early examination of the 'Austria Report'.

The 'Austria Report' summarizes the results of discussions between officials. held earlier this year. in which Vienna proposed to the EEC a mutual linear reduction in customs duties of 30-40 per cent for industrial and commercial products and a substantial reduction in the EEC adjustment levies for Austrian agricultural produce as a preliminary stage, conforming to GATT requirements, towards a later comprehensive trade agreement between the Community and Austria. The Austrian Government would like an assurance that the Report on the basis of which the Council of Ministers will grant a negotiating mandate will be submitted to the latter as quickly as possible.

In discussions with leading representatives of Vorarlberg economy in Bregenz on 25 February Dr. Waldheim, Austrian Minister of Foreign Affairs, indicated that the delay with which the European Commission had forwarded the 'Austria Report' to the EEC Council of Ministers was not due solely to an overloaded agenda. The Commission in fact also had to decide whether the problem of harmonization which was left open in the concrete Austrian proposals for an agreement - 30 per cent linear reduction in customs duties and facilitation of Austrian agricultural exports - should first be dealt with in greater detail by the Commission.

If the Commission had decided to hold further preliminary discussions with Austria on this problem, a very long delay would have resulted before the substantial treaty negotiations between the EEC and Austria could be concluded. After extensive consideration, the Commission had fortunately reached a unanimous decision that the Report should be forwarded in its present form and the question of harmonization left unresolved until concrete negotiations were conducted with a view to finalizing the interim agreement.

As regards harmonization, Dr. Waldheim would like to see certain Austrian measures brought into line with existing conditions in the EEC. It was not at present possible to say to which sectors such adaptation would apply and to what extent it would be necessary. The EEC and Austria agreed, however, that harmonization would not be necessary and conformity with GATT regulations would not be a problem in the first of the three five-year phases. In concluding the preferential agreement, Austria and the EEC would simply have to specify that they viewed this agreement as a preliminary stage without it being necessary to determine at present the exact nature of the ultimate solution i.e. a free trade area or a customs union.

The Minister stated that at the end of the first five year phase of the preliminary EEC stage. Austria would have to give a concrete answer to the EEC question concerning initial measures of harmonization. It would be necessary to determine by then what degree of harmonization should be achieved by the end of the third five year period as well as defining a time schedule for the individual stages towards harmonization.

In the intervening period, Austria would have to examine how far it could go without abandoning its sovereign rights. However, Mr. Waldheim anticipated that the future relationship between the EFTA countries, especially those which were politically neutral, and the EEC would be clarified during these first five years so that it would be premature at this stage to consider the problem of harmonization.

(Neue Zürcher Zeitung, 17 February 1970; VWD-Europa, 25 February 1970)

<u>Belgium</u>

1. Agreements on regional and cultural co-operation with France

On 15 January 1970 Mr. Maurice Schumann, French Minister of Foreign Affairs, paid an official visit to Brussels. After discussions with Mr. Harmel, Belgian Minister of Foreign Affairs, a communiqué announced the decision reached by the two Ministers to establish a central commission for regional co-ordination.

The communiqué states that 'this commission will be empowered to deal with economic and social development policies in the regions situated on either side of the frontier. The first task of this commission, which is to meet before the end of April, will be to propose to the two governments those sectors in which it feels co-ordination to be necessary, as well as practical measures for achieving co-ordination in these sectors.

Two basic principles have already been accepted:

- a) there will be a regional commission for each of the major geographical regions crossed by the frontier;
- b) the existing sector commissions may be supplemented by others to deal with specific subjects.'

The two Ministers of Foreign Affairs also signed a Franco-Belgian cultural agreement; the previous agreement signed in 1946 had expired in 1966. The new agreement provides in particular for the exchange of information on school and university reforms proposed by either country. Cultural exchanges between regions bordering the common frontiers of the two countries will be improved. Finally, each party to the agreement will facilitate the setting up and operation on its own territory of educational or research establishments and cultural or scientific centres of the other country.

(Le Soir, 16 and 17 January 1970; Le Nouveau Journal, 17 January 1970)

2. Chamber of Representatives

a) Examination of the Foreign Affairs budget - the problem of the younger generation - the election of Belgian members of the European Parliament - the EEC-Greece Agreement

During the sessions on 11, 12, 17 and 18 February the Chamber of Representatives discussed the budgets of the Ministries of Foreign Affairs and Foreign Trade for 1970, on the basis of a report prepared by Mr. Radoux (Socialist).

Two speakers, Mr. Dewulf (Christian Democrat) and Mr. De Croo (Liberal) devoted considerable attention to the problem of the younger generation

Speaking for his Group, Mr. Dewulf stated: 'The Minister has declared that the European idea has been given a new lease of life. I am delighted to hear it, but how do our young people see this development? For the older generation Europe stood for reconciliation and the building of a new community under the watchful eye of the United Nations. The new generation tends rather to look towards a Europe with a real sense of responsibilities; a Europe which unites the whole continent and is founded on the ideals of peace and justice. What has been done at The Hague to make this Europe more attractive to young people? Europe must not be limited to internal structures. Young people want a clear idea of what Europe will be like tomorrow. The Hague summit conference must pave the way for certain new initiatives which may give the decisive stimulus. The first of these initiatives would be direct elections for the European Parliament which would allow young people to participate actively in building a democratic Europe. A second stimulus could come from the abolition of the veto in the European Council of Ministers where decisions would be taken by a majority vote. A third stimulus might come from renewal of the Executive Commission. The treaties themselves could be adapted. Young people want to see the development of a Europe which is capable of satisfying their ideals. They want to bear responsibility and we must give them the opportunity to do so. We hear a great deal about the crisis of authority. But what is really involved is a crisis of confidence; a lack of confidence in our society. We should offer our youth a European citizenship which is really meaningful. '

Mr. De Croo stated: 'Europe took a new step forward in The Hague. Its future is threatened by two dangers: centralization and technocracy. These threats may weaken the true significance of Europe. Centralization runs counter to present developments in member countries. What is the answer? To

make Europe popular. This can be done by a variety of means on different levels: there is the level of politics, that of youth and the universities etc. In the political area it is my belief that European elections could contribute to a strengthening of the European spirit. This was recently emphasized again by Senator Dehousse. The recommendations and directives developed after The Hague summit conference are also significant. As the leader of a youth movement and chairman of an association of liberal youth, I was able to see that the direction suggested after this conference was a good one. As a voung member of the Chamber, I asked to participate in the Commission for European affairs. But I was disappointed to see that it was not concerned solely with Europe. We must consider European youth. In this connexion I would remind you of Article 50 of the EEC Treaty. Why do the Ministers of Labour and Social Security make no attempt to promote exchanges of young European wage earners in accordance with Article 50 of the Treaty of Rome? It is not right to limit exchanges solely to students. I feel that the European Community does not attach enough importance to these problems of youth. It is true that the Council of Europe is interested in youth, but the EEC is greatly at fault in this area. The Six are doing very little. By contrast the Franco-German Youth Office has an annual budget of 500m francs from which 350,000 young people benefit!

The European universities deserve our attention. The revolt among students was supranational. The old world language, Latin, has been gradually replaced by national languages under the influence of nationalist trends. We are still suffering from the adverse effects of a principle of administrative law according to which a Belgian diploma is only legally valid in Belgium. To remedy this situation we should be able to encourage exchanges of students between European universities. Belgium has an excellent record here; 2.42 per cent of its university population originate from other EEC countries. In other EEC countries the corresponding percentage is not even 1 per cent: 0.6 per cent in France, 0.35 per cent in the Netherlands and 0.07 per cent in Italy. But efforts should also be made to "Europeanize" the universities.'

Mr. Nothomb (Christian Democrat) raised the question of direct elections to appoint Belgian members of the European Parliament; with Mr. Chabert he laid a draft law before the House. He stated: 'The proposed law reflects the short-term difficulty in arriving at a European solution. That is why we would like to see a gesture made by Belgium through participation of the communal electorate, including young people over the age of 18. I think it is necessary for one country to set an example and I would like that country to be Belgium. You, Sir, made active efforts to ensure that this question was considered before the 1970 communal elections. But I can feel some reticence primarily from the present Belgian members of the European Parliament. Their reasons are certainly valid but I think we should know what we want. And if we want a supranational Europe, we must reserve no privileges. Finally, there are local Belgian reticences concerning the number of electoral con-

stituencies which would be needed to elect our fourteen members to the European Parliament. We must face a risk, since the Belgian representatives will derive greater moral credit from a consultation of the type which I have suggested. In addition, since young people would participate in this consultation, their civic sense will be developed.'

A considerable part of the debate was devoted to the agreement between the EEC and Greece.

On this subject Mr. Califice (Christian Democrat) pointed out: 'While the European Parliament was discussing the case of Greece on 3 February 1970, and a trend of opinion in favour of suspending the agreement between Greece and the EEC was becoming apparent, the Greek Minister of Foreign Affairs, Mr. Pipinellis, was stating that this agreement remained valid under law. The position defended before the European Parliament by Mr. Harmel, gave the Greek colonels and their propaganda machine the opportunity of showing to the Greek people that the Europeans have recognized the present Government de facto. You, Sir, stated that the Council, in agreement with the Commission of the Communities, had a duty to maintain the attitude adopted after the events of April 1967 in Greece. Your statement gave the impression that the agreement had been suspended. Some parliamentarians believed this to be so. But the true state of affairs is different. No specific statement has ever been made to the effect that the existing agreement has been suspended. Only future developments of the Agreement of Association have been suspended. Your statement, Sir. was fully understood by the Greek military junta which, speaking to the Greek people, stated that we recognized the Greek Government and all its politics de facto. It is not sufficient merely to suspend discussions on future development of the Association; it is also necessary to suspend the existing agreement. Such is the wish of the Greek people who are prepared to accept suffering in order to win their freedom.'

Mr. Glinne (Socialist) questioned the Minister of Foreign Affairs on the attitude of the Government concerning participation by the present Greek régime in the European institutions and the Atlantic Alliance. He stated: 'I think it is a point of honour for Belgium to do everything to denounce the treaty of association. We often hear legal experts say that it is impossible to denounce the treaty of association. But if there had been a Communist coup in Greece in April 1967, I have no doubt that there would have been sufficient political will in the EEC to suspend this treaty. I would like our Government to take the initiative in preserving the honour of Europe.'

Mr. Harmel, the Minister of Foreign Affairs, gave the following answer to these two speakers: 'In May 1967 we were well on the way to abo-

lishing customs duties and other obstacles to commercial exchanges. It was then decided to freeze the agreement after the events in Greece. This means that no new benefits will be granted to Greece if they would entail a decision by the Council of Association. Agreements already reached on commercial exchanges will be upheld. But the institutions established by the Agreement of Association will merely administer the agreements already reached without taking any new action. It is quite normal that the Committee of Association or Council of Association should meet when necessary to take all appropriate measures. This does not imply that the Council must meet at ministerial level. The practice which I have just described means that, especially in the agricultural sector and in the absence of harmonization, relations between the Community and Greece are those which the Community maintains with nonmember countries. In addition, implementation of the financial protocol has been frozen; this means that out of the original figure of 125m accounting units a total of 40m has not been allocated. In addition the Community is not negotiating a second financial protocol which was intended to continue the work of the first. This paralysis also extends to other sectors - in particular the free circulation of persons - where action should have been undertaken under the terms of the Treaty of Association. Any negotiations which may have political implications are frozen, as was decided, until the domestic situation in Greece develops in the direction which we would all like to see. '

After the question by Mr. Glinne, a motion by Mr. Larock (Socialist) and Mr. Meyers (Christian Democrat) was adopted by the Chamber. This motion reads as follows:

'The Chamber.

having regard to the fact that the present Greek authorities no longer take their seat in the Council of Europe and have denounced the European Convention on Human Rights;

considering that the Treaty of Association between Greece and the EEC, while it only deals with questions of an economic nature, also has political implications which are inseparable from the undertaking of the partners to respect democracy and fundamental liberties;

considering that the Government will soon be urging the Council of Ministers of the EEC to decide on a suspension of application of the Treaty between Greece and the EEC until such time as free elections take place in Greece;

believes that in the meantime the Treaty must not give rise to any new developments or applications,

and duly records this motion. '

(Chambre des Représentants, Compte rendu analytique)

b) The common agricultural policy

During the debate on the agricultural budget for 1970, held on 18, 19 and 24 March, the Chamber of Representatives voiced a number of criticisms of the results achieved by the common agricultural policy and the plan to reform agricultural structures presented by Mr. Mansholt.

Miss Godelieve Devos (Christian Democrat) stated in her capacity as rapporteur: '1969 was a year of disillusion, hesitation and uncertainty. Instead of an improvement in income we hear talk of movement away from the land. This is inequitable, detrimental to the economy and inefficient. The reforms which were announced in such a spectacular fashion are vague. All that remains of the original plan is a mini-Mansholt plan. The need for a fundamental structural reform has been forgotten. All we saw in 1969 was the premium for slaughtering dairy cows and another premium for uprooting fruit trees. The question as to whether agriculture will be sacrificed to the god of expansion of the EEC after the entry of Britain, Ireland, Denmark and Norway has merely heightened the feeling of uncertainty.'

Speaking for the Christian Socialist Group, Mr. Dewulf raised the problem of dairy surpluses: 'The dairy problem is the only one on which Belgium occupies an isolated position. As parliamentarians it is our duty to urge the Minister to continue to defend our point of view, as far as possible from the standpoint of the Community, if necessary by assuming the task of providing financing on the national scale. We cannot under any circumstances accept a reduction in the income of dairy producers.'

Mr. René Lefebvre (Liberal) defended farmers' incomes: 'When the Executive Commission of the Community submitted price proposals last July, their proposals implied an increase. The European Parliament had supported this trend but the disagreement within the Council of Ministers resulted in the Commission deciding on a reduction in the price of cereals, milk and sugar without providing for any increase in the meat sector. I can see three possible reasons for this decision: to counteract the problem of surpluses, facilitate negotiations for the expansion of the Common Market or favour application of the structural policy defined by Mr. Mansholt in 1968. As to the first reason, I do not feel that a reduction in income would lead to a reduction in production levels. On the contrary, farmers will produce more to counteract the loss of income. The desire to expand the Community is perhaps a more plausible reason. On 21 November 1969 in New York, Mr. Mansholt stated that the reduction in the price of agricultural products will make it easier for Britain to enter the Community.

We must take due note of this statement since while we favour the expansion of the Community - as good Europeans - we cannot agree that this should be done at the expense of the farmers. The organization of agriculture in Britain is completely different from the organization in our own country. British farmers are paid for their products on the basis of the world price and it is the State which pays the difference between this world price and a "normal" price. In some years this has cost Britain the equivalent of Bfr. 50,000m; at present it still represents a subsidy of Bfr. 35,000m for farmers. But if Britain joins, it will have to bring its agricultural prices into line with those of the Community . . .

Finally, as regards the application of the Mansholt memorandum, I am waiting for additional information because Mr. Mansholt told me, in reply to a question in Strasbourg, that his plan would be applied in its entirety.

There are surpluses in the cereals, milk and sugar sectors. We must try to establish equilibrium between production - i.e. what is produced on our own territory plus what we import - and consumption, i.e. what is consumed plus what is exported.

The Belgian producers have largely agreed to take responsibility for the surpluses. Unfortunately you met with a non possumus from Mr. Mansholt and his colleagues, who refuse to examine proposals other than those developed by themselves. I am sorry that the Commission does not pay more attention to proposals submitted to it.'

Mr. Radoux (Socialist) defended the agricultural policy of the Commission: 'The problem of agriculture consists in determining whether the policy of 1962 still holds good in 1970. My reply is clear. While this policy may have been good in 1962, it is bad today. Belgium has the least to fear from the Mansholt Plan. In our country restructuring has taken place rationally. The problem is to know whether there will be any change in our policy. In my opinion, there must be changes because agriculture is the number one problem in the world and Europe. That is why I feel that the plan of the EEC Commission merits careful examination ... At the end of the session which was held last night you stated that the Council of the Communities had continued to examine the proposals by the Commission on the equilibrium of agricultural markets and on prices. You added that it was desirable to continue this examination on 20 March. This means that we are confronted with a failure and have made no progress. I maintain that if we had studied the Mansholt Plan we should perhaps not have arrived at the position facing us today. Some countries have already threatened to cease paying their share to the European Agricultural Guidance and Guarantee Fund. This is a sure indication that a policy has failed.

Mr. Moulin, a member of the Communist Group, voiced a number of criticisms of the common agricultural policy: 'In my opinion the basic error in the attempt to unify agriculture is that the process has not been correlated with the unification of the industrial economy. But the two processes of unification cannot be separated, even though this is what people have tried to do. Industrial unification is only taking place through private initiative, by large European or American companies which devour each other. We had been told that a reduction in prices for the consumer would be one of the benefits of the Common Market: we have seen no reductions.

The unification of the agricultural market which was to be an exemplary step forward has, in fact, turned out to be a failure. Mr. Radoux, a zealous and faithful European, has himself used this expression. The Mansholt Plan is a recognition of the failure of a policy pursued for several years. It has been inspired by the "Eurocrats" who are not convinced Europeans and work on the basis of figures and statistics without giving a thought to people.

The Mansholt Plan is characterized by a contradiction between the attempt to increase productivity and improve production and the Malthusian policy which results in a destruction of farm produce. There is a signal absence of any concern for the future of the farmer. We are not told what is to happen to former farmers nor how they are to be trained for new professions. This stems from the lack of co-ordination between different European policies,

The "Eurocrats" and the officials who agree with them do not realize that there are widely varying types of agriculture in Europe. The range is considerable even in our own country. The problems of the farmers therefore differ and it is mistaken to speak of European agriculture. Accordingly there can also be no question of a single European policy. Attempts are being made to unify something which cannot by its very nature be unified and no one is able to define a policy to expand the distribution of agricultural produce. We arrive at a form of European protectionism with the disadvantage of finding no markets for our agricultural surpluses...

While to the best of my knowledge no official measures have been taken, certain measures advocated under the Mansholt Plan are already being implemented: cows are being slaughtered and fruit trees torn up. It is said that the European Agricultural Guidance and Guarantee Fund is expensive and that is true. It is also said that Belgium's share in the common agricultural effort will drop from 8.5 per cent in 1970 to 7.32 per cent in 1977. That is also true, but in absolute figures, the total expenditure will increase from Bfr. 162,000m in 1970 to Bfr. 250,000m in 1977. And as regards the 4.5 per cent which Belgium receives back on the 8.5 per cent total, not all this money finds its way into the purse of our farmers. It is also used to support farm

conversions and tradesmen active in the agricultural sector.'

In his reply to the speakers Mr. Heger, Minister of Agriculture, placed on record his disappointment at the current negotiations. 'The past week has been disappointing. The convention remained to be ratified and our Italian friends made the signature conditional on a settlement for the free circulation of wines. A resolution had been developed: it could not cover all aspects of the problems. In addition, after lengthy discussions the differences of opinion still remained very wide. If we had been under an obligation to draft all the implementing regulations there would have been some thirty in all. We could therefore only state the problems which arose. The German delegation also held a different position. It considers that Community regulations cannot take precedence over its national legislation. This is the old dispute between Articles 43 and 100 of the Treaty. Of course this position represents a retreat from that adopted by the same delegation when the resolutions were being discussed. The Council was unable to reach agreement at its last meetings on the settlement covering wine and it was agreed to solve this problem by 20 April next at the latest.'

At the end of the debate a recommendation signed by a representative of each of the six political groupings in the Chamber was sent to the Minister of Agriculture. This recommendation reads as follows: 'The undersigned members, belonging to several political groups, urge the Minister of Agriculture to make no concession, during the negotiations being held at EEC level, likely to reduce the professional income of farmers. Signed: René Lefèbvre (Liberal), Gheysen (Christian Socialist), Danschutter (Socialist), Lootens (Volksunie), Moulin (Communist), Leclerq (French-speaking Democratic Front).'

(Chambre des Représentants, compte rendu analytique)

3. Senate: revision of the Constitution and granting of powers to institutions established under public international law

On 24 March the Senate adopted by 138 votes to 7 a supplementary text to Article 25 of the Belgian Constitution. This article read as follows: 'All powers emanate from the Nation. They are exercised in the manner laid down in the Constitution.' The supplementary text which was adopted stipulates that 'The right to exercise specific powers may be granted by treaty or law to institutions established under public international law.'

Mr. Dehousse (Socialist), the rapporteur for the Commission on Revision of the Constitution, gave the following explanations to the Senate: 'A request has been made for the insertion of Article 25b in the Constitution; this would be one of the "international" articles in our basic pact. In addition to the incorporation of Article 25b, Article 68 on the conclusion of treaties must be revised, while an Article 107b, dealing with the effects of treaties on domestic Belgian law, must be added to the existing texts.

This revision was first decided upon in 1954 under the Government of Mr. van Houtte, largely as a result of the doubts which were then being expressed on the compatibility between the first European Treaties - that of Paris, signed in 1952, setting up the ECSC, and the Treaty of the same year on the establishment of the European Defence Community, which unfortunately never saw the light of day - and the provisions of our own Constitution. The revision which began in 1954 had a dual purpose: to exclude any possible controversy on compatibility and pave the way for the development of new European institutions.

The present revision is designed to meet the same objective. I shall comment briefly on certain expressions used in the text proposed by the Commission.

First of all, the use of the word "exercise" merits an examination. It was felt by the Commission that it would not necessarily be the powers themselves which were delegated but rather the right to exercise these powers. The question is not unimportant because it is possible to envisage the disappearance of institutions to which specific powers may have been delegated. In this case the question may be raised of determining how the delegated powers can be recovered. The word "exercise" enables a solution to be found to this problem. On the occasion of a previous revision, the expression was already adopted by the Chamber of Representatives and gave rise to a very interesting report by our colleague Mr. Pierson.

In the Commission some members, like myself, would have preferred the term "competences" to the word "powers" which was finally adopted. This would have been more in line with the terminology currently used in Community law. We understand by this expression both the terms of reference and the powers which enable these terms of reference to be exercised. However, the majority of the members of the Commission were in favour of maintaining a terminology with which we are more familiar.

By adding the adjective "specific" to the noun "powers" it was intended to eliminate the hypothesis of a massive transfer of sovereign rights.

Of course no such proposal has ever been made. The hypothesis is therefore purely imaginary.

I should have preferred the term "organizations" which is more common at present to the expression "institutions established under public international law." Here again a majority of members of the Commission were in favour of maintaining a terminology with which we are more familiar.

Mr. Goffart (Democratic Front of French-Speaking Belgians Walloon Group) expressed his surprise that the draft made no mention of supranationality and that it did not speak of Europe. 'The obligations which the State creates for itself through an international treaty differ profoundly from the alienation of sovereignty for the benefit of Europe. The existing European institutions are, it would seem, half way between conventional international organizations and the structure of a federal State. They raise a delicate problem under public law. But the final goal goes beyond these treaties: it is the establishment of a political union in Europe. The alienation of sovereignty will then be apparent. The aim is certainly to establish a truly European State. The joint report of 18 March 1965, signed by Mr. Moversoen and Mr. Pierson clearly illustrates the origin of the decision to insert an Article 25b in the Constitution. On the one hand the Government had originally proposed solely to revise Article 68 dealing with the procedure for giving assent to a treaty assigning powers to international organizations. At the same time Mr. Pierson pointed out that the revision of Article 68 did not seem adequate to him and he proposed the insertion of an Article 25b. He justified this amendment by stating that international developments might lead to the introduction of new procedures, e.g. direct elections to the European Parliament. Such elections may, in fact, be decided upon by law and not by treaty.'

The speaker considered that the revised Constitution must enable the Government and Parliament to take the decisions necessary for building political Europe without encountering any further legal obstacles of a constitutional nature. That is why the Walloon Group has tabled an amendment designed to allow powers to be vested in institutions established under public European law. It is essential to enable Europe to be built. It is also necessary to envisage the agreed waiving of sovereign rights and the abandonment of the strict nationalism of the past. Mr. Goffart also criticized the fact that Article 25b was weakened by several nuances in the text. All that is granted is the right to 'exercise' certain 'specific' powers. The word 'international' does not take into account 'European' realities.

The rapporteur proposed to the Senate that the amendment should be rejected because, in his opinion, the text of Article 25b is intended for the Communities and for Europe. 'Here there is a confusion between the means and the results. Article 25b is a means to forge a political Europe. I think that the part which I played in the development of the European Community and especially of political Europe and the election of members of the European Parliament by universal suffrage was sufficiently important for me to take lessons from nobody now . . . As regards the question of "exercising" power, I should like to quote as an example the Swiss cantons which delegate certain powers to the Federal Council while retaining other powers. This will also apply to Belgium, which will be able to delegate powers to supranational institutions while retaining a residual power.'

The amendment was defeated by 135 votes to 6 with 2 abstentions.

(Senate, compte rendu analytique, and Doc. No. 275, 1969-70 session)

Denmark

1. The accession of Denmark to the Common Market

Denmark's entry into the Common Market was the main theme discussed at a meeting held in Turin in January between a group of journalists and a number of Danish representatives, among them Mr. Andersen, President of the Agricultural Council, and Mr. Tabor, Danish Ambassador to Italy.

Mr. Tabor opened the meeting by outlining the key features of Denmark's agricultural situation as a whole and in relation to the Common Market countries.

Mr. Andersen pointed out that although Denmark's agriculture accounted for only 7 per cent of its gross national product and only 9 per cent of its labour force, it was of great economic importance because of the foreign exchange it brought into the country. The EEC's common organization of markets had created serious difficulties for Danish agricultural exports to the EEC, particularly to Germany and, though to a lesser extent, to Italy.

While he recognized that the Community price policy had laid the foundation for free trade in agricultural products, he pointed out that such a policy could only lead to a sound agricultural policy if it were coupled with a structural policy.

It was to be hoped that in the course of the year agreement would be reached on enlarging the EEC to include the four applicant States, and at the same time on the revision of the agricultural policy followed to date.

Danish farmers have been openly in favour of joining the EEC ever since it was founded, convinced as they were that the agricultural problems of western Europe could be solved through a policy based on a wide measure of European co-operation.

A large common market for agricultural products in Europe in which free competition would encourage natural geographical specialization and a division of effort could be a great step forward towards international regulations of trade in those products.

As the Commission had pointed out, an enlarged Europe would be strong enough to make the first move to bring about such an international settlement.

(Mondo Agricolo, 25 January 1970)

2. Visit by Federal Chancellor Brandt to Denmark

Federal German Chancellor Brandt paid an official visit to Copenhagen on 13 and 14 February 1970. Discussions centred on the new policy of the Federal Government towards the eastern bloc countries and on the enlargement of the EEC.

In his speech to the German-Danish Society Mr. Brandt again raised the question of negotiations. The Federal Chancellor stated that he considered the decision taken in The Hague to open early negotiations on the enlargement of the EEC as the most important result reached in respect of foreign policy during his term of office. The progress achieved during the past week by the EEC Council of Ministers opened up dynamic new prospects. Mr. Brandt gave a warning, however, against adopting excessively rigid negotiating positions: 'Even preparations for negotiations on entry will prove impossible unless there is a willingness to compromise; each participating government must be ready to compromise.' Even if the present agricultural market policy were maintained, Danish agriculture could still count on real success in the EEC.

Mr. Brandt dampened hopes of an early entry by Denmark. The common transitional periods would have to be based on the requirements of the country which needed the most time, namely Britain. Mr. Brandt voiced a cautious attitude towards Nordek. Nordek and the EEC would not interfere with each other, provided that the rights and obligations of the individual members did not overlap. 'The EEC Treaty creates common areas of competence and therefore requires member countries to abandon their national sovereignty in certain sectors ... To that extent members of the EEC certainly cannot grant identical rights to any other grouping.'

Mr. Brandt expressed the hope that Sweden would also take its place within the Community 'not only because of its geographical and economic proximity but also because of other common interests.' Completion of the work of western European unification was an essential task confronting the whole of Europe in order to overcome the conflict between East and West.

Countering possible Danish concern, Brandt stated that German policy towards Eastern Europe was not based on national interests. The German desire for a relaxation of tension seemed to be meeting with growing understanding in Eastern Europe. On the subject of his Government's policy on East Germany, Mr. Brandt stated: 'I feel that it will be possible to open negotiations between the two Germanies if both parties adopt an open-minded approach, free from reservations and prejudice.' On the proposed European security conference in Helsinki he stated that every effort must be made to bring about a balanced reduction in the forces equipped with conventional and nuclear weapons now stationed on a massive scale in Central Europe.

In a final press conference, the Federal Chancellor emphasized that a broad measure of agreement had been reached in the discussion of outstanding problems. This applied both to an appraisal of the East-West situation and also to the projected expansion of the EEC and the bilateral problems which had been discussed.

Regarding the agreement of the Scandinavian countries on a customs union and the forthcoming negotiations by Denmark for entry to the EEC, the Chancellor emphasized that a European economic union might make it necessary for individual member countries to abandon some of their sovereign rights. It was clear that a country could only abandon part of its sovereignty once. If agreement was reached on this point there would be no conflict between Nordek and the EEC. On this subject the Danish Premier, Mr. Baunsgaard, had already stated that no Scandinavian country would come into conflict with Nordek during the negotiations for entry to the EEC which would soon begin.

(Frankfurter Allgemeine, 13, 14 and 16 February 1970; Die Welt, 14 and 16 February 1970; Handelsblatt, 15 February 1970)

France

1. President Pompidou's radio and TV speech

After referring to domestic French problems, the President made the following statement on Europe:

'Europe is another problem. Everyone is aware of the need for increasingly close links between European countries, and for greater economic, monetary, scientific and technical co-operation between the countries associated in the Common Market. Everyone is also aware of the need to advance resolutely towards a union which will not be based on dreams but on confidence and on reality, on close relationships between responsible governments which are ready to accept common disciplines. This was the result which we tried to achieve at The Hague simultaneously with the undertaking obtained from our partners to adopt during the next few weeks the final financial settlement which is to ensure the continuity of the common agricultural market, and which must give new hope to our farmers whose anxiety I understand and whose interests I propose to defend.

This conference, where a climate of mutual understanding was established between the six countries, also demonstrated the close co-operation which exists between France and the Federal Republic of Germany: this co-operation was initiated by General de Gaulle and Chancellor Adenauer.

Finally it has shown to one and all the sincerity of the statements which I made when I came to power to the effect that France did not propose to veto Britain's entry into the Common Market. I hope the negotiations which should open next year will prove that Britain is genuinely determined to join Europe. France for its part will be delighted if that is the case.'

(Combat, 16 December 1969)

2. Mr. Pleven, Minister of Justice, and the powers of the European Parliament

Mr. René Pleven, the Minister of Justice, who resigned the chairmanship of the Liberal and Allies Group in the European Parliament on joining the Government, was a guest of honour on 29 January at a lunch attended by Members of Parliament from the six countries of the European Community.

In his speech Mr. Pleven expressed confidence in the future of Europe. He said that the European Parliament was bound to have more important tasks in the future, and he went on to explain that all the countries concerned now agreed to accept the creation of an independent source of revenue for the Community; but there was a problem regarding supervision by the European Parliament over the way in which these resources were to be used.

The Minister, who drew attention to the reticent attitude of the French Government on this point, called upon the audience to show a patient and understanding attitude. He concluded that it was important to make continued progress towards a united Europe; the citizens of the different countries must keep the idea of Europe firmly in mind.

(Le Monde, 31 January 1970)

3. Visit by Chancellor Willy Brandt to Paris

Mr. Willy Brandt was the guest of President Pompidou on 30 and 31 January. Their discussions centred on relations between Western and Eastern Europe, and they found a broad measure of agreement between French and German opinions on this subject:

- a) on the European Security Conference, Mr. Brandt and President Pompidou 'agreed that such a meeting required careful preparation. There must be prior agreement on the items to be included on the agenda.'
- b) on European questions, the objective must now be to apply the programme developed at The Hague both for Britain's entry into the Common Market and on political co-operation.

The positions of Paris and Bonn are close on the political union of Europe which must be the subject of discussions between the Ministers of Foreign Affairs of the six countries. There can be no question of envisaging supranational structures for which the time is not yet ripe; there must on the contrary be a systematic development of co-operation between the countries of the Community, providing in particular for the eventual creation of a per-

manent secretariat.

The problem of budgetary powers for the European Parliament was examined by Mr. Schumann and Mr. Scheel. 'Various solutions have been considered', the German Spokesman stated 'but since the problem is not one for France and Germany only, it has been decided to continue discussions within the Six.' He added that a detailed study must be made of the compromise solution presented by Mr. Harmel. However, he considered that the European Parliament should 'have the last word in fixing credits, but always with an eye to economy and efficiency.'

c) Mr. Schiller and Mr. Ortoli expressed the hope that industrial co-operation would improve, especially in the nuclear area, as a result of the meeting of the Franco-German Industrial Committee due to be held in Munich on 14 February.

During the lunch given in Mr. Brandt's honour at the Elysée Palace, President Pompidou commented on the Franco-German Treaty: 'Our Treaty marks first of all the will to develop close co-operation between our two countries in the economic, cultural, human and political areas. But its ambitions are even wider. It aims to use the reconciliation between France and Germany as a lever for development of the European Community.

This Community will derive even greater strength from the fact that it has been forged by States which are proud of their unique histories but aware of everything which brings them together and must now unite them. This will not be an inward-looking Community but one which is prepared to open its doors to all European nations who wish to join and are willing to accept its disciplines.

We both consider co-operation between France and Germany and the development of the Community as essential tasks. But we have even bolder ambitions. The problems of Europe as a whole, the relaxation of tension with Eastern Europe, the will to co-operate with everybody and above all with Soviet Russia, are also essential features of a policy which aims to guarantee peace and lay the groundwork for genuine security in Europe.

That is why France which, for several years now, has decided in favour of a positive rapprochement between East and West, approves the efforts of your Government to open a dialogue with Soviet Russia and its allies.

Replying, Mr. Brandt stated that within the EEC - the cornerstone of European unification - the Franco-German entente had led to many valuable results.

He expressed satisfaction with the progress achieved at the summit conference of the Six at The Hague. 'I am convinced' he said 'that we shall make a united effort to ensure that the ground we have now gained is held when a final settlement is reached.'

On relations with Eastern Europe, Mr. Brandt pointed out that the Governments of Paris and Bonn are working in unison 'without illusions and with a fund of patience.' They are working to overcome antagonisms and promote both understanding and a relaxation of tension with the same long-term objective: 'A genuine peace in Europe.'

Finally, on the eve of his visit to France, the Chancellor gave an interview to the newspaper Le Monde on 29 January.

Question

'During his last visit to Bonn, General de Gaulle spoke of "privileged" relations between France and Germany. Today we hear more about exemplary relations. Does the difference between these two expressions imply any progress?

Answer

'I do not think that words are important here. In any case when I speak of exemplary relations I am only copying Mr. Pompidou. It is a good way of qualifying relations between us, because it clearly shows that this is a co-operation from which no-one else will have to suffer. When I think of the past ten years I find that there was often a distinct impression, especially among the Six, that some of our partners were slightly worried on this score.'

Question

After the summit conference at The Hague, you spoke of your desire for a new impetus to political co-operation through "qualified co-operation first between the Six and then between the Ten." What exactly do you mean by this?

Answer

'When I speak of qualified co-operation, I am working on the assumption that the time has not yet come when it will be possible to introduce supranational elements into our co-operation; much water will have to flow under the bridges before then. In addition experience shows that the traditional forms of diplomatic co-operation are not sufficient to fulfil the task which is ours: to strengthen the voice of Western Europe in world affairs. What form must this new co-operation take? How far must a mechanism of regular consultations be taken? What may one expect of it? These are all questions which it is not very judicious to try to solve in detail. We have instructed our Ministers of Foreign Affairs to put forward proposals on this subject before the middle of this year. I am convinced that they will put forward practical ideas.'

Question

'Are you thinking of a formula which might be defined as a "third version of the Fouchet Plan" including regular consultations in the sense in which General de Gaulle until recently used this word?'

Answer

'Some elements of the earlier proposals might be used again. I am not sure that the previous opponents would have such marked reservations today. It is true that people prefer to see others change their opinions rather than do so themselves. That is why it is not really desirable to recall constantly the way in which so and so voted five or ten years ago. At all events, the idea of relatively rigid consultation and if necessary an ad hoc secretariat seems useful to me and will surely be given serious consideration.'

Question

'The growing economic strength of the Federal Republic and the rapprochement which it is trying to bring about with East Berlin have led to the notion in some quarters that the balance of power in Europe may be changed and that the centre of gravity of the Continent may shift eastwards. Do you think this is a real risk?'

Answer

'I am well aware of these feelings; I discussed this argument myself at The Hague stating that I did not find it convincing. I added that problems of this kind make it even more desirable to speak out vigorously in favour of enlarging the Community. Fears that the economic weight of Germany may become overwhelming, can be offset by the realization that enlargement would provide a counter-balancing force.'

'On the other hand I do not understand how this argument can be applied to East/West relations. People who do so forget that the Federal Republic does not work like a sniper out in front of its friends and allies, but always tries to be "covered" by them. Our friends and allies have more normal relationships with the Eastern bloc than we do, even if these relationships are still far from satisfactory. We are working towards a situation in which our relations with our Eastern neighbours will be more normal and comparable to those of our allies. As regards the fears being voiced abroad, I have spoken in the Bundestag on this subject and I would like my compatriots entities representing 60m plus 17m men - to say nothing of the armies - were not a cheerful prospect. This hypothesis is far removed from reality. The problem is not one of knowing whether the equilibrium of Europe may be affected but of whether existing tensions which create an imbalance can be reduced; the elimination of certain absurdities or anomalies within this territory of the two Germanies which is ours would help to reduce tension. this too will take a great deal of time.'

Question

'On 28 January last your Minister of Economic Affairs, Mr. Schiller advocated a conference between all the industrial powers to consider European and world monetary policy and in particular the problem of the rise in interest rates. What proposals could the Federal Republic make to combat inflation in Europe and in the world?'

Answer

'It is absolutely essential for us to achieve a common economic and monetary policy. Mr. Schiller has suggested a phased plan of action and stated that a European Reserve Fund could play a vital part. The proposed conference to which you refer shows that in the time available to us solutions

cannot be found within the limited framework of the Six or even with the addition of Britain.'

(Le Monde, 31 January 1970 Le Monde, 1-2 February 1970)

4. Comments by Mr. Jean de Broglie, President of the Foreign Affairs

Commission of the National Assembly, speaking in Strasbourg, on European questions and in particular on the budgetary rights of the European Parliament.

On 3 February 1970 Mr. de Broglie spoke at a debate on 'Europe, its raison d'être and its ultimate form' organized by the club 'Perspectives et Réalités'.

'There is', Mr. de Broglie stressed 'a subtle and insidious danger which may spell the end of Europe. The danger lies in the confrontation between Europe and a gigantic power - the power of American industry established in our countries. These companies with their powerful organization have understood all the benefits to be derived from the Treaty of Rome. The Americans are exploiting the market which they seem to understand even better than the Europeans themselves. United States investments are rising by an average of 15 per cent on a world basis but by 40 per cent in Europe; one half of the companies which American concerns are setting up outside the United States are in fact being established in Europe.

Faced with this danger we find a limp and confused attitude, (half of the American investments are being financed by borrowings on the Euro-dollar market while 22 per cent of the cost is being provided directly by the countries themselves).' France, Mr. de Broglie pointed out, has had three different policies on this problem. He admitted, however, that it was difficult to follow a consistent policy.

How can one react to this 'invisible and crushing burden?' First and foremost it is necessary to make good the gap between the continents; the essential reason for uniting Europe is to provide the means to achieve this result. 'We must not congratulate ourselves on achieving freedom for commercial exchanges between European countries; instead we must develop a policy for energy, a policy for science and research and a policy for continuous training. We are nowhere near such policies at present,' the speaker said.

Commenting on the recent Hague agreements, Mr. de Broglie stated that for the French Government they represented 'the culmination and confirmation of the Common Market and an indication that the countries were able to rally round a common concept.' 'The measures which are adopted,' he went on 'must, if they contain new provisions, be ratified by all the national parliaments. France considers that this is an essential formality and one which will of course determine the date on which negotiations can be opened with Britain.'

Finally Mr. de Broglie raised the question of budgetary rights for the European Parliament, stating in particular: 'These rights differ from those of national parliaments. It is difficult to accept the transfer of credits which would disturb co-ordination of the economic and agricultural policies determined by the governments. It is even more difficult not to set a limit to fiscal authority which would disturb the equilibrium of national budgets, and which should in no case be allowed to exceed the average budgetary growth rate of the Common Market countries recorded during the two previous years.'

(Dernières Nouvelles d'Alsace, 5 February 1970; Le Monde, 6 February 1970)

Foreign Affairs Commission of the National Assembly discusses negotiations with the United Kingdom

Mr. Maurice Schumann, the Minister of Foreign Affairs, addressed the Foreign Affairs Commission of the French National Assembly on 19 February.

Referring to the building of Europe the President of the Commission, Mr. Jean de Broglie (Independent Republican), stated after this meeting that, according to the Minister, 'negotiations between the Common Market countries and Britain cannot enter into an active and decisive phase until the agreement on agricultural financing, recently reached in Brussels, has been ratified by Parliaments in the six EEC countres!' He added that 'only preliminary and highly unofficial negotiations can take place prior to ratification of the agreement.' He expressed the hope that the process of ratification would be completed before July, failing which 'a spirit of unease' would develop and 'might even end up as a crisis.' Mr. Schumann had announced that the French Government would lay before Parliament early in the Spring session the instruments of ratification of the agreements on agricultural financing reached in Brussels. The President of the Commission emphasiz-

ed that France would consider ratification by the national Parliaments as proof of 'completion' of the Common Market.

(Le Monde, 21 February 1970)

6. Statement by Mr. Duhamel, Minister of Agriculture, on European unification

In the 'Journal du Jura' of which he is the editor, Mr. Jacques Duhamel, the Minister of Agriculture, analysed progress towards a united Europe. He detected three trends: the advance of Europe, the withdrawal of the United States and the 'arrival' of Britain.

Europe is advancing because it has 'become aware of the need for peace.' 'The misunderstandings which had held up progress from the customs union towards economic union have now been cleared up. New areas of action, regulation and unification are now opening before us' said Mr. Duhamel.

The United States is pulling back because we are witnessing 'a hostile withdrawal' by that country 'after its earlier sincere desire for a united Europe.' According to Mr. Duhamel, this withdrawal is at one and the same time commercial, monetary and military.

The arrival of Britain corresponds to that country's own interests. And the Minister of Agriculture added: 'without knowing how the negotiations will end, I feel it may be assumed that they will consist of two phases: one before the British elections when the Labour Government will not wish to make any concessions so as not to be at a disadvantage before its electorate, and the other after the elections, which will be held in March 1971, at the latest when the real decisions will be taken (...) But in the long run the ultimate aims of the Community remain the important question. If Britain is to be invited to subscribe to the aims of the EEC the existing partners must first agree among themselves. But in large measure this is a task which still remains to be accomplished. There is no more time to be lost.'

(Le Monde, 27 February 1970)

Germany

1. The Federal German Government advocates a common trading policy

At question time in the Bundestag, Mr. Arndt, the Parliamentary Secretary of State in the Ministry of Economic Affairs, replied on 17 January 1970 to two parliamentary questions by Mr. Becker (CDU) concerning the common trading policy in the EEC.

Mr. Becker had inquired whether, in view of the forthcoming end of the transitional period, the Federal Government would now advocate not only formal but also material progress in the common trade policy of the EEC, and in which specific areas the Federal Government saw possibilities for an understanding with other EEC member States on the development of instruments of trading policy and on the transition to common negotiations with non-member countries.

In his reply Mr. Arndt stated: 'As it has done in the past, the Federal Government will continue to advocate material progress towards a common trading policy. However, in view of the objectives defined in the EEC Treaty, it will only agree to those measures which ensure a progressive trend towards freer foreign trade for the Community as a whole and which are in accordance with our obligations to GATT.'

Secretary of State Arndt went on to say that attempts should be made to bring about a general improvement in administrative practices as well, so that the regulations were in reality complied with. On the question of multilateral trade agreements with non-member countries Mr. Arndt stated that in the transitional period it would be possible to continue to draw up such agreements on a bilateral basis, and then to have them approved by the Community after consultation. This transitional period was necessary because there were certain Eastern bloc countries which were unwilling to accept the EEC as the reality which it in fact is. The Federal Government has not yet decided whether it would like the three year period to be shortened if at all possible. However, in Arndt's words, the German Government welcomes the three year period and will attempt, with the other partner countries and perhaps also with the Eastern European States, to ensure that it results in a definitive settlement for the EEC as a whole.

(Handelsblatt, 19 January 1970)

2. German plan for phased implementation of the EEC economic and monetary union

A German plan for phased implementation of the economic and monetary union within the Common Market was presented in Bonn on 23 February 1970.

As Dr. Everling of the German Ministry of Economic Affairs in Bonn stated to the press, in submitting its contribution for discussion the German Government had drawn the inevitable conclusions from the stagnation of the EEC which had resulted from an excessive concern for national politics. A new initiative should be developed to co-ordinate and 'manage' the economic policy of the member countries. As Dr. Everling emphasized, the plan for phased implementation had been approved by the Federal Chancellor and co-ordinated with the Bundesbank.

The outline of a phased plan for implementation of an economic and monetary union within the EEC' which was presented in a memorandum, contains the following main points:

Stage 1: Creation of the principles for harmonization of economic and currency policy

- a) Further definition and harmonization of the medium-term aims of economic policy based on the Commission's memorandum of 15 December 1969 setting out general medium-term economic guide-lines for economic policy in the Community, and on the declaration of 26 January 1970 by the Council of Ministers. The medium-term aims should be examined annually by the Commission for Medium-Term Economic Policy.
- b) the achievement of these specific aims should be facilitated by:
- wider application of the consultation procedure laid down on 17 July 1969 for major measures of short-term economic policy;
- introduction of an annual economic report by the Commission to be presented at the beginning of each year. This report should indicate the progress of co-ordination and harmonization, show existing and threatened deviations from the medium-term objectives and also contain proposals for recommendations on the economic, monetary and financial policies of member States (with a view to achieving an overall control of demand) for the current year. Quantitative targets for the Community during the current year, should also be set for use in drawing up recommendations. The measures

proposed in the economic report of the Commission should serve as a basis for recommendations by the Council to the member States. In this context the Council should also make use of the powers granted to it by Article 103 of the EEC Treaty;

- study and improvement of the Community's instruments of short and long-term financial planning the aim should be to develop national instruments, and strengthen them where necessary, so as to achieve a comparable degree of efficiency in all the countries;
- increased harmonization of national structural policies on the basis of the second programme for a medium-term economic policy.
- c) The requirements and technical principles for short and medium-term diagnosis of the economic development of the Community should be improved by:
- vigorously pursuing the work designed to harmonize and improve economic statistics within the Community,
- developing the system of warning indicators,
- improving harmonization of national forecasts by comprehensive basic information, completing the common overall economic accounting system of the Community and unifying the forecasting periods with annual forward projections.
- d) With regard to monetary policy the following measures could be foreseen:
- application of the short-term support machinery to remedy temporary balance-of-payment difficulties experienced by the Central Banks. A process of consultation should be instituted when credits are taken up;
- a decision on the medium-term support system to counteract balance-of-payment difficulties, as a preliminary stage towards the subsequent creation of a European Reserve Fund. The granting of credits should be linked with obligations in respect of economic policy. In conjunction with these obligations, the support machinery could contribute towards harmonization of medium-term objectives;
- increased harmonization and consultation on matters of financial, credit and monetary policy which are of common interest to the partners in the Community. The aim should be to achieve the closest possible co-operation between the Governors of the Central Banks and the Council. In particular the following aims should be borne in mind:

- concerted action by EEC member countries in international monetary committees. Harmonization should be based on the statement made by the Council on 8 May 1964. Medium-term international credits should only be taken up to solve balance-of-payment problems after prior consultation within the Community; there should be increased consultation on national interest and credit policy in the monetary committee of the Central Bank Governors.
- e) At the same time the financial and capital markets of the Community must be progressively liberalized. No progress has been made in this direction since 1962. However a liberalized and powerful capital market would have significant positive effects on integration. The Commission should present proposals on effective liberalization to the Council as soon as possible in accordance with Article 67 of the EEC Treaty. Major emphasis should be placed in the first instance on liberalization of the stock markets.

Stage 2: Achievement of a more balanced economic development

At this stage the principal aim is to convert the common objectives fixed in Stage l into practice.

- a) To support the efforts aiming at aligning economic policy more and more closely with the common medium-term aims, the following measures could be taken:
- recommendations by the Council on the general economic orientation of the national budgets;
- more far-reaching decisions by the Council on short-term economic policy in accordance with Article 103 of the EEC Treaty;
- consultation on the medium-term financial plans of the EEC countries.
- b) With regard to monetary policy, provision should be made for the following:
- intensifying harmonization on the Committee of Central Bank Governors and on the Monetary Committee with a view to standardizing national interest and credit policies;
- introducing a medium-term support system to counteract balance-of-payment difficulties.

These first two stages could probably be implemented by about 1974/75. During this period a willingness must be shown to make real efforts to achieve the set targets. At the end of this period harmonization and co-ordination of economic policy should have advanced to such an extent that in all probability there would be no more basic disequilibrium between the member countries.

On the basis of the progress achieved towards harmonization of economic and monetary policy in Stages 1 and 2, the progressive transition to a full economic and monetary union should take place in Stages 3 and 4. This will necessitate vital political decisions. To the extent that this is necessary to achieve the following stages, appropriate changes must be made in the Treaty. Some notes on this phase are given below. Its further completion and implementation should also depend on progress made towards integration during the next few years.

Stage 3: Transition to economic and monetary union

- a) Co-operation on economic and financial policy should be intensified and supplemented by incorporating common policy factors. The following are particularly important:
- medium-term harmonization of aims should be supplemented and further developed in order to achieve a closer approximation to national priorities;
- in the area of structural policies, appropriate measures should also be taken to improve the economic structure of the Community and therefore improve its performance;
- the necessary authority should be vested in the Community to achieve its economic objectives. At the same time a transition could be made to majority decisions in important areas of economic, financial and currency policy (e.g. as regards the directives for medium-term financial plans and for those parameters in the national budgets which are significant from the point of view of short-term financial planning.
- b) In the area of monetary policy, agreement should be reached on the following points:
- progressive transition to a kind of federal reserve system.
- reducing fluctuations in the parity of currencies of member countries with a view to eliminating such fluctuations;

- currency parities must only be changed with the approval (possibly by a qualified majority) of the partners in the Community;
- developing the medium-term support machinery to counteract balance-ofpayment difficulties into a reserve fund for the Community. Part of the currency reserves would be progressively transferred to this reserve fund.

Stage 4: Completion of the economic and currency union

In this stage the economic and monetary union could be completed in conjunction with an appropriate development of the Community bodies. The principle of federalism should apply.

- a) Transfer of all necessary powers in the economic, financial and monetary areas to bodies of the Community.
- b) Changing the Committee of Central Bank Governors into a European Central Bank Council empowered to take majority decisions.
- c) Introducing absolutely stable and guaranteed exchange rates between the member countries of the Community.
- d) Introducing a European currency unit.

(Handelsblatt, 24 February 1970; Frankfurter Allgemeine, 23 February 1970 and 24 February 1970; Die Welt, 23 February 1970)

3. Chancellor Brandt on the enlargement of the European Communities

Shortly before his official visit to Britain, Chancellor Brandt gave an interview to the 'Deutsche Welle' on 27 February 1970, in which he discussed problems of the Atlantic Alliance and the enlargement of the European Communities

Regarding the question of Britain's entry and the relevant White Paper, the Chancellor stated:

'I do not wish to become involved in domestic British discussions on their White Paper on the EEC. As the British Premier has himself stated, this White Paper mainly contains estimates and assumptions which involve a certain margin of error.

The attitude of the German Government is well-known. We advocate enlargement of the Community by including those countries which are willing to join, because we are convinced that this development would be advantageous to the present member countries and also to the candidates for entry; it would be beneficial to Europe and to the voice of Europe in the world.

'I consider the summit conference of the six member States of the European Community in The Hague to have been the most important event in regard to foreign policy during my present term of office. This conference has led to the development of significant guide-lines for the future. However in our opinion the expectations which we share with our partners will not be fully satisfied until the Community has expanded! The practical problems which arose at the end of the transitional period of the existing Community have been solved in Brussels in recent weeks. We have seen further developments since The Hague conference in stages which are reminiscent of the progress of the "Tour de France". We shall have the next main stage of the "Tour de France" behind us once the actual negotiations begin, as we hope they will, in the middle of this year.'

On the subject of closer political co-operation Mr. Brandt stated in this interview:

'The economic and monetary union which we are working towards can, as you know, only result from a large number of individual political decisions. On your specific question, the Foriegn Ministers of the Six have been instructed to examine how political unification can be advanced against the background of expansion. The Foreign Ministers will meet for the first of several discussions in May, with a view to preparing the report which they are to present by the middle of this year. I am assuming that the interests of candidates for entry will be taken into account in these discussions.

I view the task of Western European unification as a problem for the whole of Europe and, because of the urgent need to overcome the conflict between East and West, as an essential addition to the objectives of the North Atlantic Alliance. Finally the Chancellor made a statement on German policy towards the Eastern bloc countries:

'I have already pointed out that Western European unification is a necessary addition to the objectives of the North Atlantic Alliance. This is particularly so as regards the supreme objective of our common foreign policy, namely to promote peace and reduce tension by eliminating existing conflicts between East and West. There is no such thing as an isolated German policy towards the East.

As regards our European policy I would say that it consists of two interdependent components:

- a) promotion, development and expansion of co-operation and friendly relations with our partners in the West;
- b) an attempt to bring about an understanding with the East, i.e. to improve relations and eliminate conflicts. I would go even further: the Federal Republic never takes decisions on foreign policy before consulting and obtaining the approval of its friends and partners in alliances.'

(Bulletin des Presse und Informationsamtes der Bundesregierung, 3 March 1970)

4. Official visit by the Swedish Prime Minister, Mr. Palme, to the Federal Republic of Germany

Mr. Olof Palme, the Prime Minister of Sweden, paid an official visit to the Federal Republic of Germany between 12 and 14 March 1970.

Discussions centred on problems of expansion of the EEC, the initiative taken by the West German Government in its policy towards the Eastern bloc countries, as well as various aspects of a European Security Conference.

In an after-dinner speech given in the Federal Chancellery, the Swedish Premier commented as follows on the possibility of entry by his country into the EEC:

'Sweden, which is greatly dependent on foreign trade, takes a keen interest in the expansion of the EEC. We do not exclude any possible form of relationship with the EEC.

We make the proviso, however, that our policy of neutrality must be upheld. We are always ready to enter into open negotiations with the EEC. Because of the close economic ties between the Scandinavian countries it is important for our negotiations with the EEC to be co-ordinated as far as possible with those of our Scandinavian neighbours. In our opinion the economic development of Europe is necessary to enable our continent to achieve its full potential and maintain its economic independence. I would also willingly subscribe to the opinion that the EEC must be looked upon as making a contribution towards peace in Europe.

It is therefore still not entirely certain what form the relationship between the EEC and the Scandinavian countries will take. However, the notion of economic co-operation beyond national frontiers has taken very deep root in these countries. The proposed Scandinavian economic community is one example. The establishment of Nordek also corresponds to the traditional concern to establish closer ties between Scandinavian countries.'

At the end of his two day talks in Bonn with Federal Chancellor Brandt and Foreign Minister Scheel, the Swedish Premier, Palme, expressed the hope that Sweden would have met with an understanding attitude from the German Government towards its basic position on the expansion of the EEC.

When questioned about the possible entry of his own country into the EEC, the Swedish Premier repeated that this would depend on the progress of negotiations with those countries which had made applications for full membership. These included Norway and Denmark from Scandinavia. Sweden could subscribe to most of the articles in the Rome Treaty. The preamble of the Treaty aiming to establish closer political co-operation by 'eliminating the barriers which divide Europe', establishing a 'common commercial policy', and 'strengthening the safeguards of peace and liberty', on the other hand made entry more problematic.

If, in the course of its political development, the Community intended to establish common institutions for defence and security, Sweden

could not join it. Sweden could also not accept a common external commercial policy if it were to be used to achieve political ends.

(Bulletin der Bundesregierung No. 36, 17 March 1970; Frankfurter Allgemeine, 13 and 14 March 1970; Neue Zürcher Zeitung, 16 March 1970; Handelsblatt, 5 and 11 March 1970; Die Welt, 13 March 1970)

Italy

1. Italian foreign policy debated in the Senate

On 17 December the Senate held a lengthy debate on the estimates of expenditure of the Ministry of Foreign Affairs.

In the course of the debate Mr. Pigni (Italian Socialist Party for Proletarian Unity) raised the subject of emigration from Italy. EEC regulations had brought some progress, particularly after the approval of that on social security for workers. A watch ought, however, to be kept on its application, and here the trade unionists could play their part. He stressed the need to avoid any discrimination against the CGIL (Italian General Confederation of Labour), which had so far been excluded from the Community institutions. The principle of equal treatment embodied in the Community's rules should be applied so as to stop the remaining discriminatory practices for example, the admission of immigrant workers to trade unions in their host countries. The complex problems of education and occupational training also called for measures that would ensure better employment and improved living and working conditions for Italian workers. The problem of schooling for the children of immigrants should should also be tackled.

Speaking for his party, Mr. Pigni pressed for an effective policy of economic development to deal with all these problems.

Mr. Reale (Christian Democrat), spoke of the crying need to strengthen the powers of the European Parliament, whose direct election would be a first step forward. The institutional obstacles that prevented it from taking really effective action included the lack of any real powers of decision. its unrepresentative character, the scanty perseverance shown by its members, the excessive specialization of its committees and, more generally, the fact that the national representatives who made up the various delegations had not acquired an entirely European outlook. The widening of the European Parliament's powers must be accompanied by closer integration of political movements on the European level. The proposal to replace contributions from member States by an independent source of revenue for the Community - through the agricultural financing regulations - would bring into existence Community budgets over which the European Parliament would have to be given powers of control. This could be the first of a series of stages leading eventually to a point where the European Parliament would have powers equal to those of the Council, a decisive say in the appointment of members of the Commission, and wider powers regarding Community budgets and levies, trade agreements with third countries, the revision of the Treaties,

and the accession of new members. Mr. Reale stressed the importance of the parties, as the institutional interpreters of public opinion, in spreading the European idea, and criticized their failure to do this on a massive scale.

Mr. Macciocchi (Communist Party) said that the summit meeting at The Hague had ruled out in advance any possibility of moving on towards new objectives. As a result the prospects of ending the confrontation between the blocs had receded still further, for there could be no chance of breaking up the blocs if the aim was to revive the Europe of the Six in order to pursue outdated aims of sovereignty for six or seven States stemming from the Cold War which had brought Little Europe into being. The summit meeting had shown once and for all that the Community's policy had been a failure. This called for a radical revision starting out from the disbandment of the blocs and with a political choice of international independence for Italy in a European political situation that was now in movement.

Mr. Cantalupo (Liberal) said that the summit meeting had released the brake on European unification but only time would tell whether this moral revival would have the practical political result of a resumption of European The summit meeting had largely rejected the European Parliament's requests for wider powers for itself and greater independence for all the Community institutions. The criticisms levelled by the Liberals at the present European policy were not aimed at dismantling the Community institutions but at completing the European edifice and enlarging it by admitting new members. Mr. Cantalupo called upon Mr. Moro to follow up the efforts begun at The Hague and at subsequent ministerial meetings to relaunch the process of European unification, so as to safeguard and strengthen the policy This was Italy's only chance to take international action in the wider context of consolidating the West, a prerequisite for any discussions aimed at reducing tension between the blocs.

Mr. Romeo (Italian Social Movement) said that the results of the summit conference had been to enhance Germany's prestige and to satisfy French agricultural interests: it had nonetheless marked a step forward towards European integration.

He hoped that a special body would be set up for European affairs to act as a link between the Italian Parliament and the European Communities, so as to ensure the farmer was kept constantly informed about the Community's progress. The Bundestag could block the decisions of the Community institutions by exercising its power to compel the Federal Government to adopt the position it decided on. Mr. Romeo then expressed the hope that the European Communities would be strengthened, as also its links with all the European and African countries in the Mediterranean, regardless of the political systems they adopted.

Mr. Pintus (Christian Democrat) said he hoped that the Chamber would be given the opportunity, two or three times a year, to discuss the Government's foreign policy in detail. He went on to say that, now that the summit meeting was over, the champions of European unification were relieved to find that real prospects had been opened up of overcoming the obstacles to strengthening and enlarging the Communities, and that this had all happened at a time when disruptive trends were making themselves felt in Europe - a cooling-off in Britain's attitude to Europe and the opening of negotiations between the Scandinavian countries with a view to setting up Nordek.

Mr. Zagari (Italian Socialist Party) trusted Italy would make every effort to broaden the links between Western Europe and the East European countries, giving up the system of bilateral agreements and bringing into being a Pan-European conference which could later embrace countries outside He then expressed his appreciation of the compromise reached at the summit meeting which had given European integration a boost and which should be used as a point of departure for rethinking the future of the Com-For a new approach to the radical overhaul of the integration process still had to be settled, and not least in the light of the adjustments involved in enlarging the present Community. In future the human and social aspects of economic integration should take precedence over purely mercantile considerations. Mr. Zagari went on to stress the urgency of laying down an overall strategy for developing the Communities, taking as the pivot social policy, employment and European planning. It was in this respect that Mr. Zagari had found the decisions of the summit meeting wanting, as well as regards industrial, technological and scientific integration.

Referring to institutional problems, he said that the Community was basically centralized and ill-balanced, even though there had been some progress for the European Parliament. Three aims had to be attained: a strengthening of the Community structure; a minimum of federal power for the European Commission; a really democratic set-up with greater powers for the European Parliament and its election by direct universal suffrage.

Mr. Lattanzi (Italian Socialist Party of Proletarian Unity) saidthat the Parliament was not informed in advance about the guidelines followed by the Italian delegations on international institutions or afterwards about the line they had taken. Relations between Parliament and Government in these matters ought to be properly managed so that the Chambers could be kept promptly informed.

Mr. Bemporad (Unitarian Socialist Party) said that the summit at The Hague should be given the credit for restoring an atmosphere of trust and for ending the general state of paralysis. If European unification were to be usefully pursued one or two short and long-term tasks had to be tackled: (i) talks held by the scheduled dates on the agricultural financing regulation; (ii)

simultaneous completion, strengthening and enlargement of the Community; (iii) conclusion by 30 June of consultations prior to the negotiations with the United Kingdom.

The summit meeting had been a disappointment as regards the Community institutions. The European Parliament should be directly elected and its powers of initiative and control increased. Italy should give a lead by debating the various bills put forward for this purpose.

(Chamber of Deputies, Discussions, 17 December 1969)

2. The Senate debates Italy's policy on the Common Market

On 15 and 22 January the Senate held a debate on the common agricultural policy in the light of motions and questions submitted by various political groups.

Mr. Chiaromonte (Communist) opened the debate by accusing the Government of coming before the Parliament after subscribing to the Brussels Agreement without having heard the Parliament's opinion. He thought that the discussion on the common agricultural market was bound up with a more general debate on Community policy in which Italian agriculture had been a bartering point. Even now all that had been achieved was a reduction in the Italian contribution to the expenditure of the EAGGF; the basic requirement. that of checking the galloping rise in the cost of the common agricultural market, had not been met. Price policy furthermore was 'preserving the parasitic structures of Italian agriculture intact' and stood in the way of any overhaul.

Senator Chiaromonte then asked that a ceiling should be set, within the framework of the financial regulation, on market support for member States producing surpluses beyond which the principle of national responsibility would come into operation. Moreover, the Guidance Section of the Agricultural Fund furthermore should have priority over the Guarantee Section. Lastly, speaking for his Party, he asked the Government to inform the Parliament of the text of the new financial regulation so that the Chambers could give their opinion.

Mr. Balbo (Liberal) said that the Community's December decisions had been disappointing especially when it came to structural policy. There had been no further mention of the Mansholt Plan and the ceiling for financial support under the Guidance Section of the EAGGF had not been abolished; it had even been maintained that structural policy should come within the exclusive purview of the individual States. Mr. Balbo pointed out that the mar-

ket in fruit and vegetables was the least protected in the Community. Instead of pressing for a cut in contributions to financing the agricultural policy, Italy should have pressed for the structural policy to be carried through. Had this demand not then been met, it should have rejected the financial regulation. The Government - said Mr. Balbo - ought to make clear what attitude it intended to adopt when it came to giving final approval to the financial regulation.

Mr. Rossi-Doria (Socialist, Chairman of the Agricultural Committee in the Senate) said that the excessive powers delegated to the Government for dealing with Community problems was an anomaly in the context of European legislation. The basic weakness of Community policy was that it had looked at the various problems in isolation and never in a general context, a mistake that could to a large extent be ascribed to the contrast between the European Commission and the Council of Ministers.

In the common agricultural policy national protectionism had been transferred to the Community level and priority and stricter safeguards had been given to the more powerful productive sectors to the detriment of those not so well organized. The consequence had been surpluses and heavy costs. This crisis was now liable to undermine the European construction.

Mr. Rossi-Doria severely criticized the Council of Ministers for not accepting the Commission's request to overhaul price policy and carry through a programme for rationalizing production. He added that if the Community policy remained unchanged the United Kingdom would be unable to join. If a disaster were to be averted, the output of farm products would have to be reduced and the pricing system for cereals and butter adjusted. Compensation would have to be paid to the farmers and a rational policy for modernizing the structure of agriculture introduced. To achieve this, there were certain capitalist practices, particularly in the processing and marketing of products, that had to be stopped. Provided it was followed up with determination such an approach could be successful in the Community, where it would receive the united backing of the farmers' organizations, and could derive further support from the fact that it would serve Britain's real interests.

Mr. Cuccu (Social Proletarian) criticized the Community's economic policy in general and its agricultural policy in particular. He was perplexed by the Mansholt Plan because it seemed to disregard the sacrifices the restructuring of agriculture meant for the farming community. National and Community agricultural policy in Italy should be a matter for the Parliament.

Mr. Boano (Christian Democrat) welcomed the attitude adopted by Italy and the setting up of a Community Fund into levies on imported industrial products would be paid. This decision, by creating an independent European budget, could make of the Fund a driving force for the building of a federal Europe.

The common agricultural policy ought to form an organic whole making for balanced development of agriculture throughout the Community. The most difficult problem remained that of surpluses, and the only way to deal with it was to impose quantitative restrictions on production.

Mr. Cifarelli (Republican) disagreed with the suggestion made by the Communists that the common agricultural market should be suspended, even though he admitted that the common policy had serious shortcomings. He said that the European Economic Community must not be allowed to become a protectionist super-State; the common agricultural policy ought to be an integral part of the Community's expanding economy.

This was the right time to carry out a reform of the Ministry of Agriculture and, taking account of the Mansholt Plan, of its subsidiary bodies.

Mr. Cifarelli concluded by stressing how necessary it was to safeguard the agricultural interests of Italy with regard to products still not covered by regulations, not forgetting the basic problem of overhauling the common agricultural policy, especially with British entry in view.

Mr. Dindo (Unitarian Socialist) called on the Government to carry on modernizing and streamlining agriculture in Italy, and to defend its interests at Community level.

His political party rejected the Communist request that the Community regulations should be suspended.

Mr. Trabucchi (Christian Democrat) criticized what he considered to be the technical bias of Community institutions and the 'excessive power' discernible in their countless provisions. He asked the Government to oppose Community regulations that clashed with Italian provisions and encroached on the independent responsibility of the Parliament and executive. The Government ought to consult Parliament before entering into commitments or adopting decisions that tied it down, so as to avoid having to introduce changes in the Italian legal system or to take measures that clashed with the political, social and economic structures it was desired that Italy should have.

Mr. De Marzi (Christian Democrat) said that after ten years of a common agricultural policy based on prices the incomes of farmers had suffered a further drop. On the other hand the drive for technological progress in agriculture, coupled with the exodus from the land, had led over the

last few years to an increase in productivity in Italy higher than in industry itself, and even than that in the other member States. He said that since 1960, when the broad outlines of the agricultural policy had been laid down, the members of his party and representatives of the farming community had urged that this policy should have a fourfold basis: (1) price policy, (2) external trade, (3) structures, (4) social policy. There was no sign of this in the policy followed by the Community.

Mr. Cipolla (Communist) said that at the recent discussions in Brussels the Italian Government had been in a strong position to secure approval of regulations on wine and tobacco, items of particular interest to Italian growers. Had Italy's wishes in these matters not been met, it could have suspended its contribution to the EAGGF. The fact that the Government had acted differently was because it had been guided not by the general interest of the country but by narrow, private interests.

Mr. Scardaccione (Christian Democrat) said that everybody knew with what difficulty negotiations in the Agricultural Committee of the European Parliament were proceeding: every question that had to be left out of the discussions could not be used as a pretext for criticisms that were essentially demagogic. He said that the human dramas involved in the migration of manpower to northern Europe had been offset by the progress subsequently The Community had brought many benefits and in agriculture itself it had promoted increased output of many products of which consumption had All this showed that despite shortcomings and inequalities there were positive factors which did not appear to justify the request of Communists and Social Proletarians that existing Community regulations should be can-Prices policy ought, however, to be coupled with a structural policy so as to raise the income and standard of living of those engaged in agricul-Care should be taken that the Community policy on agricultural structures did not focus on the more developed areas. Italy should therefore see to it that grants for carving out this policy were inversely proportional to the level of income in each agricultural area.

Mr. Sedati, the Minister of Agriculture, pointed out that the recent meetings at The Hague and in Brussels had brought a solution to the three problems that the Italian Government had always regarded as fundamental for a balanced development of the Community: (i) completing the common agricultural policy for tobacco and wine, (ii) restoring the balance as regards the financial contributions of member States to the EAGGF, and (iii) as from 1969-70, the pursuit of a practical policy for balanced agricultural markets, coupled with appropriate action at the social and structural level.

The Minister drew attention to the recent agreements on fruit and vegetables and on wine and tobacco which Italy had made a condition for going on to the second phase of the common agricultural policy.

With regard to the more balanced distribution of common financial burdens, the Minister pointed out that the new scales were better suited to the respective capacities of member States in relation to their GNP.

It did not appear correct to suggest that the Six had failed to update the common agricultural policy as regards not only prices and markets but also structures and social policy. At all events the control and elimination of surpluses ought not to lead to a reduction in farmers' incomes or to a widening in the disparity between them and earnings in other industries.

This meant that the common agricultural policy would be on a much more comprehensive scale as regards structures, markets, interventions on social grounds, and with closer co-ordination with national policies.

As regards Italy, the stress had to be on the drive to increase the size of farms and to create new conditions on the land based on professional skill and efficient organization, so that productivity levels would measure up to the standards of a modern economy.

Mr. Sedati called upon producers, for whom such a policy was designed, to develop an increasing sense of responsibility by entering more readily into association and imposing on themselves a wider measure of self-discipline. The year 1970 would be one of challenge – on the national level, in the new economic programme, the problem of agricultural expansion had to be set into the context of the general economic and social progress of the country.

The Senate wound up the debate with a motion in which it 'called upon the Government to put forward the outlines of a programme for domestic agricultural policy aimed at dealing, at national and regional levels, with the problems arising from general economic development and from the future course taken by Community policy, and therefore to propose the revision of legislation, institutions and practices in this sector.'

(Senate of the Republic, Summary Report, 15 and 22 January 1970)

Luxembourg

The plan for a monetary union presented by Mr. Werner, President of the Luxembourg Government

While the Finance Ministers of the European Community were meeting in Paris on 23 February 1970, Mr. Werner made a statement to the press on his proposals for European monetary unification. On 6 March. the Council of Ministers appointed Mr. Werner Chairman of a working party formed to report on the basic options for progressive implementation of an economic and monetary union within the Community; the proposals by the Luxembourg Government are therefore very important. Their full text is set out below:

'Stage 1

This stage is already being implemented.

It consists essentially in reciprocal, compulsory consultation on certain monetary or general economic operations.

In the area of monetary relations, the representatives of the six member countries, meeting in Council, adopted on 14 April 1964 a declaration on the organization of prior consultations between member States when it was intended to change the exchange parity of their currencies: the Commission would participate in these consultations. In addition, the Commission recommends that consultations should be held within the Monetary Committee before major decisions are taken by the member States on international monetary relations. These decisions may involve the general operation of the international monetary system. recourse by one member country of the Community to resources which can be drawn on within the framework of international agreements, e.g. the IMF, or even participation by one or more countries in important action to support the currency of non-member countries.

However, the objective must be to work towards concerted action for preventive purposes. The Common Market Executive has proposed more sophisticated procedures in the Barre Plan which provides for two kinds of economic co-ordination:

a) Firstly, it proposes greater harmonization of day to day economic policies through prior consultation.

b) Secondly, it aims to improve co-ordination of medium-term economic policies, i.e. to harmonize objectives on production, employment, wages and the balance of payments to name only the most important problems. These objectives should enable a programme of economic development to be drawn up for member countries for the next five-year period.

Financial assistance is the other aspect of the Commission's plan. The proposal provides for a system of short-term monetary support and medium-term financial assistance.

Short-term monetary support is based on an agreement which has already been reached between the central banks. Support will run for 3 to 6 months. If necessary it will be followed by medium-term support, certain aspects of which had not yet been fixed when this summary was drafted.

One of the difficult problems raised by medium-term financial assistance is that of the liquidity of loans arranged within the Community system. Can we assume that these loans will simply be an extension of monetary credits and that, through appropriate procedures of reversibility, they will still take the form of monetary or treasury facilities? Or else will they be more or less tied loans granted by one State to another so that they have a budgetary character? It is important to answer this question not only to ascertain the precise means to be used but also to determine the system of distribution applicable between the partners.

Through a system of reversibility and guaranteed liquidity it would be desirable to incorporate the notion of mutual aid in the system of international monetary relations.

This could be arranged in the first stage by allocating part of the special drawing rights on the IMF to the Community.

This allocation could be based on a liquidity guarantee attached to loans resulting from medium-term assistance; the guarantee could either be given directly (through a formal pledge of security) or indirectly (by waiving the right to make drawings during the period of the loan). Arrangements such as these would pave the way for management or pooling of the special drawing rights. This first step is extremely important if a reserve fund is to be created in the future.

Stage 2

In the second stage the EEC should agree on the introduction of a mechanism or arrangement to reduce fluctuations in the exchange rates of member countries, thus ensuring a more or less synchronous movement of exchange rates for the currencies of the Six against the dollar. In addition a comparison should be made of the instruments for creating money and putting it into circulation, i.e. the credit instruments accepted or used by the central banks. Harmonization of the credit volumes and procedures used by the central banks should be sought but only to the extent that the co-ordinated needs of the medium-term economic policy, the control over short-term economic fluctuations and the general development of budgetary policy require this.

At the same time the overall economic programmes must be perfected; the principle of these programmes was accepted by the Council of Ministers at its meeting on 26 January 1970.

Stage 3

This third stage would be characterized by the definition of a European accounting unit, use of which would be optional and pragmatic to begin with.

This proposal has the merit of ensuring greater stability for the parities of national currencies. It would then help towards greater interpenetration of the European capital markets and the development of an independent European financial market. The common accounting currency has the advantage of enabling loans to be floated simultaneously on several financial markets while the main exchange risks would be eliminated. For this purpose it would be necessary to abolish legal restrictions on the use of the accounting unit clause in contracts

A European travel cheque system issued in accounting units and perhaps created by an inter-bank agreement would give the man in the street a means of making direct payments in hotels, restaurants or shops in all member countries; this would surely have a favourable influence on the European spirit.

Stage 4

In the fourth stage arrangements would have to be made for changes in parity to be subject, not merely to consultation but to procedures of Community approval, in accordance with voting methods which remain to be defined.

Stage 5

In the fifth stage the EEC countries would have to institute a unified system of short and medium term financial assistance by creating a Community body, the European Monetary Co-operation Fund, managed by an appropriate administrative authority. The procedure by which this monetary assistance organization operates would be determined by the Commission in accordance with proposals from the authorities concerned (central banks, monetary committee). The accounts of this Community body would be kept in European accounting units.

Stage 6

In the sixth stage the action of the European Monetary Co-operation Fund would be extended to certain categories of short-term credits granted by the Community to institutions or non-member countries within the framework of international monetary relations.

The European Monetary Co-operation Fund would make for faster harmonization of economic policies and would give the Six added weight in international monetary negotiations. One of its sections could also take the form of a financing instrument within the framework of Community trading agreements. To facilitate these operations, the central banks of the six member countries would entrust management of a part of their reserves of gold and convertible currency to this fund as follows: special drawing rights assigned in full; convertible currency and gold assigned up to fixed percentages (e.g. 25 per cent and 15 per cent).

Stage 7

In a final more or less long-term stage, the European Monetary Co-operation Fund would be transformed into a European Reserve Fund with much wider powers. This reserve fund could accept, under conditions which remain to be defined, deposits from non-members recorded in accounting units; it could also grant short-term credits outside the Community.

In accordance with the plan drawn up by Professor Triffin and sponsored by the Monnet Committee, the central banks would hold a fixed proportion of their total monetary reserves as deposits. These deposits would enjoy total liquidity and convertibility to settle any deficit which may arise in or outside the Community.'

Mr. Werner made three comments on these proposals:

- '1. I have gone no further than the creation and operation of the European Reserve Fund because I consider the stages outlined above sufficient to guarantee monetary cohesion of the Community and implementation of the economic union. It is true that the fixing and use of the European accounting unit bring us much closer to an ultimate stage, i.e. the permanent centralization of monetary policy and the substitution of a European accounting and circulating currency for national currencies. No doubt this could only be done within the framework of more advanced political integration.
- 2. The seven stages described above could be reduced in number, combined or their order changed according to developments. The plan presupposes a will on the part of member countries to move forward progressively. Perhaps this may be a false assumption and development may be slow to begin with but then rapidly gather momentum because of the interdependence of the phenomena and the links between them. The time schedule for this development must be from 7 to 10 years at most, as recommended also by President Rey.
- 3. Negotiations with candidates for entry into the EEC, especially Britain, will centre perhaps more than earlier negotiations on the financial problems of an enlarged Community. On the one hand, the existing partners will have a greater interest in analyzing their objectives and monetary ambitions, and on the other any phased plan must be sufficiently flexible to allow future members to be integrated into it without an upheaval of their economy. Personally I expect British membership to give greater emphasis to the Community's monetary role.'

(Le Républicain Iorrain, 24 February 1970)

Netherlands

1. The Second Chamber of the States-General debates the EEC-Greece Association Agreement

On 12 February, during the Second Chamber's debate on the foreign affairs budget, Mr. Van der Spek (Pacifist Socialist Party) tabled a motion urging the Government:

- a) to take steps to ensure the suspension of the Association Agreement between the EEC and Greece;
- b) to take measures banning investments by Dutch companies in Greece;
- c) to urge friendly governments to take similar action.

Mr. Luns, Foreign Minister, pointed out that the EEC-Greece Association Agreement had been carried out since 1967 only in so far as was strictly necessary to fulfil the Treaty commitment. No attempt had been made to develop the association any further. Under international law of nations it was impossible to repudiate the agreement completely because it contained no escape clause. It did not seem to him to be in character for the Netherlands - traditionally guardian of the law of nations and so regarded - or, for practical reasons, advisable to press within the EEC for the violation of the all-important principle 'pacta sunt servanda'.

'If we undermine international law, and indeed Community law, by creating such a precedent ourselves, we shall be leaving the door wide open for similar conduct which may be prompted not by an aversion for a given regime but by what a country considers to be its own interests, and which would upset agreements clearly entered into.' Hence both for reasons of international law and for practical reasons Mr. Luns felt bound to reject the request contained in the motion. He therefore strongly advised against acceptance of Mr. Van der Spek's motion. This was not, in fact, adopted by the Second Chamber.

With reference to the EEC-Greece Association Council, Mr. Oele (Labour Party) asked the Government if it did not consider that talks between the Council and a duly authorized minister of the Greek Government might have undesirable political consequences.

Replying for the Government, Mr. Luns stated on 5 February that the Council of the European Communities had decided at its session of 19-20 January 1970 not to reject the Greek request for consultations of the Association Council at ambassadorial level, because the agenda consisted solely of items arising from the administration of the agreement.

Since April 1967 the policy of all the member States had aimed at maintaining what had up to that moment been achieved under the Association, and at restricting the application of the agreement to the strictly legal commitments. There had been no talk of developing the Association any further. Mr. Luns thought that it was sound policy for the Association Council to meet at ambassadorial level from time to time to do no more than discuss routine matters. Since April 1967 the Association had met five times for this purpose.

(Second Chamber, 1969-1970 session, Doc. 10,300, No. 30, and Annex 1189)

2. Parliamentary questions

- Uniform jurisdiction on customs matters within the Community

On 2 February in reply to a written question dated 13 January from Mr. Scholten (C. H. U.), Mr. Grapperhaus, Secretary of State for Finance, stated his opinion that an effective customs union could not be achieved simply by harmonizing those articles of member countries' law which directly govern the application of the common customs tariff by the different customs administrations. Harmonization must be accompanied by the development of suitable procedures to guarantee uniform application of the law and uniform legal protection for the parties concerned. The implementation of such procedures would involve many legal and practical problems since widely varying legislation and methods are still used by the different member States to settle customs problems, while the Court of Justice of the European Communities is very often not consulted. Moreover, harmonization of the relevant national legislation could only be achieved by a general agreement or by amending the European Treaties.

Already in 1967, the Secretary of State had, on a number of occasions urged the representatives of the national customs administrations and of the Commission of the European Communities to begin a study of the problems involved at an early date and examine the possibility of appointing an independent administrative judge to issue rulings, either as the first and last instance or only as the last instance, whenever disputes arose between third parties

and the customs administration. However, this proposal had not yet been followed up, although the Commission had included this problem in its programme of activities. In this connexion the Secretary of State referred to the reply by the Commission to question number 180/69 by Mr. Badings (*), a member of the European Parliament.

The Commission had given to understand that the programme could not be implemented at present because of staff shortages.

The Secretary of State also drew attention to the resolution of the European Parliament, dated 24 November 1969, concerning a) the provision of legal protection and the development and maintenance of uniform European jurisdiction on customs and commercial matters and b) all related legal and institutional problems (**).

Finally he stated his readiness to take the next suitable opportunity to urge the national customs administrations and the Commission to prepare at an early date a regulation covering the problems involved.

(Second Chamber, 1969-1970 session, Annex 1143)

- EEC food aid programme

In a written question (26 January), Mr. Vredeling (Labour) asked the Government what progress had been made towards implementation of the EEC food aid programme for 1968-1969.

Replying on 5 February, Mr. Udink, (Minister for Assistance to the Developing Countries) and Mr. Lardinois (Minister of Agriculture), stated that the European Commission had not yet submitted the annual report for 1968-1969 to the Council. At the request of Mr. Vredeling, the Ministers promised to urge the Council to lay the report before the European Parliament as well.

^(*) Official gazette of the European Communities, 18 October 1969, No. C. 131/1

^(**) Official gazette of the European Communities, 18 December 1969, No. C. 160/36

After surveying the programme for 1968-1969 and 1969-1970, the Ministers stated that the Netherlands hoped to have met their obligations for the year 1969-1970 by 1 July 1970. According to the Government, the implementing regulations of the European Communities appeared to work satisfactorily in general. The Netherlands had, however, always urged the Commission not to adopt too rigid an approach.

Finally the Government promised to press for the largest possible Community participation in the food aid programme when the EEC considered this matter.

(Second Chamber, 1969-1970 session, Annex 1207)

- Application of the principle of majority decisions in the Council of Ministers

On 20 January Mr. Burger (First Chamber - Labour Party) put a written question to the Government following on from a question put to the Belgian Senate by Mr. Dehousse (*), in which the latter noted that the Council had been prevented from taking a majority decision by one of the delegations which claimed that its vital interests were at stake. Mr. Burger wondered what the attitude of the Netherlands Council Member was on this matter.

Mr. Luns, Minister of Foreign Affairs, replied as follows on 19 February:

'On 9 December 1969, the Council of the European Communities examined an application for exemption made by the EEC to GATT in respect of the preferential arrangements for importing citrus fruit from Spain and Israel. A proposal by the European Commission on this subject had been laid before the Council. Because it was anticipated that the majority of GATT member countries would adopt a dissenting attitude, the Commission was proposing a change in the above-mentioned import regulation; this change would entail a tariff reduction applicable to all countries, but for a limited period only. The Italians objected to this proposal. The Netherlands Chairman then suggested that the Commission's proposal should be put to the vote, stating that in this particular case the Council could reach a decision by a qualified majority. The Netherlands were willing to vote on the matter.

^{*)} Summary record of Senate Proceedings, 14 January 1970, p. 166

However, it became apparent after further discussion that the Italian Council Member was not prepared to accept a decision by a majority vote on this matter which he felt to be of vital interest. The undersigned regrets that this difficulty arose.'

(First Chamber, 1969-1970 session, Annex 85)

Portugal

Portugal proposes an 'Iberian EEC'

On 25 February 1970 the State Secretariat for Industry in Lisbon published a draft project for the establishment of an 'Iberian Common Market' without, however, using this specific title.

The Portuguese Government is making a concrete proposal to Spain that common Hispano-Portuguese industrial concerns should be established in both countries. Portugal's aim is to participate indirectly in the EEC without abandoning its treaty links with the European Free Trade Area. At the same time Spain would obtain access to EFTA markets under the Portuguese flag, in accordance with a long-standing wish of the Portuguese premier, Mr. Caetano. This also implies that Spain and Portugal would be jointly represented in the EEC and on other markets. The third objective of Portuguese economic policy is to promote economic integration on the Iberian Peninsula. Hitherto commercial exchanges between Spain and Portugal have been almost insignificant.

As the Portuguese Government already indicated in President Thomaz' new year message, this unofficial 'Iberian Common Market' would be embodied in the agreements constituting the Iberian pact, drawn up more than twenty-five years ago, which would accordingly lose its exclusively military character.

(Industriekurier, 26 February 1970)

Spain

The rapprochement between Spain and the Common Market

On 17 March 1970 a Brussels daily reported extracts from an interview granted by Mr. Lopez Bravo, the Spanish Minister of Foreign Affairs, to a Barcelona newspaper. The following statements by the Spanish Minister are taken from this interview:

'We are at present promoting an understanding with France which will in no way limit our national rights. Integration must be considered as the ultimate aim of the agreement which we shall sign with the Common Market. We are Europeans, but first and foremost Mediterranean Europeans: for the Spanish, Cairo is not a different issue from Paris, Brussels or Bonn but a complementary aspect of a general question. The major obstacles between Spain and the Soviet Union are not ideological and they can be overcome by a meaningful, bilateral treaty. As regards Gibraltar we shall do nothing which could be construed as a renunciation of our claims.'

Mr. Lopez Bravo gave the following answer to a question on the rapprochement between Spain and the Common Market: 'The preferential trading treaty which is currently being negotiated with the EEC lays down a time schedule for the gradual implementation of its clauses. The process is one of progressive integration. The agreement leaves open the possibility of revision or renewal and does not exclude replacement, when its validity expires, by another agreement establishing much closer ties with the Community. In addition our situation as a European country demands that we pursue a Mediterranean policy and our position as an old nation obliges us to consider continental and worldwide integration from the basic angle of the nation state.

(La Libre Belgique, 17 March 1970)

United Kingdom

1. Three statements by Mr. George Thomson on the United Kingdom and the Common Market

The political case for joining the European Communities

The following is an extract from a speech delivered by the Chancellor of the Duchy of Lancaster, the Rt. Hon. George Thomson, responsible in the Government for European Affairs, and in particular for the preparation and conduct of Britain's negotiations for entry into the European Communities, on Wednesday 21 January, at the Conference on the Common Market organized by the British Council for the European Movement at Newcastle University:

'... I want to talk about the political case for joining the European Communities. I don't believe you can really separate the political from the long-term economic issues. But I want to concentrate on the first aspect.

The motives of the founding fathers of the Communities were ... inspired by a vision of political reconciliation ... They wanted to build a united Europe ... Unlike the OEEC, unlike EFTA, unlike even NATO, the European Community is an organization which planned, and goes on planning to change things and to change itself ... If you read the communiqué of the Six's summit meeting last month you will see that the aspirations of the six Governments are as ambitious as ever, and incidentally that it recognized that these ambitions can logically be achieved best with Britain and the other candidates as members ...

Influence in a changing world

We should try to join in the first place because it is the best way for Britain to make its influence effective in a changing world ... Now that the way to negotiations for a wider Europe is open, we stand on the threshold of great opportunities for both Britain and our continental neighbours. If we can join the Communities on fair terms, we can restore to Europe a proper voice in the world ... Some of you may think that the effort to achieve European unity is too ambitious. But the effort is being made, and will be made whether we join or not ... I believe that a united Europe, based on the Community, a Community including us and the other applicants would be a constructive force for peace in the world and would give each of its members an

influence none of them can enjoy alone. A Europe based on an enlarged Community will have the economic power and the political influence, if it wants it, to join on something like equal terms with our major ally, the United States, in the continuous process of negotiating a safer world with the Soviet Union; such a Europe will be able, if it wants, to use the great wealth it will generate to help the developing countries by the right kind of help provided in the right kind of way — and we will bring our understanding of Commonwealth problems to an enlarged Community . . .

Fair terms

I have to negotiate fair terms for British entry into the Communities. The negotiations will be about bread and butter issues, even though for the price we will be paying - and it goes without saying that it must be a fair price - we'll be getting a lot more than entry into a customs union. I cannot guarantee that acceptable terms for British entry can be obtained. That will depend on the negotiations and in the end can only be decided by the House of Commons. It is my personal conviction that given goodwill, fair terms - fair for all - can be agreed. We have much to gain from Europe - and much to offer Europe. And of course, if my conviction of success proves wrong, Britain has shown - particularly in recent years - that she is perfectly capable of standing on her own feet ...'

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Britain, the Common Market and Commonwealth

Speaking to the Association of Commonwealth Correspondents on 27 January in London, Mr. Thomson said:

'I look forward to going to Brussels in a few months' time to do my best to negotiate terms of entry which will be fair to all.

The Commonwealth aspects of the negotiations have undergone some significant changes since Mr. Heath's marathon at the beginning of the sixties. On the British side the Commonwealth issues have been clarified.

All this is described in a White Paper in July 1967 — the statement George Brown made in the Council of the WEU. It sets out what we proposed to seek in negotiations to safeguard Commonwealth interests. It remains the classic statement of our negotiating position and is well worth going back to. I remind you that it lays emphasis on safeguarding the long-term interest of those developing countries and territories overwhelmingly dependent on their

sugar exports, and also on special safeguards for New Zealand dairy produce. For dependent territories we proposed association under Part IV of the Treaty of Rome. For the independent Commonwealth countries of Africa and the Caribbean the proposal was for association of the Yaoundé Convention type. For other developing Commonwealth countries the proposal was for trading arrangements of the type agreed in principle in the 1961-63 negotiations...

Commonwealth countries are forming their own groupings to safeguard and further their economic interests. The Caribbean countries have formed a regional free trade association - CARIFTA - and are seeking to build it up into a common market and an economic community. They have recently had a high level mission to Brussels. The East African Commonwealth has formed its own economic community and has recently concluded its own treaty with the EEC. We don't particularly like the fact that it develops preferences against us. The EEC will enjoy preferences for their exports which we ourselves have never sought from Kenya, Uganda or Tanzania, But we recognize that this kind of development is likely to occur so long as Britain remains outside an enlarged European Community. The Community at its present size already exercises a powerful magnetic attraction. Equally Commonwealth countries recognize that it would be inconsistent to refuse to us the right to seek wider economic groupings which they themselves exercise. There is a much greater degree of awareness that world trading patterns are changing all the time anyway. Neither Britain nor the other Commonwealth countries can opt out of the process of seeking larger and stronger groupings.

None of this means Britain is turning her back on the Commonwealth. Speaking as a former Commonwealth Secretary, I do not believe that there need be any contradiction between Britain's vigorous European policy, and equally vigorous support for the Commonwealth. No Commonwealth country would benefit from a weakening of Britain's strength and influence ... The need for Britain to find a fair and acceptable way of grouping with her continental neighbours - themselves former European colonial powers - is in one sense a continuation of that historic process of change. Membership of the EEC for France has not meant that she has weakened her links with the overseas commonwealth with which she is associated. On the contrary independent French-speaking countries have found stronger links to their advantage with a wider Europe. It is in the interests of our Commonwealth partners that Britain should be as strong and prosperous as possible and in the position to make the most effective use of her influence and experience. A strong and prosperous Britain in an economically dynamic and enlarged Community of the future will be best able to cope with the challenges.'

British industry and the Common Market

At a business and professional men's club in Birmingham on 17 February, Mr. Thomson said: 'As the Prime Minister made it clear last week, this White Paper is an act of information - not a new act of policy ... It is a conscientious attempt to state in an objective and natural way the economic considerations surrounding British entry ... (and) the frankest possible economic assessment of the costs of British membership of the European Communities. Admittedly it has not been possible to quantify the benefits, great though we believe them to be ... (today) we approach the negotiating table strong enough to face the difficult adjustments of going in on fair terms, and strong enough to stand outside if we are unable to agree terms that can be recommended to Parliament ...

As the White Paper shows, the Government has never tried to pretend that prices will not increase. But it is the standard of living, not the cost of living, which matters and I do not have to remind a Birmingham audience that a rising standard of living is directly dependent on a rising national output. You will also know that although our economic situation has improved impressively during the past year, and although our gross national product has also been growing, it has not been growing as fast as our neighbours in the Communities . . .

Some of the most decisive considerations for the British Government in seeking membership have been political. Unless the Communities can be enlarged to include Britain and the other applicants, Europe will not be able to maintain and further her own interests in a world dominated by the super powers ... The fact that Britain is already so committed to the member countries of the EEC and to the other applicant countries by vital defence and technological agreements, by trade and by geographical position, makes our choice simple ...

The economic price of political unity in Europe cannot be paid by Britain alone. We must all - the Six as well as the applicants - be ready to join in paying a fair price to achieve it. This is why, as the Prime Minister said, the Government will enter into negotiations resolutely, in good faith, mindful both of our own interests and of the advantages of success in the negotiations to all the members of an enlarged Community.'

(UK mission to the European Communities, 21 January 1970, 17 February 1970)

The Government's White Paper: Britain and the European Communities An economic assessment

On 10 February the Prime Minister presented to Parliament a White Paper on Britain and the European Communities. The official summary of this document reads:

'Entry into the Community would have its main economic effects on agriculture and food; industry and trade; and capital movements and invisible trade. These effects would build up gradually over a period of years: some of them - as it happens the adverse effects - can be quantified within very broad ranges; it has not been possible to quantify the beneficial effects of entry at all. The White Paper sets out the Government's estimates of the quantifiable effects as they might affect the economy in the latter part of the 70s. All these estimates are highly speculative and make no allowance for the effect of negotiations on the terms of entry; nor can a reliable assessment be made of the situation in which we should find ourselves in the latter part of the 1970s if this country were not to join the Community.

In an enlarged Community our food imports (excluding the levies payable on them) could cost between £85m less and £255m more a year than if we remained outside. The outcome would depend on the difference between the United Kingdom and EEC prices at the time, and on the response of British farmers and consumers to the higher Community prices. The maximum likely increase in retail food prices here would be over a period of years in the range of 18-26 per cent, which would involve an increase of 4-5 per cent in the cost of living index spread over the same period.

We should have to contribute to the Community budget, nearly all of which at present finances expenditure on agriculture. The Six reached agreement in principle last December on the method of financing the Community budget. The agreement is a complicated one and while it is possible to estimate the theoretical upper and lower limits of our contribution, £150m and £670m a year respectively, it is not possible to make a realistic estimate of where in that range our contribution would lie in practice since we were not, of course, parties to the December agreement. We might receive back from the Community budget some £50 to £100m annually through the operation of the common agricultural policy.

The effects of entry on British industry and trade are partly what may be called "impact" effects which are to some extent measurable and partly "dynamic" effects which are not. The impact effects on our overseas trade in industrial goods are produced by the various tariff changes we should have

to make and by the consequence of higher food prices for wage levels. The cost to our balance of payments of these impact effects might build up over a transitional period to something of the order of £125-£275m a year on an estimated future level of overseas trade of about £18,000m.

The dynamic effects are the consequences for our economic structure and growth and competitive power of the stimulus to British industry provided by the much greater opportunities - and competition - which would exist in a customs union of up to 300 million inhabitants stretching from Scotland to Sicily and from the Irish Republic to the borders of Eastern Europe. The Government have not found it possible to estimate the size of these benefits but they agree with the Confederation of British Industry that they are likely to be very substantial.

The consequences of adopting the Community régime for capital movements could be expected to involve a sizeable cost to the United Kingdom's balance of payments in a typical year as compared with the situation if our existing exchange controls were maintained. As to our invisible earnings it is reasonable to expect a significant expansion as a result of membership. It has not proved possible to put a figure to either effect.

The total cost of entry cannot be assessed by adding together the extremes of the various estimates of the balance of payments cost given in the White Paper. It is inconceivable that the many elements in them would all be either unfavourable or all favourable, so that the total of the range of estimates, £100 - £1,100m, is unrealistic. Moreover, the largest single figure, that for our theoretical maximum contribution to the Community budget, takes no account of the bearing on the United Kingdom of the arrangements which the Six agreed among themselves in December. Further, the range makes no allowance for the favourable dynamic effects of entry on our trade and industry, nor for any adjustments which may be made during the negotiations for entry.

Nevertheless membership would be likely to involve a substantial balance of payments cost, which would take effect gradually over the transitional period. This cost would have to be met out of the national resources (GNP) which would be growing during this period. The crucial question therefore is whether our GNP would grow faster if we were members of a much wider market than if we were not, and whether the extra growth would provide more than sufficient resources to meet the cost of entry. This would depend on many incalculable factors, including the outcome of the negotiations to determine the terms of entry and the response of British industry to the stimuli of the greater opportunities and stiffer competition in an enlarged Community.

On this, the White Paper states that the GNP of the United Kingdom has been growing at about 3 per cent a year during the past decade and is today some £39,000m a year; and that the estimates of the balance of payments cost of membership would involve at most an additional claim on the annual rate of growth over a period of a few years of considerably less than 1 per cent of our GNP. It goes on to cite the general conclusion of the Confederation of British Industry's report that the dynamic effect of membership on our growth rate should in the long run exceed the balance of payments cost, and that the economic advantages would outweigh the economic costs, provided the latter were not unduly high.

The White Paper concludes by noting that our position today is better than it was in 1967. Our economy and balance of payments are stronger. The Six all favour our entry, and the political arguments for entry have become stronger. The balance of economic advantage particularly in the short run remains the major uncertain factor, and this can only be clarified further in negotiations to determine the conditions of entry. Failure in negotiations would not necessarily condemn Britain or the Communities to economic or political sterility. But another historic opportunity would have been lost for Europe to develop its full potentialities to promote the welfare and security of its citizens!

Speaking in the House of Commons, Mr. Wilson said:

'With permission I should like to make a statement on the White Paper \ldots

The structure and content of today's White Paper follow the pattern I outlined at Brighton last autumn and announced to Parliament soon after. The estimates and assessments made in 1967 have been recalculated on the basis of more up-to-date information, and they cover in particular agriculture, the balance of trade in industrial goods, invisibles and capital movements, and the consequences for each of these which entry into the Communities might have for us, and, in particular, for our balance of payments.

The House will see that the White Paper also sets out the potential implications of membership for the development of our industry, and concludes with an overall economic assessment of the theoretical range of possible costs, in both balance of payments and resource terms, which membership of the Communities could involve.

I have indicated to the House on a number of occasions the difficulties arising from the wide range of assumptions which must be made. Before saying a word about them I should make it clear that for reasons the House will understand the calculations do not allow for what we would hope to achieve in the course of the negotiations, whether in terms of quantities and costs, or in terms of periods for transition and adjustment...

The question of entry, what I have called the final decision, does not arise on this White Paper, nor indeed in the debate which will follow. It is in the light of the negotiations which are due to begin in the near future that this decision must be taken. The Government and the House of course will recognize that political as well as economic factors are involved.

If, when the decision is to be taken, the disadvantages for Britain appear excessive in relation to the benefits for Britain which would flow from British entry, the Government clearly would not propose to Parliament that we should enter the Communities. If, on the other hand, the costs. after negotiations, appear acceptable in relation to the benefits, the Government will recommend entry.

(UK Mission to the European Communities, 10 February 1970)

3. House of Commons debate on the Government's White Paper on Britain and the European Communities

On 24 February, Mr. Stewart, Secretary of State for Foreign and Commonwealth Affairs (Fulham, Labour) opening the two-day debate on the Common Market on a motion to take note of the White Paper on Britain and the European Communities, said that the right way to enter the Community was through the front door through agreement, negotiated under the relevant Article of the Treaty of Rome... There were great advantages to this country if the negotiations could be successful and serious problems if they were not. If in the negotiations, (he said) we found that we could not obtain what anyone would regard as reasonable terms we should have to stand out. We would face the consequences; we could face the consequences; but it would be to the injury of us and of Europe.

Mr. Maulding (Barnet, Conservative) said he held the view that it was in Britain's interest to be part of a united European economic system on

the right terms.

Mr. Thorpe (North Devon, Liberal) said what was vital was not the cost of living but the standard of living.

If we go into Europe (he said) we will get the growth which will more than compensate for the initial teething troubles... We are not only part of Europe and have a contribution to make (he said), but it is in the interests of Europe and the world that we should succeed in joining the Community.

Mr. Jay (Battersea, North, Labour) said he welcomed the fact that the Prime Minister was ready, as he was not ready a year ago, to take No for an answer.

Mr. Edward Heath (Bexley, Conservative) Leader of the Opposition, said his own position had been clear for a long time. He wanted to bring about a wider European unity and had worked constantly for it.

The Community was gaining momentum. It was now working for a close economic union and co-ordinated currencies. That meant co-ordinated economic policies.

The British people were prepared to accept a pooling of an element of sovereignty under the Treaty of Rome because they knew it was impossible to have successful economic operations together except within a common framework and with common rules.

No policy in the Community had been pursued against what any member country believed to be a major interest of its own. Whatever the position under international law, were other members of the Community to try to overrule what a country believes to be its major interest, the strain would be too great and the Community would disintegrate.

Mr. Roy Jenkins, Chancellor of the Exchequer (Birmingham, Stechford, Labour), said Mr. Heath had failed to understand the essential point - that the Government were willing to pay a certain price to get into Europe, but were not willing to pay it if Britain did not get in... He also believed, contrary to Mr. Jay's view, that there might well be a rise in relevant food prices outside the EEC associated with rising living standards in the rest of the world. I would judge it likely (he said) that the gap in food prices

between the EEC and the rest of the world will have diminished by 1975 and the cost to us would be correspondingly reduced.

Mr. George Brown (Belper, Labour) said that in reality the debate was not about how much his wife would pay for bacon tomorrow or next year, but about Britain's role 50 or 100 years from now.

To me (he said) this is far more political than economic. For me it is a question of how much in a changing world Britain retains a power, a capacity, to influence events. I make no apology to anyone. I will pay a very high economic price in order to have that power politically to influence our future and the way that the world develops.

We are Europeans (he continued). We have always been involved in everything that happened in Europe. The only time that Europe has ever gone wrong and cost us millions of casualties has been when we tried to withdraw in the thirties.

We always had to come in and redress the balance. The men who are counting the price really ought to count the lives it has cost us to hold the ring until the Americans came in. Europe is where we are and where we have always been.

The White Paper was a monstrosity. He had never seen anything like it. When he presented the application on behalf of the Government he had said that the economic argument was finely balanced but he thought it came down in favour of entry. It had always been the political argument that determined.

He was interested in Britain beginning to be again a leader of Europe. He wanted Britain to be able to influence European defence policy. He did not want to be wholly dependent on whether Mr. Laird, President Nixon or anybody else, decided to withdraw Servicemen from Europe. He did not want to be under the nuclear umbrella of America.

A year or so ago the American Defence Secretary had made an announcement about the anti-ballistic missile which affected Britain's defence.

We. Western Europe, I like to think some day could effect this (he said). That is what I want. Those who oppose it on political grounds have the wrong end of the stick.

Our sovereignty is being eroded every day whether we like it or not. More and more, the big, the grave issues, are becoming the prerogative of the so-called super powers.

In the later stages of the debate, Mr. Michael Foot (Ebbw Vale, Labour) said that £500m or £600m permanently on the balance of payments could not be dismissed as initial teething troubles

He agreed that the case could not rest solely on the figures. There should be a White Paper on the political question describing exactly which institutions were going to decide great matters like war and peace so that the British people could judge whether those decisions were going to be made democratically.

He did not believe it was either the intention or desire that truly democratic institutions could be worked out in Europe to make the great decisions. The Brussels Commission was not a democratic but a bureaucratic organization which made reports to a Council of Ministers who were not responsible to a Parliament as a federal government would be.

We should not (he said) surrender our democratic rights in this country until these matters are much clearer than they are at the present time. If we go into the EEC we shall seriously interfere with the democratic parliamentary rights that we have. What would be absurd, almost politically obscene, would be for the British people to be called upon to surrender part of their democratic and parliamentary rights in the vaguest possible way at a time when they were not able at a general election to bring influence upon such a decision.

Mr. George Thomson, Chancellor of the Duchy of Lancaster, said: 'To sum up, if fair treatment can be found, Britain in the Continent, in an enlarged Community will be able to compete with the United States and the Soviet Union in the advanced technologies in a way that neither Britain nor the Continent can do divided. If fair treatment can be found Britain and the Continent will be able to contribute to the developing countries of the world on a scale that neither Britain nor the Continent can do if divided. If fair treatment can be found Britain and the Continent will be able to protect their own trading interests in future Kennedy Round negotiations and defend their

own ways of life against outside pressures, from wherever they may come, promote their own ideas for East-West détente and world order in a way that neither can do divided...'

In his winding up speech, the Prime Minister said: 'There was Mr. Heath's exposition of the argument about sovereignty, his views that we should be prepared – I am not sure whether I got the phrase down right – to give a "limited element of sovereignty" to negotiate something greater and finer for ourselves, for Europe and the world. I tried to express the same thought in one of our earliest debates on the Common Market on 3 August 1961 when I said that the whole history of political progress is a history of gradual abandonment of national sovereignty. I said then that we abrogated national sovereignty to a degree when we joined the United Nations.

I said then that some people would talk about world government in one breath and then start drooling about the need to preserve national sovereignty in the next. I went on to say "the question is not whether sovereignty remains absolute or not, but in what way one is prepared to sacrifice sovereignty, to whom and for what purpose ... whether any proposed surrender of sovereignty will advance our progress to the kind of world that we want to see."

It is that thought, and our several positions and viewpoints on whether a limited transfer of sovereignty is for the good of Britain. Europe and mankind. or is harmful to it. that will largely determine the position of each Honourable Member on this question....

We have made it clear repeatedly that we are ready to enter negotiations at the earliest moment that our negotiating partners are prepared to start them...

I repeat that the Government's position on entry into the Common Market is clear. Our application is in. This is not in question, and it is not in question after this debate. We have made it clear that we are ready immediately to start negotiations. The Six have agreed to start negotiations this summer. We shall enter them in full determination to achieve success, for we believe it to be in the interests not only of Britain but of Europe and of Europe's place in world affairs. We aim to achieve terms which are acceptable to Britain and acceptable to Europe. Given acceptable terms for membership, we shall be willing to enter fully into all the responsibilities of membership, with a suitable and carefully adjusted period for transition.'

(The Times, 25 and 26 February 1970)

United States

1. Ambassador Schaetzel: US-EEC relations

Ambassador J. Robert Schaetzel reaffirmed United States support 'for the process of European unity' in remarks to the German Foreign Policy Association in Bonn on 12 February.

But, the US Representative to the European Communities added, 'If Americans no longer see the romance of the historical sweep of European unity, it is because the Europeans have forgotten to tell them.'

The American envoy was heard in particular by high-level officials of the Federal Republic who were guests of the Foreign Policy Association. Among these were Professor Walter Hallstein and Dr. Guenther Harkort, State Secretary in the West German Foreign Office.

The US official said that as the meeting of the EEC in The Hague last December marked a watershed in European developments, 'it could also mark a critical point in relations between the European Community and the United States.'

The EEC Ministers agreed at the Hague meeting on enlarging the Community's membership.

Ambassador Schaetzel said that in his judgement, to a very considerable extent what happens in future US-EEC relations depends on Europe. 'American opinion and policy will primarily react to progress in Europe - progress in the internal development of the Community and in its enlarge-ment.'

Concerning current US attitudes towards the European Community, the Ambassador said that the image of the EEC in the US today, is that 'of a tangled and complicated economic organization involved in inexplicable internal and endless argument.'

There is also an awareness of a European agricultural policy that has reduced US exports to the Six and has led to heavy subsidies of surplus produce to compete in traditional US markets. There is practically no awareness in the United States, he noted, of the 'deep seated European interest in progress toward political unity; that the Community is a means to that end'...

Following years of growth of US agricultural exports to the EEC, a decline began in 1968 of 6 per cent a year, the Ambassador said. US concern about this 'must be seen in the context of America's relative efficiency in agriculture, our traditional markets in Western Europe, and the need to balance US accounts.' In addition, the Community practice of dumping heavily subsidized farm produce on traditional US markets was another adverse factor.

There is also 'mounting concern in the US over the widening circle of association arrangements and preferential agreements between the Community and both the developed and less developed countries,' the Ambassador pointed out. 'As these agreements do not foresee and have no schedule for ultimate free trade or a customs union, most of these arrangements seem on the face of it incompatible with the General Agreement on Tariffs and Trade.'

Speaking in Washington on 23 March, Mr. Schaetzel told a congressional sub-committee of the 'urgency of devising new methods for quite informal discussions between the United States and the European Economic Community.'

He said such consultation is necessary to resolve differences between the United States and the EEC on such matters as non-tariff barriers, agriculture and tariff preferences.

He pointed out to the legislators that much of the preparatory work has been done in Geneva towards reducing non-tariff barriers, and added that progress could be speeded if Congress were to repeal the American Selling Price (ASP). He said many Europeans regard ASP as a 'classic non-tariff barrier' and consider its repeal as a 'test of faith' of this genuine belief in freer trade.

The American Ambassador to the EEC stressed that the US and the Community must work together 'towards more coherent management of agricultural problems.'

He also said that the United States and the European Communities have a 'common responsibility' to work out a system for liberal trade preferences for manufactures from the developing countries.

(News Bulletin of the US Information Service, Nos. 29 and 56 of 13 February 1970 and 25 March 1970)

2. EEC in President Nixon's foreign policy report to Congress

President Nixon's report of 18 February on 'United States Foreign Policy for the 1970's - A new strategy for peace' contains the following remarks concerning Europe and the EEC:

'In Europe, our policies embody precisely the three principles of a durable peace: partnership, continued strength to defend our common interests when challenged, and willingness to negotiate differences with adversaries...

Intra-European institutions are in flux. We favour a definition by Western Europe of a distinct identity, for the sake of its own continued vitality and independence of spirit. Our support for the strengthening and broadening of the European Community has not diminished. We recognize that our interests will necessarily be affected by Europe's evolution, and we may have to make sacrifices in the common interest. We consider that the possible economic price of a truly unified Europe is outweighted by the gain in the political vitality of the West as a whole.

The structure of Western Europe itself - the organization of its unity - is fundamentally the concern of the Europeans. We cannot unify Europe and we do not believe that there is only one road to that goal. When the United States in previous administrations turned into an ardent advocate, it harmed rather than helped progress.

We believe that we can render support to the process of European coalescence not only by our role in the North Atlantic Alliance and by our relationships with European institutions, but also by our bilateral relations with the several European countries. For many years to come, these relations will provide essential trans-Atlantic bonds; and we will therefore continue to broaden and deepen them...

The European Community - we will watch with great interest the developing relations between the European Community and other nations, some of which have applied for membership. The Community's trade policies will be of increasing importance to our own trade policy in the years ahead.'

(USA documents, US Mission to the European Communities, 18 February 1970)

3. President Pompidou answers questions on Europe during his visit to the United States

On 26 February President Pompidou replied as follows to a question on Britain's entry into the Common Market: 'Europe reached a turning point at The Hague conference. Beyond all doubt we had arrived at a position where France's five partners attached even greater importance to the problem of Britain's entry than to the problem of continuation of the Common Market. We had also reached a point where I considered the continued existence of the Common Market to be a factor of urgent interest for France and, I also feel that, on its side, Britain has taken a number of steps towards Europe. (...)

Negotiations will therefore begin. We made the completion of the common agricultural market our first condition. That condition has been fulfilled. It is understood that the Six must reach agreement on the procedure and broad lines of the negotiations. That will be done. Speaking strictly in confidence I believe that this will be achieved fairly quickly. And then it will be possible for negotiations to begin.

The outcome of these negotiations - you must realize this in advance and if you meet any British people I would authorize you to repeat my statement to them - will depend above all on the attitude of the British Government, because if we have now come over without any reservations or ulterior motive to the idea of enlarging the Common Market, we have only done so on the understanding that this enlargement must not result in a weakening. (...)

The British Government must be fully aware of this; in return we shall do everything to facilitate the transitional stages which we believe to be essential. (...)'

Answering questions in San Francisco on 28 February, after his speech to the Commonwealth Club, Mr. Pompidou stated in particular: 'I feel that negotiations with Britain will open within the next few months, that their outcome depends essentially on the British Government and that in spite of opposition from a section of British public opinion we shall eventually reach agreement on Britain's entry. If I were asked to make a bet,' the French President went on, 'I would bet on Britain's entry. But sometimes you can bet on the favourite and still lose. What is important is that Britain's membership must strengthen rather than weaken the Community. This strong new European bloc which will then consist of at least ten nations, must also not be engaged on all out competition with the United States. The

Community must be liberal and not inward-looking. We have held discussions on this subject in Washington. We know that the enlargement of Europe will raise problems concerning our relationship with the United States and that these problems must be settled in a liberal and non-protectionist spirit.'

Questioned on prospects for a common European currency, Mr. Pompidou replied: 'The road towards a single European currency is still a long one. We embarked upon it at the Hague summit meeting last December. Besides, the question of a European currency is not strictly European. The real question is the future of relations between European currencies and the dollar, and the problem of currency stability. In this spirit I think it has become a national duty to combat inflation in the United States and elsewhere.'

(Le Monde, 27 February and 1/2 March 1970)

On 13 March, during a televised interview broadcast by ORTF, Mr. Pompidou replied as follows to a question on the 'cooling-off' of the US attitude towards Europe:

'A great deal could be said on Europe. I believe that America is divided on this point, and that its leaders themselves are divided. I think that to some extent they would like Europe to be an effective force, even if only to take over some of their own commitments and responsibilities. Then again their country is united and very big; this sprinkling of small or medium-sized countries in Europe disconcerts them. And so at first sight they like the idea of a united Europe. On the other hand, from an economic point of view, they are coming to see a united Europe as a competitor and this disturbs them. Be that as it may, when I was in Washington I was there as a representative of France and not as a representative of Europe.'

(Le Monde, 14 March 1970)

4. The dispute between the United States and the European Economic Community

Mr. Kenneth Davis, Assistant Secretary for Trade in Washington,

criticizes Europe on the following seven counts:

- 1. The United States considers the tax exemptions granted by the European countries on exports to be a major non-tariff obstacle against American exports to other countries.
- 2. Congress will not repeal the legislation on the American Selling Price until the problem of trade in textile products has been settled and as long as Europe continues to prevent faster progress towards the elimination of non-tariff obstacles to trade.
- 3. The United States would like the Common Market to cease interfering in American discussions with Far Eastern countries on the limitation of imports of textile products.
- 4. The United States is 'gravely concerned' by the conclusion of agreements between the Common Market and other countries in Europe and the near East which represent discrimination against America.
- 5. The tri-partite agreement on electronic components which France, Germany and Great Britain propose to conclude represents discrimination against the United States and is liable to result in a 35 per cent reduction in its exports of electronic components to Europe.
- 6. The common agricultural policy continues to be a major obstacle to any improvement in trading relations between the United States and the Common Market.
- 7. The United States is disappointed to see that the Common Market does not propose to reduce non-tariff obstacles to trade before 1971.

Replying, the spokesman for the Commission made the following statement on ll March:

'It is mistaken to consider the value-added tax, which applies equally to locally manufactured products and imported products, as a discriminatory measure.

It should be recalled that in the agreement concluded after the Kennedy Round of negotiations, the United States gave an undertaking to abolish legislation on the American Selling Price which enables the Washington administration to grant exorbitant protection for some sectors of the American chemical industry against foreign competition. For its part the Community has undertaken to reduce customs duties on several products once the American Selling Price law is revoked. It would be very surprising if the United

States should now try to make the abolition of the American Selling Price dependent on other conditions.

As to the United States' complaint that the Community is interfering in negotiations between Japan and the United States of America on textiles, the Commission declares that the Community has no intention whatever of interfering in bilateral relations between the United States and other countries on a voluntary limitation of textile exports. The Community cannot, however, disassociate itself from the world textile market to the extent that it is one of the leading importers and exporters of these products. It would therefore welcome a generally acceptable solution to this problem.

The Community is aware of American concern over the agreements which it is currently negotiating with certain Mediterranean countries. Such agreements will be submitted for examination by the contracting parties in accordance with GATT regulations.

The current efforts by industrial interests in France, Germany and the United Kingdom to standardize electronic components are no different from work of standardization in other sectors and in other countries.

The Commission recalls that the Community is the main customer for US agricultural produce. It also states that the Community shares the US concern over problems raised by non-tariff barriers to international trade. 'We must not underestimate the technical difficulties associated with the widely varying sectors and problems.'

(Le Monde, 11 - 13 March 1970)

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II. PARTIES AND PROMINENT POLITICIANS

1. The 3rd National Convention of the Democratic Centre and European policy

The 3rd National Convention of the Democratic Centre was held in Saint-Gratien on 24 and 25 January 1970. The debates were primarily devoted to a definition of the position of the Democratic Centre in relation to other political groupings. European themes did, however, figure in the discussions, and they were referred to in each of the three motions adopted by the Convention, more specifically in the motion on agricultural policy.

In the 'motion on youth' the Democratic Centre, desirous of proposing 'projects which will enable the energy of young people to be mobilized, considers that a voluntary civilian service could be established on the European level in order to organize the assignment of young people to the developing countries. In addition we reaffirm our desire to see the establishment of a "European Youth Office", which will permanently organize contacts and exchanges on a common, multilateral basis.'

The Democratic Centre also recalled in its 'motion on general policy' that 'France must take as the basis for its foreign policy the development of economic and political unity within Europe: this is a precondition for progress, security and peace.'

At the end of the debates on agricultural policy, the following motion was adopted:

'The 3rd National Convention of the Democratic Centre:

- a) protests against the scandalous campaign to denigrate agriculture which has derived support from the use made by the European Commission and by the French Government of comparisons between French and world agricultural prices and of references to the excessive cost of exporting surpluses;
- b) denounces the present system of world markets which results in agricultural prices being held well below the true cost price for speculative purposes. This system prevents any progress from being made in the underdeveloped countries and forces the developed countries to avoid the produc-

tion of surpluses, even though there is a real need for these surpluses because of the shortage of food with which two thirds of the world population are faced:

- c) affirms that a cogent agricultural and rural policy necessitates loyal cooperation between the political authorities and the socio-professional organizations;
- d) affirms the will of French farmers, and especially the younger members of the profession, to obtain an organization of world markets which will meet existing food requirements and promote the normal development of agriculture and of the economy as a whole in the underdeveloped and developed countries.

The Convention accordingly protests vigorously against the Malthusian policy advocated by the European Commission and practised by the French Government, and declares itself firmly in favour of an expansionist agricultural policy:

- e) conscious of the fact that the achievement of a coherent agricultural policy is only possible if common policies are introduced in other vital sectors of the economy (energy, currency, taxation, transport etc), the Convention calls for the rapid implementation of such policies; this entails the creation of a democratically established European political authority;
- f) affirms that the evolution of agriculture and of the economy in general requires the creation of regions democratically endowed with effective powers;
- g) advocates the establishment of an agricultural price hierarchy which will result in priority being given to those areas of production which show a deficit, in particular animal products;
- h) requests that, under the Sixth Plan, aid and investment be granted on a priority basis to farmers and underprivileged regions;
- i) calls upon all European democrats to make a concerted effort to establish at the earliest possible date a democratic, humanistic and social European political force.'

(Le Monde, 27 January 1970; Démocratie moderne, 29 January 1970)

2. Mr. Malagodi, Secretary of the Italian Liberal Party, on the problems of European unification

On 27 January the Secretaries-General of the Christian Democratic, Socialist and Liberal Internationals held a meeting in Strasbourg during which they reviewed the present state of affairs in Europe and compared the attitudes of their Internationals to the European integration they all wanted.

In this connexion Mr. Malagodi issued the following statements:

'One of the major problems is how to instil the European ideal, as yet cherished only by the discerning few, into the individual parties and their leaders and active members. The man in the street must be made aware of the great common enterprise proceeding by stages from the creation of a single Common Market to adoption of a general economic policy and a common monetary policy, and leading inevitably to common policies on defence and external affairs. All this against the background of the understandable American request that Europe assume an increasing share of responsibility for the joint defence of our Western civilization.'

With regard to the attitude of the Communists to European unity, Mr. Malagodi said: 'It is not without reason, from their point of view, that Soviet Russia and the Italian Communists, like those of France today and those of Spain tomorrow, and even now those who oppress Eastern Germany, detest nothing so much as the prospect of a Europe enlarged to include Great Britain and some of the Scandinavian countries, and thus growing in strength.

The Communists know very well that there is little room for the archaic negative attitudes of the French and Italian Communist Parties, in a Europe which not only raises itself to a level and to a degree of economic development that would otherwise be inconceivable, but which as a result of this and of gradual political unification, will also be able to play its full part in international politics, in the sphere of defence, and in helping the develop-In such a free and democratic Europe the interplay of politiing countries. cal forces is bound to occur between movements which, for deep-rooted historical reasons, hark back to Christian and Catholic traditions, Social Demo-This will present the Liberal movements with the arcrats, and Liberals. duous but crucial task of helping to break with a dead past which, in varying degrees, always holds back the Christian and Social Democrats, in order to make the most of the best of what has been handed down in a tremendous effort to master a radically new situation, unsettled and not without dangers, so that the unity of purpose and the concerted public action that are becoming more and more necessary may lead not to the individual's being wiped out but

to the highest value being set on him as a responsible citizen.

(La Nuova Tribuna, March 1970)

3. Mr. V. Larock: political Europe or expansion of the Community

In an article published in a Belgian daily on 10 February 1970, Mr. V. Larock, a Socialist member of parliament representing a Brussels constituency, referring to the alternative of accelerated political unification or immediate expansion of the Common Market, made the following statement: 'The question is rarely raised in clear terms, and for once the fog is not blowing over to us from England. The British Government has always affirmed that it would adopt the provisions of the Rome Treaty exactly as they have been applied for the past twelve years. But the Treatydoes not of course preclude a closer political union than the one which exists at present: in other words a common. supra-national or even federal authority. controlled by a directly elected European Parliament.

This idea was revived at The Hague. It has just received further consideration in Strasbourg and Brussels. It is an important idea.

The question is as follows: is it possible to conduct a campaign on two fronts for the federalization of Europe and the inclusion of Great Britain within the EEC? Is it felt that the delegation of real powers to the Community would complicate things in Whitehall and in the Parliament at Westminster?

The question has been raised more than once in the Commons and the answers make it abundantly clear that the Europe which the British wish to enter is the Europe of the Common Market and economic union. It is not a Europe which is federalized, or in the process of federalization. The Six must choose between pushing forward vigorously towards organic unification or achieving expansion of the Community with the greatest possible speed.'

(Le Peuple, 10 February 1970)

4. The manifesto of the Radical Party

The congress of the Radical Party held in Paris on 14 and 15 February discussed the draft radical manifesto drawn up by its Secretary-General, Mr. J.J. Servan-Schreiber and published under the title 'Ciel et terre' (heaven and earth). At the end of its work the congress adopted a 'declaration' embodying in broad outline the proposals contained in that publication.

One of the reforms advocated by the Radical Party is a 'redistribution of public power by setting up, at all levels of public life, democratic organizations with a range of activities as diversified as the economy.' With regard to monetary policy, the Radical Party considers that the monopolistic position enjoyed by the great industrial companies as well as the present organization of the Euro-dollar market results in 'national monetary sovereignty becoming to our mind a meaningless expression.'

'Faced with a situation for which they - and especially France - have already paid, and will continue to pay, so heavy a price, what can the European nations do? If they continue to act in isolation, their only expedient will be exchange control, in the renewed use of which there are in many respects distinct similarities between France and Latin America - in the long run exchange control is definitely characteristic of underdevelopment.

What can be done? There are only two solutions: to persist in a policy of "monetary independence" which loses all meaning and amounts in fact to taking out an option on the economic decline of the country, or alternatively to form among the European countries a union on a scale equal to that of the United States. This united Europe would be the foremost world power in terms of international trade and monetary reserves.

Only a Europe such as this would be able to counterbalance the United States sufficiently to establish a world monetary organization capable of mastering the new forms of monetary creation on which all economic and social life is now directly dependent.'

Until such time as 'the rising generation that knows no frontiers eventually establishes a first world government to remedy the present unacceptable state of affairs,' progress can only be made through the political organization of continents. 'That is the task of our generation. To answer the immediate requirements on this level, our countries must first try to act purposefully within the ample framework which they can do so without much difficulty - the framework of Europe.'

'And so we come back to the theme of the United States of Europe - though not exactly, as it has been looked upon by three generations of fervent supporters, as a kind of ideal championed by the best. We now see it as the essential framework for practical measures which must be taken as soon as possible - anti-trust legislation, control of Euro-dollars, curbing tax evasion, surveys of wealth, preventing Luxembourg from continuing to be the centre for so many holding companies for which it is a tax haven, and Switzerland from benefiting at one and the same time from all the advantages of being in Europe and all the profits it earns from the systematic encouragement it gives to fraud, and so on.

For all the well-known reasons and for those we have just sketched out, the Radical Party will align itself with those European parties which basically share its ideals and philosophy. It will draw up with them a contract of association and action. Let us not underestimate this possibility: bills tabled jointly, and on the same day, by the reform parties in the various European countries will surely have a considerable effect on public opinion.

Once it comes to power the Radical Party, which will still have to make good the appalling loss of ground it suffered in the sixties, will begin building, alongside its partners who have already pledged themselves to do so, the United States of Europe.

The sovereignty of the people will serve as the foundation. There will be a democratically established European Parliament with a Senate elected by universal suffrage according to procedures laid down by each member country. The United States of Europe will also have a collective multinational executive elected by direct universal suffrage, in accordance with a procedure laid down by the Council of Ministers acting on a proposal of the Commission.

The elected federal executive will be required to draw up a draft federal constitution within a period of one year. This basic text will fix the strictly limitative list of individual and common areas of competence of the Federation of the United States of Europe. These will cover a European currency, defence, foreign policy, technological development, industrial policy, and an economic strategy for balanced regional development.

The Radicals will propose that the draft federal European constitution should define the general principles of a long-term plan for aid to the developing countries. This aid will be channelled through regional organizations grouping together the beneficiary States.

The draft constitution would have to be approved by the European Parliament.

Time is short. Transitional periods were necessary for the Common Market. The opening of frontiers tends to unsettle national economies before it strengthens them. But there is no need for a transitional stage for the sort of political union our peoples would like to see established – a source of freedom and a means, the sole means, to achieve a great ambition.'

('Ciel et terre - Manifeste radical')

5. Mr. Lecanuet comments on relations between Europe and the USA

President Pompidou paid an official visit to the United States from 24 February to 4 March.

On this occasion Mr. Lecanuet the President of the Democratic Centre Party commented to a French daily on the present state of relations between the USA and the EEC.

After expressing the hope that President Pompidou would speak to President Nixon as a 'European statesman', Mr. Lecanuet went on to examine what he called 'certain differences of opinion' affecting relations between Europe and the USA. 'It is a fact that relations between the EEC and America are going through a difficult period. The Americans are becoming increasingly concerned about the implications of the Common Market for their own exports. The commercial controversy between the United States and the Community is increasing daily. The American leaders object to the common agricultural policy, which they term 'protectionist'; they also object to the proliferation of preferential agreements between the Community and many non-member countries. They are worried by the possible effects of expansion on commerce. We are bound to reject this ill-founded criticism.

For their part, the EEC countries are worried by the development of protectionist trends in the United States (failure to abolish the American Selling Price, etc.).

What is the real basis of the problem? The slow progress towards European integration which was long obstructed by Gaullist nationalism has discouraged the most convinced supporters of European unification in the United States.

The time has come to clearly explain the political aims of the European Community to the American leaders; the organization of the agricultural markets and the preferential agreements are only means to achieve these aims. It is high time to place the inevitable commercial competition between the EEC and the USA in a political perspective; Europe must not be a rival but a political partner of the United States, capable of emerging from its status of an assisted continent and assuming its responsibilities in the world.

It is up to us to awaken the political interest of the Americans in European integration by speeding up the efforts to organize and enlarge the Community. The lifting of the French veto which until recently blocked negotiations with Britain is a positive step in this direction.

The United States must know that Europe intends to become a partner with no trace of servility, capable of dealing with the American Government on an equal footing.

All ambiguity must be resolutely avoided. For this purpose a dialogue must be opened between the two continents e.g. by establishing a Joint Parity Committee between the American Government and the EEC countries, represented by the Brussels Commission. This standing Committee would have the task of dealing with commercial, industrial, agricultural, monetary and financial problems as and when they arise and before they become serious, with a view to suggesting constructive solutions.

Urgent consultation is necessary on the Euro-dollar market - which involved a total of \$40,000m in 1969 - on American investment and on interest rates. The deflationary policy of the United States has given rise to an escalation of interest rates throughout the Western world. The Euro-dollar rates have become the guiding rates for European countries. Today they are so high that the economic development of our countries is affected adversely

We do not suspect the United States of practising a policy of hegemony towards Europe. Nevertheless, the growing gap between the United States and Europe has created an extremely unhealthy climate of disequilibrium in dealings between the two continents. A fertile and lasting alliance and friendship must be based on a proper balance of economic forces.

The independence of Europe remaining faithful to its alliances, is an objective of common interest. The independence of Europe will be measured by its degree of unity. During this vital visit by President Pompidou, we must hope that the French Government will break once and for all with the nationalist errors of recent years; far from leading to the results which its instigators hoped, this nationalism has in reality simply heightened the effective economic domination by the United States, even though the American Government has not systematically sought this domination.

We are entitled to ask the United States to continue to encourage European unity, even if the latter may temporarily conflict with certain American interests. But we cannot ask them to build a united Europe for us. Independence is not something to be achieved by begging but by a positive, constructive effort. There can be no real independence for France except in and through a united Europe. To the extent that the French Head of State shows his will to build this economic and political union of Europe rapidly, the existing commercial difficulties between the EEC and the United States will be cut down to their true size and solutions found which do not jeopardize European development.'

(Le Monde, 24 February 1970)

6. The Italian Socialist Party and the common agricultural policy

The Italian Socialist Party (PSI) has drawn up a paper on an agricultural policy programme for incorporation in a government plan of action.

As regards the common agricultural policy the PSI considers it necessary to revise the legislative and administrative procedure for drawing Community regulations and applying them in Italy, even by replacing the current system of legislative delegation by the ordinary legislative system.

The Government would submit the financial regulation for the common agricultural policy in its final form to the Parliament for prior approval. This would give the Parliament a chance to keep a check on the general drift of the common agricultural policy, its effect on Italian agriculture, and the

action taken by the Government.

The Government would submit to the Parliament an up-to-date summary of relations between the Community and third countries in the sphere of trade in agricultural products, with particular reference to the preferences given by the Community bodies.

The Government would inform the Parliament in advance - direct or through its committees - of draft regulations submitted by the European Commission, major agricultural problems referred to the Council of Ministers and Italy's attitude to them, and the implementing of administrative provisions of a general nature.

The Government would inform the Parliament of the overall balances in the EAGGF (European Agricultural Guidance and Guarantee Fund) as at 31 December 1969. With regard to financial assistance from the Guidance Section of the EAGGF, the Government would provide the Parliament with a breakdown by individual sectors and beneficiaries as at 31 December 1969. The Government would also report each year, when the estimates of expenditure came up for approval, on requests for financial assistance from the Guidance Section of the EAGGF, specifying those approved, those rejected and those still pending.

The Government would immediately submit to the Parliament a summary of the financial situation of the Association for the Support of Agricultural Markets (AIMA), specifying all credits with the EAGGF Guarantee Section account, current banking transactions and interest due on 31 December 1969 and funds to be raised - pending reimbursement by the EAGGF - to provide the support due for 1969 and planned for 1970.

Before entering into any international commitments the Government would submit to the Parliament the 'Agriculture 80' memorandum outlining Italy's attitude in the matter.

The four parties would organize hearings in the Parliament to assess the effects on Italian agriculture of the Community's market intervention regulations and to make proposals for overhauling them.'

(Avanti, 18 March 1970)

7. Views of the Catholic People's Party (KVP) on European policy

The Party Executive of the KVP has adopted a report entitled 'Onze internationale politiek: richtlijnen voor het te voeren beleid' (Our international policy: guidelines to be followed). The report maintains that the supranational character of the European Communities must be developed and their institutions brought into balance. For this purpose the Commission had to have a greater say, and the European Parliament real powers. Democratic development called for a strengthening of the position of the Commission and of the European Parliament. The democratic foundations of the European Communities had to be underpinned by the direct election of members of the European Parliament.

The KVP's report advocates the admission to the Communities of other democratically governed European countries. At the same time, associations with other countries could help to bring about a more even distribution of prosperity. For associations in Europe, the necessary democratic principles must be in evidence. Associations outside Europe must be such as to fit into a world policy for co-operation in the field of development. The report draws attention to the need for a Community drive against air and water pollution within the six countries. This would provide a surer guarantee of healthy living and working conditions.

The events in Czechoslovakia - however serious and objectionable - were no excuse for not working to ease tension. Hence foreign policy should be directed towards:

- a) a settlement of the German question;
- b) armaments control and limitation in Europe with a view to the creation of a European defence system guaranteed by the United States and Soviet Russia:
- c) an overhaul of European policy with the emphasis on co-operation with all European countries.

According to the report, Western European integration policy should give powerful support to the policy of armaments control and disarmament. It also argues that the actual East-West confrontation must be emptied of ideological ballast. Normalization and expansion of relations between East and West was essential.

As regards the settlement of the German question the KVP consid-

ers it necessary:

- a) that the Oder-Neisse line be recognized;
- b) that the 1938 Munich agreement be annulled;
- c) that the German Democratic Republic be recognized under international law, with a simultaneous settlement of the special status of West Berlin, including the guaranteed right of access.

These measures called for a rapprochement of the four Powers.

The KVP report discusses European problems in detail in its section on NATO. It was to be hoped that Europe would set up an effective defence system. Certainly as long as this did not exist. NATO had to remain. NATO ought, however, to be reorganized. It ought to go on functionir, as a deterrent but its main purpose should be to deal with crises and bring about a détente. NATO had to become much more of a political organization. Sounder democratic relations ought to exist within it.

Constant pressure should be exerted on two of its members, Greece and Portugal, to induce them to adopt democratic policies.

There should be less secrecy and more information given about the activities of NATO bodies.

The KVP report expresses the hope that the European NATO members would become more united. On the eve of the meeting of the North Atlantic Council, the European allies should be able to get together. The KVP favoured a non-aggression treaty between NATO and the Warsaw Pact States as a step towards a European defence system.

Lastly, the Netherlands must be ready to accept any form of consultation that would help in dealing with crises, easing tension or controlling armaments.

(Nieuw Europa, March 1970)

III. ORGANIZATIONS AND GROUPINGS

1. The Chairman of the Hamburg Chamber of Commerce calls for the introduction of politics within the Community and a law on stability for the EEC

Delivering the traditional New Year speech to the meeting of 'Honest merchants' on 31 December 1969, Mr. Westerich, the Chairman of the Hamburg Chamber of Commerce, expressed the opinion that financial policy of the EEC countries should be included within a common structure as a part of the overall economic policy. For this purpose a European law on stability would be necessary in addition to a common central banking system so as to bind the Governments to adopt a comprehensive policy designed to promote stability. At the same time he advocated the introduction of politics into Community affairs. Every attempt to operate the EEC as an expedient economic union without politics was, he said, doomed to failure,

Today, according to Westerich, the conditions for establishing a central European banking system and a law on stability for the EEC countries are more favourable than ever before. There are several reasons for this. On the one hand devaluation of the pound sterling and the French franc coupled with revaluation of the D-mark have meant that the exchange rates for the major European currencies have to some extent been harmonized. On the other hand, in his opinion, the balance of payments position of Great Britain and France as well as economic development within the EEC give reason to assume that the currency parities are at present more realistic than they have been for a long time.

Westerich stated that the agricultural problems faced by the EEC in 1969 had clearly shown that partial integration was impossible. If it is now generally recognized that harmonization of national, economic and financial policy is necessary, every effort should be made to ensure this harmonization by institutional means. 'I have nothing against the small steps taken by the EEC of which we hear so much,' Westerich said, 'but I am afraid that if we continue to rely for too long on a policy of proceeding by small steps in the technical and economic sectors, this will lead us into a state of partial integration which will be fraught with various imperfections. We shall make no real progress unless harmonization is achieved in the areas of economic policy and politics.'

Westerich stated that one of the most promising developments in 1969 was the fact that the EEC summit conference in The Hague had opened up

prospects for negotiations on the entry of Great Britain and other countries. The theory that the EEC might be weakened by the entry of Great Britain had never been comprehensible to Mr. Westerich. An economic grouping which would be further extended by the addition of a great world-wide trading nation, a technologically advanced State and an interesting market of 55 million consumers could not possibly be weaker than before. Any weakening of the internal capability of the EEC to take action was linked with the question of the willingness of all parties to adhere to the principles of the Treaty.

(Die Welt, 2 January 1970; Handelsblatt, 2 January 1970)

2. Belgian workers favour a common policy for social progress

An editorial article in the January edition of 'La Tribune', the organ of the General Federation of Belgian Workers (FGTB), discusses the problem of what sort of Europe will be built and whether there is any intention of defining a common policy for social progress.

'Economic expansion and social progress are simply two inseparable elements of a single objective to be achieved by a single line of action.'

The Community institutions were not merely established to promote the expansion and modernization of production; they also have an identical obligation to 'progressively improve and harmonize the conditions of life and employment of all workers' (Article 3 of the Treaty).

Experience has proved that these institutions had at their disposal the means to enable them to perform this mission effectively in the shape of agreements between the workers' and employers' organizations or between governments. The relevant workers' organizations are actively involved in the preparation and implementation of these agreements.

This experience has not only proved the practicability of these means of action but also the valuable results to which they could lead, provided that there was a real will to make progress.

But experience has also shown the many difficulties to be faced and the responsibilities which implementing action entails.

The various efforts made towards this end have therefore been diverted from their objectives or drained of their material substance and the action of the High Authority on social questions has tended to concentrate more and more on research and studies from which no attempt was made to draw conclusions which might have a practical application.

In the economic area, the High Authority had certain powers which although they might well be considered inadequate were nevertheless considerable: e.g. the right and means to define general objectives, to carry out co-ordinated action for the retraining of workers and the conversion of business concerns, for promoting investment as well as certain powers to be used if the activity of the economy is disturbed.

These powers and means of action have generally been used in consultation with the workers' and employers' organizations.

To sum up, if there had not been a weakening of the will to take concrete practical action in the social area, the European Coal and Steel Community could have been at the origin of a Europe which would have sought and found its justification in the simultaneous and combined search for economic and social expansion.

The underlying spirit has undergone a progressive but radical change with the Common Market. Instead of seeking to achieve these objectives through action within an enlarged area of common economic policy, it is considered that they will be more or less automatically achieved as a result of the elimination of obstacles to the free movement of persons, property and capital within this Common Market.

Almost all of the Treaty of Rome and far too great a part of the daily activity of the Commission have been devoted to the elimination of these obstacles.

The definition of an agricultural policy is the only noteworthy exception; it was in any case more or less inevitable.

Be that as it may, instead of co-ordinated action to retrain workers and convert business concerns, we have a social fund from which each country wishes to take back with one hand what it has paid in with the other, and which even if it had worked, could only have done so after laying off workers by redistributing some of the expenditure to which this laying off would have given rise.

Recently a draft revision of the statutes of this fund has been published which does not seem calculated to improve its effectiveness. There is no prospect of action to improve and harmonize conditions of life and employment.

As regards relations between workers' organizations and the institutions of the Community, after noting that they are manifestly inadequate and insufficient to enable any form of co-operation to be achieved, there remains nothing else to say.

The problem has become still more pressing and important after the summit meeting in The Hague.

The member countries seem willing to move on from the mere elimination of obstacles to the free movement of goods towards an organization of economic life within the overall system by defining and applying common monetary, economic, energy and short-term financial policies.

But there is still no question of defining a common policy for social progress.

At this stage we are faced with the essential problem: either Europe is to be built or it is not. The whole problem is one of basic intentions.

Unless all action is once again effectively based on the spirit which saw the creation of the first European Community, all the conditions of activity will be harmonized with the exception of conditions of employment and the latter will simply be left to adapt themselves to the economic conditions which have been created.

Similarly, if European policies continue to be defined by the procedures which have now become conventional, the workers' organizations will

be alienated from the authorities which tend increasingly to take the decisions which matter.

(La Tribune, No. 2, January 1970)

3. Joint statement by Italian trade unions on agricultural policy

Three Italian labour unions, the CGIL, CISL and UIL have drawn up a joint statement on agricultural policy.

This reaffirms the right of the trade unions to a say in framing national agricultural policy. Given that the Mansholt Plan itself asserts the need to bring up the living standards of farmworkers to the level enjoyed by workers in other sectors, that aim could not be achieved through a markets and prices policy but only by (i) modernizing structures, (ii) allowing workers and the farming community in general a wider say in the processing and marketing of agricultural products, and (iii) reducing costs of farming equipment.

All those employed in agriculture must play an active part in the process of modernizing production. The general increase in the area of farms must be accompanied by suitable measures, if need be of a compulsory nature. As to farm surpluses, the surest means of establishing a balance between supply and demand was (i) to increase the purchasing power of the masses so as to eliminate under-consumption of certain products, (ii) to take concerted action on prices, markets and structures so as to enable individual areas to specialize in the type of production for which they were best fitted and so as to bring production in general more closely into line with the needs of the consumer, (iii) to foster a balanced expansion of trade with all countries, fighting any tendency to make the EEC a self-sufficient market.

The statement closes by calling on the authorities to enter into wide-ranging discussions with the trade unions with a view to ensuring:

- a) the preparation of an efficient programme, broken down by areas and regions, jointly with all those concerned but particularly with agricultural workers:
- b) revision of the present provisions on farm tenancies, and the conversion of farms operated under leases and share cropping agreements into self-owned

- farms, preferably on a collective basis; or, if the present operators so desire, the granting of long-term leases;
- c) effective measures to make the system of landed property more flexible, such as expropriation of absentee landlords;
- d) a radical change and democratization of the structures, functions and activities of agricultural unions and consortia;
- e) conversion of the AIMA(Association for aid to the agricultural market) into an effective tool for market regulation;
- f) rules to encourage and support the formation of voluntary associations of producers open to all concerned in the various areas;
- g) reform of the employment system, in which workers' representatives would have the decisive say;
- h) alignment of social security conditions in agriculture to those enjoyed by workers in other branches of the economy;
- i) a new structure for financing agriculture out of public funds, superseding the stop-gap systems of the past;
- i) effective participation of the trade unions in determining Italy's position at the forthcoming Community negotiations on the Mansholt Plan and regarding EEC policy in general.

(L'Unità, 20 January 1970)

4. Poland would like to see a development of industrial co-operation with the EEC

Professor J. Soldaczuk, Director of the Foreign Trade Institute at the Warsaw University for Planning and Statistics, stated on 29 January 1970 to the Düsseldorf Chamber of Industry and Commerce that the development of mutual industrial co-operation was one important way of improving economic relations between Poland and the EEC countries.

Mr. Soldaczuk, who was addressing the Polish Economic Conference in Dusseldorf, emphasized that past experience had not always been satisfactory. New departures were necessary. Poland had made changes in

the organization of its people's economy and in the planning and management system. These changes would create better conditions for the development of industrial co-ordination, both among the different branches of industry within Poland and in exchanges with Eastern and Western Europe.

To develop more extensive East-West trade, it remained necessary for the most-favoured nation clause to be applied by the countries of Western Europe in their trade with the Socialist States of Central and Eastern Europe. Poland is one of the Socialist countries to which the most-favoured nation clause applies in Western Europe but it is only invoked in customs matters and not as regards quantity limitations. However, since the EEC countries still apply quantity limitations to trade with the Socialist countries although these limitations have been abolished for the capitalist non-member countries this fact must be considered as discrimination against trade with Poland.

In an interview published on 8 March 1970 in the newspaper 'Zycie Warszawy' the Polish Foreign Minister, Janusz Burakiewicz, expressed his disappointment at the progress made so far in economic negotiations with the Federal Republic. Mr. Burakiewicz highlighted the Polish desire for liberalization of German imports from Poland and increased industrial cooperation. He emphasized that the example of the long-term agreements which Poland had concluded with France and Italy showed that the Federal Republic could also solve the problem of liberalization of its imports from Poland on a bilateral basis in the long-term trade agreement which was being worked out; the EEC provisions would not be an obstacle to this.

(Aussenwirtschaft, No. 5, 1970, pp. 107-108; Die Welt, 9 March 1970; Handelsblatt, 30 and 31 January 1970)

5. The agricultural policy programme of the Confagricoltura (General Confederation of Italian Agriculture)

On 30 January 1970 Dr. Diana outlined the agricultural policy programme that had been approved by the presidential committee of the Confagricultura.

A modern agricultural policy called for clearly identified objectives set in a short-term and in a long-term context. Hence the two aspects of an economic policy for agriculture: structures and guaranteed markets and

prices.

A policy for modernizing agriculture based on the Mansholt Plan must provide for: (i) common aims at Community level but intervention at the regional level; (ii) participation of all concerned; (iii) mobilization of productive factors and overhaul of association facilities; (iv) a close connexion between agricultural development and extra-agricultural activities. The policies of guaranteed markets and prices had been shown to stimulate agricultural development bringing to the public larger and larger quantities of foodstuffs at steadily falling prices. It would be inconceivable at a time when Italian agriculture was being called upon to make a real effort to modernize its structure, to give up market support, even if this ought to be given a more efficient form.

Dwelling for a moment on social policy, Dr. Diana said that its main purpose should be to standardize social support for farmers at the expense of the Community as a whole, on the principle that social charges should be met out of taxes. The reform of the social security system would also come into this plan.

The main points of the short-term agricultural policy programme can, according to the Confagricoltura, be summed up as follows:

- a) A pledge to draw up a structural policy which, following the guidelines of the Mansholt Plan, aimed at making agriculture more efficient and more competitive. Here the Community's financial commitment should be on a par with its commitment in respect of guaranteed markets, thus offsetting the charges borne by Italy in financing the surpluses of other member States. This structural policy would include the revival of the 'Green Plan', which was designed to eliminate any distinction between producers except on the basis of the efficiency of the farm or of the possibility that support would make it efficient;
- b) This overhaul of the structure of Italian agriculture ought to be accompanied by a fresh undertaking by the Community to accord a sufficiently high level of preferences to the main products of Italian agriculture, while agreeing on the need to make adjustments in the relative prices of products now receiving support, so as to achieve a better balance between supply and demand and reduce surpluses;
- c) Reform of legislation on co-operative farming so as to increase its economic potential while respecting its collective character. The main points in this reform are (i) a higher level of financial participation, (ii) a better return on capital invested, (iii) improved prospects for recovering this capital in the event of liquidation, and (iv) a more flexible application of

- the individual vote system. At the same time a closer study should be made of other forms of agricultural enterprise already operating in other member States;
- d) Presentation of a bill on producer associations, with an eye to associations on various levels (basic and regional associations and associations covering specific sectors, etc.); a distinction should be made between legal and functional duties as between the associations themselves on the lines already suggested in the Mansholt Plan and in various Confagricoltura papers;
- e) Defreezing of agricultural contracts so as to bring them up with the times, and more widespread use of the farm rental system as an effective means of restructuring agriculture;
- f) Carrying through the reforms of the Ministry of Agriculture, the Association for aid to the agricultural markets and the development institutions, particularly as regards research, experiment and technical assistance, gearing these bodies to their new support and planning tasks and strengthening their structures and co-ordinating roles along the lines already discussed;
- g) Reform of the agricultural credit system, making it more efficient by allowing greater participation of all concerned, simplifying its procedures and increasing its resources, and stepping up the financing of redevelopment programmes that dovetail with the aims of restructuring agriculture;
- h) Recognition of the urgent need of a greater and better co-ordinated effort for the preservation of the environment. This would take the form of special legislation aimed at making the best possible use of all the economic resources of hill and mountain areas not neglecting the possibility of combining the interests of the rural economy and of the tourist trade and of suitable provisions for soil preservation;
- New provisions aimed at better protection of the origin and identity of agricultural products and at improving methods of marketing them, in line with the practice in other member States, so as to increase the competitiveness of the agricultural sector while meeting the demands of the consumer;
- j) Introduction at all levels of the method of democratic participation and consultation especially as regards relations between public bodies and those directly concerned in drawing up directives for the new agricultural policy and for its implementation.

(Il Sole - 24 Ore, 31 January 1970)

6. General Confederation of Italian Industry on monetary problems in the EEC

The Confederazione Generale dell'Industria Italiana has published a paper on 'Monetary problems and the enlargement of the EEC'.

The aim of the paper is to focus attention on some of the more important monetary issues involved in enlarging the EEC. These are considered from the point of view of (i) resultant trends in the general economic policies of the countries concerned, and (ii) the repercussions and interrelations likely to result for the respective economic systems.

The paper makes a critical analysis of the Commission's memorandum on 'co-ordinating economic policies and monetary co-operation' and of the memorandum on the abolition of restrictions on the flow of capital. says that the main objections to the proposed monetary system for the Community stem from the conviction that the economic and cyclical policies of the member States have first to be adequately co-ordinated and harmonized. Taking the Commission proposals as a whole, there appeared to be an obvious imbalance between the cautious and optimistic proposals for co-ordinating the short- and medium-term economic policies and the proposals, by contrast quite specific for an automatically-operating monetary system. former did not appear to be binding enough. The Economic Affairs Committee of the European Parliament had pointed out that the concept of national sovereignty clashed head on with the aim of 'automating' economic policy by means of a Community credit mechanism. Such objections appeared to be Recent experience had clearly demonstrated that individual well-founded. member States found that their policies of adjustment:

- a) were difficult to decide, especially where Governments had first to obtain the approval of the Parliaments, overcome opposition from pressure groups, etc.;
- b) produced results that were always uncertain, either as regards their effects on economic trends or as regards the time it would take for these effects to make themselves felt:
- c) made it difficult for the Governments and Parliaments to take the necessary decisions at the right moment in the light of the political situation in the various countries (pre-electoral and post-electoral periods, political crises etc.) In the period 1968-69 there had been perhaps only a few months during which it had been possible for all the member States to take major economic policy decisions dictated not by urgent domestic needs but by Community requirements.

It did not seem likely that this state of affairs could be substantially modified by an attempt to bring about closer co-ordination of short- and medium-term policies in the EEC with the following observations on the completion, strengthening and enlargement of the EEC:

- a) A really efficient monetary union with a single currency is essential;
- b) This aim can only be achieved through a continuous, efficient and timely harmonization and co-ordination of the short- and medium-term economic policies;
- c) The achievement of these results, already difficult enough without further progress towards political integration, becomes even more difficult in the short term with the entry of other States and particularly Great Britain;
- d) There is a serious danger that even in the short term the progress made in freeing the movement of goods, services and capital in the EEC may gradually be wiped out by measures that member States may be forced to take to safeguard the position of their own currencies;
- e) The setting up of a single capital market in the EEC does not seem feasible in the present situation; and an economic union without a single capital market would be incapable of growth or, probably, of survival in the face of competition from the USA;
- f) The introduction, for the necessary period, of greater flexibility or freedom of exchange rates appears to be the lesser evil, and an efficient way of achieving the ultimate basic objectives;
- g) This is not to say that closer monetary co-operation by appropriate means could not make it easier to achieve the basic aim of harmonizing and coordinating economic policies and holding exchange fluctuations in check.

(Il Sole - 24 Ore, 4 February 1970)

7. The Chairman of the Federal Association of German Banks advocates a Central Bank for the EEC

Speaking in Vienna on 4 February 1970 the Chairman of the Federal Association of German Banks, Mr. Munchmeyer, emphasized that an economic union could only be achieved within the EEC if member countries were prepared to abandon certain features of their national sovereignty.

Negotiations for the entry of other countries, in the first instance Great Britain, had been made much more difficult by the Brussels decision on the financing of agriculture. It was very doubtful whether Britain could join until the problem of surpluses had been solved.

Efforts to achieve European integration would now have to concentrate primarily on monetary questions. Mr. Munchmeyer advocated a strengthening of the European Parliament and an extension of the powers of the EEC Executive based on a European law of stability. Structural differences within the EEC would have to be overcome with the help of a vertical and horizontal system of financial equalization, as was the case in the Federal Republic of Germany. Mr. Munchmeyer stated that the creation of a European Reserve Fund was a first major step in this direction. The next stage would consist in delegating supreme authority on matters of credit and monetary policy to a European Reserve Bank.

(Die Welt, 5 February 1970)

8. Confederation of British Industry issues a further statement on entry into the European Communities

In 1966 the Confederation of British Industry came out in favour of Britain's entry into the Common Market. In a report published at that time it stated: 'There would be a clear and progressive balance of advantages to British industry from membership of an enlarged EEC.'

At the end of 1969 the CBI published a further report on Europe. In presenting this, Sir Arthur Norman, President of the CBI, said that the desire to enter the Common Market was as strong as it had been in 1966-67, but not the desire to sign a blank cheque because the bill could be too high.

Sir Arthur Norman returned to the subject in speeches made in Cologne and Paris.

Speaking to the Anglo-American press in Paris on 9 February, he set against the 'formidable' short-term costs and risks to Britain of entry to the Common Market, the 'clear longer term advantages' and the disadvantages of non-entry.

Sir Arthur said the CBI had estimated tentatively that the balance-of-payments burden on subscribing to the common agricultural policy might rise to a peak of £400m in the late 1970s, falling to £300m in the 1980s. To balance it, there would be the fillip to industry given by access to a tariff-free market of approximately 200 million consumers, as opposed to the one hundred million in EFTA - half of whom were in Britain's home market.

At the moment, Britain was the only one of the traditional major trading nations without a free market of this size. Already, the pattern of her overseas trade had shown a marked change. Today, Europe, and the EEC in particular, was not only the largest market for British exports, but also that which showed the greatest potential for growth.

Sir Arthur suggested that what happened in Europe affected Britain, whether she was in or out of the EEC. If she was in, she could influence developments. The policies of an enlarged EEC must be outward looking. It was an illusion that national interests could be pursued in isolation.

Asked what he considered would be a realistic transitional period for Britain's entry, Sir Arthur said he suspected that the British and French ideas on the subject were directly opposed. Britain would like a fast and short transitional period for industry and a long, slow one for agriculture; France would like the opposite.

(U.K. Mission to the European Communities, 18 December 1969; The Times, 18 December 1969; CBI Report on Europe, 18 December 1969; Le Monde, 19 December 1969; VWD Europe, 5 February 1970; The Times, 10 February 1970; The Guardian, 10 February 1970)

9. Mr. Bonomi, President of the Farmers' Confederation, on the common agricultural policy

In recent statements Mr. Bonomi, President of the Farmers' Confederation, has pointed out that despite certain shortcomings, imbalances and time-lags, the common policy has, for the first time, provided Italian agriculture the wherewithal to stabilize markets and to support prices - basic safeguards for farm incomes. Italian producers were convinced that this

protection could be made more effective by developing marketing facilities and strengthening associations. For its part, the Government should streamline the bodies responsible for providing support.

Mr. Bonomi listed the following basic requirements for a progressive common agricultural policy:

- a) Rounding off and, if necessary, revising market regulations so as to increase Community preference in the interests of Italy's staple products;
- b) Continuing to support a level of prices consistent with the requirements of producers, bearing in mind rising costs due to technical and cyclical factors and greater capital investment on farms;
- c) Organizing products on economic lines by means of associations, reforming the law on co-operatives, stepping up the action of agricultural consortia, increasing the Community and State contributions towards the construction of equipment and other facilities and towards the introduction of management by association;
- d) Structural policy should be approached with an eye not only to larger farms but also to a sounder combination of production factors making for the best use of resources. At the same time it should be borne in mind that the family farm is part and parcel of Italian agriculture and cannot be done away with, and that its efficiency must be stepped up by means of a regional investment policy;
- e) A policy for increasing efficiency and boosting productivity taking in the occupational training of land workers and farmers and making technical assistance and information generally available to them;
- f) A sound incomes policy aimed at gradually eliminating imbalances between sectors and areas and establishing a better social security system giving absolute equality of treatment to all workers and enabling families operating less prosperous farms to share in the general rise in incomes.

On the basis of these points, the Farmers' Confederation calls for a thorough updating of Italian agricultural policy. 'We cannot accept that agriculture should pay the price of an inflation for which it is not responsible but whose adverse effects it already feels. We cannot accept that while there is a substantial improvement in the wages and living standards of the working class, pressure should be exerted on prices to the producer on the flimsy pretext that this will prevent a rise in retail prices. Nor can we agree with those who see in the enlargement of the Community and in the common com-

mercial policy a means of lowering the level of production necessary in Italian agriculture.'

(Il Sole - 24 Ore, 14 February 1970)

$\frac{\text{The British Trade Unions express reservations about British entry into}}{\text{the EEC}}$

At a conference on the Common Market at London University on 23 February, Mr. Vic Feather, Secretary-General of the Trade Union Congress, while admitting he was painting a possibly gloomy picture, said: 'It is up to the Six to decide whether they want a realistic negotiation or not.'

He added: 'It's up to them. I want the negotiations to succeed. But trade unionists don't call it negotiation if you've got to get down on your hands and knees.'

Even if the cost of entry could be brought down to the middle of the range of £1,100m to £100m (quoted in the White Paper on costs) experience showed how difficult it was to meet it. 'We ought to be careful that we don't negotiate a price which causes repeated devaluations, so that we become like an underdeveloped country, without the possibility of combining growth with a satisfactory (balance of) payments position.'

The West Germans would not like Britain to get into the position in which their national product was 50 per cent greater than hers. 'If the cost was at the top of the range, that is £1,100m, I think there would be few who would argue on economic grounds that we could or should join. A shift of resources from domestic to overseas claims on the GNP of this magnitude would be devastating to the economy.'

(The Guardian, 24 February 1970; Le Monde, 24 February 1970)

11. The German Conference of Industry and Commerce (DIHT) warns against rigid planning of the EEC policy on energy supplies

In a letter of 4 March 1970 to Mr. Schiller, the Federal German Minister of Economic Affairs, the German Conference of Industry and Commerce (DIHT) gave a warning against rigid planning of EEC policies.

The DIHT is afraid that State directives may be introduced governing imports of mineral oil and establishing centralized national control of investments in the mineral oil, natural gas and electricity sectors. These fears are based on two draft regulations prepared by the European Commission in Brussels. One of these provides for compulsory notification of proposals to import mineral oil, while the other requires energy producers to notify their investment projects.

The DIHT has 'grave doubts' about the merits of both these proposals. The notifications which companies would be required to make are evidently intended as the basis for later supply programmes established by the EEC, which would enable the State to intervene in the supply and investment policy of individual companies, either by consultation, recommendation or 'suitable common procedures'. In its letter to Mr. Schiller the DIHT merely emphasizes the concern which it already expressed in August last year.

The DIHT also feels that the requirement to register all plans to import oil is undesirable because it would be impossible to draw up a general supply programme for the EEC as a whole on the basis of the supply programmes of individual importers. This is due to the fact that the large number of importers of mineral oil which are generally medium-sized companies, do not have supply programmes prepared even one year in advance, but simply make flexible arrangements for their imports as a function of developments in supply and demand on the market. Through their initiative, private importers have shown that they are able to weather even the most severe crisis. There is therefore no need either for national control over imports or for regulation of supply. There are already enough general statistics to obtain the necessary full picture of the market.

Brussels is working towards a European investment policyfor transport, marketing and production of mineral oil within the framework of a common energy policy. This was the purpose of the two proposals presented at the end of last year, according to which imports of mineral oil and mineral oil products and especially investment by the oil processing industry would have to be notified in future to the European Commission in Brussels. These

proposals certainly did not aim to achieve a genuine control over investments or the establishment of binding directives for investment. On the contrary, the underlying idea behind the common energy policy was that the market itself should remain the basic instrument for regulating the energy economy.

(Handelsblatt, 5 March 1970; Frankfurter Allgemeine, 5 March 1970; Industriekurier, 7 March 1970; Die Welt, 5 March 1970)

12. Proposal by the German Trades Union Congress (DGB) for a European monetary union

The Executive Committee of the German Trades Union Congress put forward a three-stage plan for the establishment of a European economic and monetary union within the EEC on 16 March 1970, in Saarbrücken. Mr. Vetter, Chairman of the DGB emphasized at a press conference that the creation of such a union required co-operation by all the independent administrative authorities within the Community.

According to the DGB an economic and monetary union could only function adequately if its various bodies have effective authority to take decisions. It would also be necessary to ensure that currency parities are always maintained between the member States.

According to Vetter's statement, the plan which would be implemented in successive stages made provisions for increased consultation on interest, credit and monetary policy - especially before changes were made in exchange rates - within the Monetary Committee and the Commission of Governors of the Clearing Banks; implementation of the plan would have to be preceded by the introduction of a European currency unit to be used concurrently with the currencies of the member States. It would also be necessary to undertake a general revision of the Community treaties and the law deriving from them, by merging the Communities established under the Treaties of Paris and Rome. In the opinion of the DGB national forecasts and proposed measures will have to be harmonized among the member countries on the basis of a common annual economic report by the Commission, which would be developed in the same way as the national reports.

(Handelsblatt, 18 March 1970)

13. German industry advocates the principle of supranationalism in the EEC

The Cologne Industrial Institute speaking on behalf of the leaders of German industry on 19 March 1970, took the present state of European integration policy as an occasion to advocate the elimination of certain national sovereign rights and the transition to supranationalism in the EEC. Once again the German wishes were addressed mainly to France. However, the statement was also intended for Great Britain which would like to join the EEC without subscribing to German ideas of supranationalism.

According to the German industrialists, progress made by the EEC towards economic and currency union will have to be accompanied by greater emphasis onsupranationalism in decisions on financial and economic policy. At the same time the responsibilities of the EEC Commission would increase in its task of 'seeking a balance between the national interests of member States as an honest broker.' It was understandable that the President of the EEC Commission, Mr. Rey, had demanded greater mobility for the EEC Executive as well as the abolition of the right of veto. In view of the loss of sovereignty associated with the creation of an economic and currency union, it was desirable to depart from the principle of unanimous voting and to take administrative decisions by majority vote in future.

Previous experience showed that it would always have to be expected that governments would make certain reservations if the power to take decisions on economic policy were increasingly delegated to Brussels. This was understandable because of the differing state of development within the member countries; the differences were still fairly substantial. However, it was also clear that without this 'great leap forward' harmonization of economic policy and economic development would be impossible. The EEC was still 'only a collection of individual markets and not much more than a customs union.' Financial and fiscal policy, as well as credit and structural policy were still being defined in the national capitals.

The Industrial Institute complains that nationalism still prevails and that there is insufficient co-ordination. The political will of the EEC partners to achieve European unification which was confirmed at the summit conference in The Hague, must now become a reality.

(Neue Zürcher Zeitung, 21 March 1970)

At the Community and International Level



I. COMMUNITY INSTITUTIONS

1. Mr. Mansholt, Vice-President of the EEC Commission, announces a new agricultural programme and warns against illusions on agricultural policy

Mr. Mansholt, the Vice-President of the EEC Commission responsible for agricultural matters, announced in Hanover on 23 January 1970 that a second version of the agricultural programme which has come to be known as the Mansholt Plan would probably soon be presented to the Council of Ministers.

It would contain alterations resulting from hundreds of discussions. For example, in the new version the future size of farms – which had been a subject of lively discussion – would no longer be indicated in numerical terms. It was more important for European agriculture to develop farms which could earn an adequate gross return, and here the question of specialization was important. Mr. Mansholt did not conceal his opinion, however, that farms with an area of 50-70 hectares (120-170 acres), which were still able today to achieve earnings comparable to those of industry would no longer be adequate in five years time and would have to be expanded. This was not a task to be completed in a few years but a programme which would have to be implemented in complete freedom. In particular, major efforts would have to be made by the agricultural organizations.

An effective programme of restructuring would be no more expensive than agriculture already was to the Governments. Mr. Mansholt criticized the attitude of the Federal Republic which alone had objected to the sum considered necessary for structural changes in the five-year programme.

Mr. Mansholt emphasized that it would not be possible for European agriculture to increase its prices in the near future. This should be made clear and the appropriate conclusions drawn.

The only remaining possibility was to reduce costs, and for this purpose structural changes would have to be speeded up.

If it was simply believed that agricultural prices would rise by 10 to 15 per cent over the next decade then a common approach within the Community would no longer be possible. To give one example, the price of butter

would have to be reduced by at least 30-40 per cent to eliminate the enormous stockpiles. This should not be done at the cost of the farmers but perhaps by means of subsidies on the English pattern. So far, however, it had not been possible to reach agreement on this point.

In an interview given to the 'Nieuwe Rotterdamse Courant' Mr. Mansholt, Vice-President of the European Commission, explained his changed view of European agriculture. 'The main change will be that in assessing the viability of a farm the exmphasis must be shifted from "area" to "product ion capacity". It is not possible to classify farms accurately by area. It cannot be said that a farm of 10-20 hectares would be too small under any circumstances, or even that one of 100 hectares is bound to be efficient. All depends upon the farm's production capacity. Hence we are going to classify farms by the gross output that can be achieved on them.'

Asked if this meant that farms engaged in intensive cultivation of a limited area could still survive, Mr. Mansholt said that it did. 'It all depends on the results the farmer can achieve. And here specialization can be of decisive importance as it also makes for high productivity on a small area. The concepts "small farm" and "large farm" should be based not on the number of hectares but on productivity.'

Interviewer: 'When the agricultural policy was drawn up in 1958 it was laid down as an aim that the family farm should be maintained. this now be regarded as superseded? Do we still hear much about family farms?' Mr. Mansholt replied: 'What is a family farm? Does this word still have any meaning for us? The concept is gradually dying out. is not families that work on these farms but simply farmers operating on their own. Fifteen years ago the farmer, his wife and his children still had their hands full. Now the farmer can cope without his family thanks to machinery and hired labour. But that too is not a satisfactory situation. In farming the soil operator can still manage and have time on his hands at certain times of the year. But when it comes to livestock the situation is different and more difficult: cows need to be looked after all the time and no farmer can go on doing this on his own indefinitely. This is why one-man farms will have to go and a start could be made on co-operative farming.'

In reply to the remark that the aim remained the withdrawal of land from cultivation, Mr. Mansholt said: 'Within the foreseeable future at least five million hectares of land must be taken out of cultivation and the numbers of livestock reduced.'

Mr. Mansholt was asked what would be done about people forced to leave the land, first when the area cultivated was reduced, and second, when farms were enlarged. He replied: 'In any case we can pension off all farmers aged over 50, and that is a lot. It will have to be a good pension and that will cost a lot, but the present agricultural policy costs even more.'

Interviewer: 'But these people must find new employment? Many of them are still too young just to do nothing for the rest of their lives. How can we find a place for them in the production process?' Mr. Mansholt replied: 'The EEC naturally cannot consider creating new jobs. Jobs cannot be increased artificially. We are therefore dependent on an increase in jobs in other branches of the economy. But the exodus from the land will stretch over many years, and we must rely on the economy's having sufficient absorption capacity.'

Interviewer: 'Now you want to encourage the drift from the land by cutting prices for wheat, milk and sugar-beet and by reducing national sugar-beet quotas. Can the aim be achieved in this way? Will farmers not be induced to increase output if prices are cut?' Mr. Mansholt said this was possible. He was convinced that small price cuts would lead to no reduction in output. 'But we cannot contemplate drastic cuts of the order of 30-40 per cent for this would lead to a revolt. The purpose of the price cuts proposed by the Commission is to face the farmer himself with the results of producing surpluses. The EEC's financial responsibility is diminishing with the fall in guaranteed prices. A large cut in the price of butter will however be necessary simply to get rid of our stocks. The cost of this will have to be borne by the Community, there being no alternative.'

Mr. Mansholt urgently appealed to some 300 delegates of the Farmers' Union in Bad Godesberg on 19 February 1970 to face the facts of agricultural development and have no illusions about the future.

He warned against glossing over the real situation and relying on a general increase of agricultural prices. This was impossible in the present state of the market. The EEC Commission was also in favour of price increases, but it was necessary first to create a market situation which would make for an 'active price policy'.

The present butter surplus in the EEC was some 300,000 tons (annual consumption 1,100,000 tons) and the milk powder-surplus about the same. In

1969 some 8m tons of soft wheat remained in stock (a surplus of 4.5m tons having been carried forward from the previous year). For more than one year the ministers of agriculture in Brussels had been unable to take any effective decisions on the elimination of these stocks.

Mr. Mansholt confirmed that part-time farming - whether as a main, or as an ancillary occupation - would play a larger part in the new plans of the EEC Commission, and that 'viability' rather than size would be the criterion applied. By definition, a viable farm-unit ought to guarantee an income comparable to that in other sectors. It should, for example, be able at present to bring in 'comparable earnings' of DM3,000 per year, a figure Mr. Mansholt believed would already be doubled in ten years' time.

Mr. Mansholt's theory that a lasting increase in farmers' income could not be achieved in the next few years by raising agricultural prices but only by improving the structure of farms was hotly disputed by some other speakers. In his opening speech Mr. Heereman, Chairman of the Farmers' Union, had stated that the Union would oppose a further reduction in current prices with all the means at its disposal. Agriculture would push through its demands to the Federal Government and the political parties for a progressive increase in farm prices to bring them up to the earlier German level.

Mr. Heereman warned against considering structural policy as a miraculous means of improving the state of health of agriculture. Such a policy was necessary but could only serve to supplement a price policy. Above all Mr. Heereman called for identical rules of competition within the EEC agricultural system.

The fighting speech of the day was given by Mr. Edmund Rehwinkel, former chairman of the Farmers' Union. He introduced into the proceedings that demagogic note for which he has become well-known and which won him the vigorous applause of everyone present. Mr. Rehwinkel denied that there was over-production of cereals. He criticized Mr. Mansholt for pressing forward too fast with the reduction of transitional periods and the harmonization of prices.

(Nieuwe Rotterdamse Courant, 6 February 1970; Die Welt, 20 February 1970; Frankfurter Allgemeine, 24 January and 20 February 1970) 2. Statement by Mr. Raymond Barre, Vice-President of the EEC Commission, on problems associated with the completion and strengthening of the Communities

In January Mr. Raymond Barre, Vice-President of the Commission of the European Communities, addressing the French Chamber of Commerce and Industry in Brussels, referred to problems associated with the completion and strengthening of the Communities.

Mr. Barre recalled that on 31 December 1969 only a relative stage of completion of the Communities had been reached, in spite of important decisions on a definitive financial settlement, the granting of independent revenues to the Community and a corresponding increase in the budgetary powers of the European Parliament. Having regard to the provisions of the Treaty of Rome concerning the transitional period, it was obvious that 'the Communities have only been partially completed because there is as yet no provision for full freedom of establishment, free movement of capital or common social and transport policy, to mention only the most important areas of common Even if the notion of completion were limited to the common agricultural market the creation of a permanent financing system for the common agricultural policy was not entirely satisfactory. The Community had not in fact specifically solved the problem of agricultural objectives or defined the means of achieving these objectives.' The free movement of agricultural produce and the support for surpluses do not provide a solution to problems such as 'the position of agriculture within the economic development of the Community, the type of agriculture which should be encouraged to comply with the economic conditions and social aspirations of our age and the action which must be taken to ensure that farms are viable while farmers have a satisfactory income. 1

According to Mr. Barre, the memorandum adopted a year ago by the Commission and the present discussions on the control of production prove that a genuine agricultural policy still remains to be developed ... But the time had come to recognize firstly that the future of the Community lay with the development of its industry, and secondly that a powerful and dynamic industry is the precondition for a satisfactory solution to the problem of agriculture within the Community and holds out the best chance of prosperity for agriculture.

Going on to the problems raised by the strengthening of the Communities, Mr. Barre felt that the decision taken at The Hague to develop a plan for economic and monetary union evinced the realization that differences in policy in this area might nullify all the efforts towards unification in other areas.

'The time has come for action. My own experience over the past few months of the gap between statements of principle and concrete achievements naturally makes me inclined to adopt measured attitudes. I have only too often been told that my own proposals for economic harmonization and monetary co-operation were cautious and that bolder proposals were needed! What is the objection to being cautious? Or is there more to these proposals than meets the eye?

Attitudes must change before a common economic and monetary policy can be achieved. It is no longer merely a question of eliminating quotas and customs duties but of building a coherent, economic, financial, industrial and monetary whole; common policies must be developed through the progressive harmonization of national policies. It is unrealistic to think that federal structures which would allow financial harmony to be achieved within the Community can be established quickly. The only path open is that of acceptance by the member States of common disciplines which would allow economic policies to be standardized and common action taken in order to reduce the structural disparities between member countries.'

After recalling the arguments used by the advocates of integration and those who favoured mere co-operation Mr. Barre stated: 'During the last ten years, the countries of the Community have recovered their prosperity under widely varying conditions while the international climate has become less tense; they now have some influence in the world again. Under these conditions the development of a united Europe going beyond the existing achievements implies a will which must be all the more strong as other options are open; the creation of an economic and monetary union will call for much greater compulsion than has been necessary to achieve the objectives pursued hitherto.

Let us not be deluded! The intensification of exchanges has led to an interpenetration of markets and a growing economic interdependence within the EFC. There is no integration in the strict sense of the word on the level of structures and policies; this is true even in the agricultural sector because the major aspects of agricultural policy continue to be dependent on national sovereign rights.'

The achievement of economic and monetary union will also have international implications. 'The achievement of economic, monetary and financial unity in Europe will lead to a rethinking of the international system which was built up around the United States after the Second World War... It is probable that the existing balance of forces will alter as the Community becomes stronger. There will then be changes resulting from the appearance of a compensating power in international economic relations. Will these

changes be desirable and acceptable? There is no doubt that this will be a test of the genuine European will of our countries.'

(Bulletin du Centre d'informations internationales, 30 January 1970)

3. Mr. Wilhelm Haferkamp, a German member of the Commission of the European Communities, discussed future tasks of the EEC in Berlin

From the Brussels standpoint, the results achieved by the summit conference in The Hague continue to have a decisive influence on the situation of the EEC. The conference has proved a major turning point. This was stated by Mr. Wilhelm Haferkamp, a member of the EEC Commission, at a press conference during his visit to Berlin on 26 February 1970. The stagnation which had prevailed hitherto had now been overcome; there were, of course, still problems, but many things had become easier. The Hague conference had 'started the ball rolling'. The statements published after it ended were not merely 'a well-phrased communiqué' but revealed a genuine political will.

Extensive preparatory work was being done on the applications for membership by new countries, and the Commission was helping to supply necessary information and documentation. Mr. Haferkamp expressed his conviction that the date for beginning negotiations, i.e. the middle of the year, either before or after the holidays, was certainly feasible, as had been agreed in The Hague. In answer to questions, Mr. Haferkamp stated that it was expected that new countries could join the EEC in one to two years time; this was a practicable time schedule. Institutional problems would probably be easier to solve than agricultural questions.

Referring to his special area of interest - energy problems - Mr. Haferkamp stated that the need here was to create the concept of a common energy market. Distortions should be eliminated in this area and a world-wide procurement policy introduced.

The obligation contained in the 'common declaration on Berlin' in the EEC Treaty to take all measures necessary to facilitate the economic and social position of Berlin, to promote its development and ensure its economic stability is felt to be an urgent task by the EEC Commission. This was stated by Mr. Wilhelm Haferkamp in a lecture which he gave in Berlin at the invitation of the Chamber of Industry and Commerce.

The speaker summarized the results of The Hague summit conference and the major decisions which had since been taken by the Council of Ministers. In this context he emphasized that the assurance of the future of Euratom, the arrangements for agricultural financing, including special funds for the Community and cert ain budgetary powers for the European Parliament, as well as the foundations of a common trade policy towards countries in which trade was State-controlled, were all first steps towards cooperation in the area of currency policy and co-ordination of medium-term economic policy.

According to Mr. Haferkamp, the Community was faced with the following main tasks in the immediate future:

- a) Development by the summer of 1970 of a plan for step-by-step achievement of the economic and currency union.
- b) Progress towards harmonization of taxation.
- c) A common policy in the area of nuclear and non-nuclear research on the basis of modern management methods as well as a convincing, flexible division of tasks between the public and private sector.
- d) Development of common concepts for an industrial policy.
- e) Decisive progress towards a common policy of agricultural structures and improved balance of the agricultural markets in order to eliminate problems of surpluses.
- f) Commencement of negotiations before the summer recess with countries which wish to become members.
- g) A more precise definition of the objectives of the European Communities as regards trading policy.

Mr. Haferkamp is convinced that the necessary political conclusions must be drawn from the significance of the further development of the European Communities by providing suitable institutional mechanisms and, above all, by strengthening the role of the Commission. In addition the willingness must remain to progress in stages towards the abandonment of national sovereignty.

(VWD-Europa, 27 February 1970)

4. Speaking in Baden-Württemberg, Jean Rey, the President of the EEC Commission, expressed his conviction that there will be an elected European Parliament by the end of this decade

'I am convinced that we shall have a European currency and an elected European Parliament by the end of this decade,' stated Jean Rey, the President of the Commission of the European Economic Community on 3 March 1970 in Stuttgart.

Rey, who was on a visit to South West Germany where he toured industrial installations and discussed structural problems of agriculture at the University of Stuttgart-Hohenheim, based his hopes for successful future development of the Common Market primarily on the progress made at the EEC summit conference held in The Hague in December 1969. To strengthen European institutions, Rey would like to see a statute granting wider powers of management to the European Commission in Brussels for all sectors of the economy, by analogy with the procedure which has already been adopted in the agricultural sector. Rey is confident that there will be an elected European Parliament in the foreseeable future because pressure in this direction will grow increasingly strong from the national Parliaments.

Rey repeatedly stated that the EEC countries must abandon 'the wretched Luxembourg Protocol of 1966' (which had retained the principle of unanimous voting on decisions taken by the Council of Ministers). Even if France continued to raise difficulties on this matter, a compromise was not impossible, especially as the question would have to be broached again in negotiations for the entry of new members to the EEC.

In Karlsruhe, the President of the EEC Commission expressed his dislike for the idea of integration of the four European research centres in Geel, Ispra, Karlsruhe and Petten. During his official two-day visit to Baden-Württemberg, Rey stated at the Karlsruhe Nuclear Research Centre on 4 March that a restructuring of the Euratom Research Centres was desirable. He did not, however, believe that it would be useful to combine the research centres in a single location. After the results of The Hague Summit Conference, Rey had real hopes for the future development of Euratom, as he told the Association for Nuclear Research on 5 March.

(Handelsblatt, 4 March 1970; VWD-Europa, 5 March 1970)

II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. The Tenth International 'Green Week' in Berlin

At the opening of the Tenth International Green Week in Berlin on 30 January 1970, Mr. Ertl, the German Minister of Food, stated that German agriculture must prepare itself to face the challenge of international competition; it must continue to increase its productivity, not in order to produce more but to cut production costs. Mr. Ertl also asserted that German agriculture had been provided with a weapon of market policy – in the shape of the law on market structures and the common sales promotion company, Cema – which promised to make for successful results in face of the competition. It was evident that this competition would become keener with the proposed expansion of the EEC.

Mr. Sedati, the Italian Minister of Agriculture, stated that the basic problem facing the EEC was to control agricultural surpluses, and emphasized that it was essential to avoid building up further surpluses.

Mr. von Feury, Vice-Chairman of the German Farmers Union, criticized the European Commission for dramatizing the risk of surpluses of agricultural products. He did not wish to play down the present position as regards surpluses, but it would surely seem paradoxical to the general public 'that in an age of space travel it is impossible to transfer surplus foodstuffs from the western world to the developing countries which are fighting the problem of hunger.' Mr. von Feury decisively rejected the Commission's price cutting plans. The Association would oppose with every weapon at its disposal any suggestion that German farmers should accept a further reduction in the price of corn - which would be the third cut in four years.

The French Minister of Agriculture, Mr. Duhamel, speaking in Berlin, emphatically advocated an extension of the EEC. Above all, a means must be found to overcome the difficulties which were impeding Great Britain's access to the EEC, because England's entry was of decisive importance to the future development of the Community. Addressing the German World Economic Association on the occasion of the 'International Green Week' in Berlin Mr. Duhamel supported an improvement of relations between the West and East, but at the same time hoped to see existing impediments to trade between the EEC and the United States removed.

The Vice-Chairman of the European Commission, Mr. Mansholt, once again spoke out in very vigorous terms in Berlin in favour of European unity and called upon the EEC countries and other potential member States not to fall victims of 'narrow-minded individualism'. Mr. Mansholt emphasized his concern at the growing risk of provincialism in the EEC and western Europe. He called upon the member countries of the EEC to make serious and concerted efforts to define a common currency and financial policy: 'The mere facade of Europe is not enough.' Speaking of the entry of other countries into the EEC, Mr. Mansholt stated: 'We need these countries as much as they need us.'

In his Berlin speech, Mr. Mansholt repeated that the EEC Commission will modify its memorandum on the agricultural policy. In the new version of the Mansholt Plan, major attention will be given to part-time and ancillary agricultural activities. As Mr. Mansholt now emphasized, this form of operation would facilitate the structural change in the farming sector as a transitional stage, at least in the Federal Republic.

Mr. Mansholt emphasized that the EEC had admittedly made progress after the summit conference in The Hague but he did not hide his concern over the agricultural surpluses. In the last year the Council of Ministers had not been able to take any material measures to eliminate the surpluses. The mountain of butter, which weighed some 359,000 tons at the end of 1969, would probably grow to 380,000 tons in 1970 unless counter-measures were taken.

Mr. Mansholt spoke out strongly against quota arrangements of the kind proposed by the German Farmers Union. The introduction of a quota system would shelve the problem rather than solve it. The national quota would lead to a regulation of individual agricultural production and would therefore reduce farmers' earnings in exactly the same way as price cuts. Effective control would be impossible if q_1 otas were fixed on the basis of previous production, this meant that those farmers who had produced large amounts of milk in the past (the Dutch, for example) would receive preferential treatment.

(Frankfurter Allgemeine, 31 Ja uary 1970 and 2 February 1970; Die Welt, 31 January 1970 and 2 February 1970; Industriekurier, 3 February 970)

2. Creation of an organization to defend the interests of family-run farms in the Common Market countries

The 'Commission for permanent co-operation between organizations established to defend the interests of family-run farms in the Common Market countries' was founded in February 1970. The delegates of these organizations - which are not represented on the Committee of Professional Agricultural Organizations (COPA) - adopted a joint resolution.

They stated that the decisions taken by the Council of Ministers of the Common Market countries on the subject of agricultural financing in fact mean that the preferential system has been definitely abandoned within the Community; this in turn can only result in family-run farms being faced with the cost of reabsorbing surpluses (for which they are not responsible and from which they will not benefit) and in aggravating the policy followed hitherto, namely the policy to assist concerns which convert and market agricultural produce to the detriment of producers and consumers of this produce.

They also observe that the options taken both at The Hague and in Brussels led to implementation of the Mansholt Plan both as regards the reduction in production prices and the gradual disappearance over a fairly lengthy period of family-run farms. They emphasize the part which the COPA organizations have played in this proces; these organizations lay an unjust claim to a monopoly in representing the farmers of the Common Market.

Faced with this situation, the Commission for co-operation will help European farmers to take action to reduce the cost of raw materials needed for agriculture, to grant aid to producers and not for products, to demand minimum guaranteed prices for production which will be equitable for family-run farms e.g. the granting of priority to family concerns, and to improve and harmonize social legislation within the Common Market.

It will also demand measures liable to improve the economic viability and promote the development of family-run farms e.g. the granting of priority to family businesses whenever agricultural land is to be put up for sale and rental, and the earmarking of aid and low interest credit for such businesses.

The Commission has submitted a request to the EEC authorities for representation on an equal footing with COPA in the consultative bodies of the Common Market.

(Le Soir, 11 February 1970)

3. Mr. Deleau, retiring Chairman of COPA (Committee of the Agricultural Organizations of the EEC) discusses British entry into the Common Market

Speaking to journalists attending the Seventh International Agricultural Week in Brussels, Mr. Deleau, retiring Chairman of COPA, said that the British White Paper on the problems involved in entry into the Common Market could be regarded as a shrewd move to bring the delegations of the Six face to face with two special issues: that of financial responsibility and that of Community preferences.

Although he agreed that Britain might be granted a transitional period in which to bring its agricultural policy into line with that of the Community, Mr. Deleau said that the European agricultural organizations, and on their behalf COPA had taken a firm stand on preferences, financial responsibility and prices. The negotiations would certainly not be easy but if Britain wanted to enter the Common Market, it would simply have to abandon Commonwealth preferences. The agricultural policy was a crucial factor for the enlargement of the Community. The effects of Britain's entry on its agriculture and on its pricing system should be considered not in isolation but in relation to the benefits to the British economy as a whole. It had so far been difficult to decide the length of the transitional period that Britain might be granted but Mr. Deleau suggested that five years might be sufficient.

With regard to modernizing the structure of agriculture, COPA had reserved judgment on the Mansholt Plan, arguing that although it had positive features it had others that required clarification. The Community's financial responsibility for the prices policy should be unchallengeable and not sacrificed to the structural policy, which should be pursued by recourse to other financial resources.

(Il Sole - 24 Ore, 21 February 1970)

4. The European Movement and monetary unification

The group of monetary experts which the European Movement had instructed to reply to a questionnaire on problems concerning European monetary unification has made a statement on this question; the text of the group's replies was published in a Belgian daily on 24 February 1970.

The experts consider that 'no progress can be made towards European economic integration without unification of economic policy and in particular of the monetary policy of member countries of the Community. Disparities in price movements, of the kind noted in recent years, might in fact dislocate the European monetary system. Movements in the short-term economic position of individual countries become increasingly synchronized as the process of integration continues: these movements can therefore only be attenuated by common action.

The unification referred to above cannot be achieved by the activity, however creditable it may be, of the consultative committee established in accordance with the EEC Treaty, or by the multilateral agreement proposed in the Barre Plan. The consultative committee is neither a decision taking body nor a management body. The Barre Plan attempts to alleviate the imbalance caused by independent action of individual governments and to ensure a certain degree of co-ordination, but it does not provide the permanent instruments for a common policy. Nevertheless efforts made to co-ordinate short- and medium-term economic policy are both urgent and necessary but, to obtain permanent results, monetary unification is essential.'

On the subject of monetary policy the experts stated: 'The common monetary policy does not necessarily presuppose a single currency. Unification of monetary policy can be reconciled with the survival of currencies which are formally different, provided that these currencies are convertible at fixed rates of exchange. What is essential is the centralization of powers for control of the means of payment and credit: once such centralization has been fully organized, the determination of a single currency will be a simple measure reflecting the reality of a new monetary area established in Europe.'

The experts favour the creation of a monetary authority. It 'must be given increasing powers and resources. As regards the bank rate, this authority must have a decisive voice as soon as possible in order to prevent unco-ordinated national measures from leading to serious disequilibrium. It must also have the same powers to supervise the other credit regulating mechanisms, in particular the fixing of compulsory reserves to be deposited by commercial banks with the central banks; this will help to reduce disparities between the conditions of operation of the different banking systems. A part of these compulsory reserves of the commercial banks and, as stated below, of the exchange reserve of the central banks, will be transferred to the European monetary authority so as to give it the levers necessary to exercise its co-ordinating power and the means to make the monetary interventions intended to restore a satisfactory balance of payments for each member country or for Europe as a whole.'

The experts also feel that the European monetary authority could more easily assume its institutional responsibility and responsibility for certain tasks which would make its intervention more valuable, if a part at least of the gold and convertible currency reserves of the member States were In the opinion of the experts 'the central banks of each counlodged with it. try should continue to exist even when the European monetary authority has begun to perform all its institutional tasks. They could continue to operate in the same way as the federal banks in the United States: the system to be organized in Europe should be similar to the American Federal reserve system with the necessary adaptations. The central banks of the member countries should remain legally independent within the system. In this way a simple means would be obtained for exercising permanent control over the process of building up monetary reserves and credit with a view to ensuring the maximum stability for the Community; this would have beneficial effects not only for the balance of payments of individual member countries but also for the general balance of payments of the EEC. '

Referring finally to the independence of member countries vis-à-vis the Community, the experts consider that 'this independence will gradually be lost as a common monetary policy is adopted and the importance of a common budget with its own fiscal resources increases. On the other hand, the collective independence of Europe will be strengthened. The tasks entrusted to the States will necessarily remain important as in any federation. Everyone must be fully aware that the transition to a concentration of monetary policy and a federal budget goes hand in hand with the creation of political unity in Europe.'

(L'Echo de la Bourse, 24 February 1970)

5. The German Group of the International Chamber of Commerce and Nordek

The Annual Assembly of the German Group of the International Chamber of Commerce which was held in Stuttgart on 12 March 1970 devoted much of its time to problems of the EEC and Nordek.

'The stubborn determination of Danish politicians to bring about the Scandinavian Customs Union conceals the hope that a comprehensive alignment of Scandinavia with the EEC may be brought about in spite of Sweden's traditional neutrality.' This was stated by Maersk Mc-Kinney Möller, the Chairman of the Danish National Group of the International Chamber of Commerce. He added that the Nordek Customs Union will take effect in two phases begin-

ning in January 1972 and 1974 and it was anticipated with some degree of certainty in Scandinavia that the possibilities for a wider European order would be completely clarified before 1974. The Scandinavian customs union should therefore be seen as a kind of contingency arrangement which would be put into effect if negotiations for a wider Europe should fail. The customs duties levied by Nordek will not differ significantly from those of the EEC in the first phase so as to facilitate their adaptation to the common EEC tariff in the period lasting until January 1974.

Mr. Maersk Mc-Kinney Möller emphasized that the fundamental objective of economic co-operation should be the establishment of a single European market; this opinion was widely shared in Scandinavia. He also felt strongly that a Scandinavian customs union should strengthen the negotiating position in European discussions. Danish fears that smaller partners facing the Federal Republic of Germany within the framework of a freer movement of capital might come to be looked upon as mere 'frontier provinces', should be dispersed from the outset by the EEC.

Dr. Münchmeyer, Chairman of the Federal Association of German Banks, expressed the opinion that co-operation by the Scandinavian countries within the framework of Nordek would not strengthen their negotiating position vis-à-vis the EEC. In addition Nordek had made just as many mistakes as the EEC in its agricultural policy so that the results would probably be just as unsatisfactory. Dr. Münchmeyer continued: 'It is no longer a secret that a gulf, albeit vaguely defined, has opened up between the EEC and EFTA and does not particularly help to improve trade relationships.' He did, however, agree with the previous speaker that expansion was one of the most urgent problems facing the EEC. Only if Scandinavia and Great Britain were included would it be possible to prevent the nucleus of Europe from being hermetically sealed off from the world market. He concluded his speech with the comment: 'Only a united Europe will be able to counter the American and, who knows, perhaps later on a much more important Japanese challenge with a 'défi européen'.

Dr. Münchmeyer developed his 'survey of the future', with the argument that an economic union was linked with the abandonment of political autonomy by individual member States; this would probably come to be accepted by those countries which seemed willing to apply for membership. It was no exaggeration to state that the process of economic integration had been further stimulated since the summit conference in The Hague and that the EEC was not attractive enough to serve as the meeting point for a politically and economically united Europe.

(Handelsblatt, 13 and 14 March 1970; Die Aussenwirtschaft No. 13, 14 January, 26 March 1970, S. 315-16)

6. European Day at the International Agricultural Fair in Verona

Saturday, 21 March, was given over to European Day at the International Agricultural Fair in Verona. In an address delivered on that occasion Mr. Mario Scelba, President of the European Parliament, emphasized that the Community's agricultural regime was a reality and had to be accepted as such. But this did not exempt the Governments of member States from devoting their attention to agriculture. National agricultural problems had to be set in the context of a European Community that was bound to go on growing. But the future of national agriculture would depend on the ability of Governments to tackle the problems it raised, availing themselves in the process of Community machinery.

The existence of the larger market represented by the Community offered greater opportunities to every type of producer. At the same time, however, it faced them with new problems as regards competition and adjusting themselves to the Community's external prices. Consumers in the member States did not take kindly to marketing charges. In other words the compensating factor in farm incomes would in future depend more closely on solving the problems of structures, product quality, and distribution, of which producers' associations are the essential feature.

There was yet a further crucial problem to consider. This was that of the status of farmworkers, who could not be expected indefinitely to accept being treated as though their services were less important than those of other productive workers.

Mr. Vetrone, Chairman of the Committee of Agricultural Organizations (COPA) and member of the European Parliament, referred to the problems of agriculture and of the farming community the nature of which was highly specific and varied from area to area.

If these problems called for a common approach geared to the general aims of Community policy, they called equally, and particularly in view of regional differences, for specific activities and adequate machinery for carrying them out. This was particularly true of structural policy which, in its regional policy aspect, must, on grounds of efficiency, take account of marginal realities.

In drawing up area plans in the context of regional development plans for the Community, provision would have to be made for the farming community to have a bigger say in regional policy, both in its formulation and in its application.

'Mr. Vetrone went on to say that COPA continued to support a common agricultural policy which, as provided by the Treaty, would ensure an increase in the earnings and an improvement in the living and working conditions of persons engaged in agriculture, so as to put them on an equal footing with workers in comparable sectors.'

Mr. Vetrone referred to the political value of the Commission's memorandum. COPA was willing to help in drawing up and carrying into effect the measures proposed. It would, however, like to join the European Commission in tackling the problems affecting the farming community, with a view to strengthening the economy and improving social conditions.

Mr. Richarts, Vice-Chairman of the European Parliament's Committee on Agriculture, dwelt on the need to integrate the common policy on prices by means of a suitable structural policy and more effective social and regional policies.

(II Sole - 24 Ore, 22 March 1970; Il Popolo, 29 March 1970)

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