

# european parliament

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the sittings

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## THE SITTINGS

LUXEMBOURG, 12th – 16th SEPTEMBER 1977

### THE WEEK

Tuesday, beyond any doubt was Christopher Tugendhat's day: in a speech which the House greeted with enthusiasm the Budgets Commissioner delivered a stinging attack on the Council's cuts to the preliminary draft budget – some 350m pounds worth. 'Is this the way to tackle the problems of energy or unemployment?' he asked. The House was equally indignant, describing the Council's draft budget variously as 'a miserable document', 'a European scandal' and 'an affront'. Despite Council President Simonet's belief that conflict with Parliament would be avoided, a hard fight over the budget seems to be shaping up.

In a three-hour debate on the economy on Wednesday, the mood was pessimistic. Underlining the hopelessness of the situation, Senator Michael Yeats remarked that Vice-President Ortoli had been calling for 'dynamic economic policies' for years – but to what avail?

On a more positive note the House agreed to a motion calling for a range of measures designed to protect the consumer – including the setting up of advice centres and arbitration bodies to resolve disputes. And on Thursday the House discussed unemployment among young people, which now stands at around 2 million. It was, said Gwyneth Dunwoody, 'one of the most frightening problems of our times'.

But it was a problem that was put into a new kind of perspective by a visitor to the EP, Indian Industries Minister George Fernandez. 'India,' he told journalists, 'needs 10 million jobs a year for 10 years'.

## **MONDAY**

The European Parliament began its session by observing silence as a mark of respect for Mr Cornelis Laban who died of a heart attack in Sorrento on September 5th. He was 51. He had been a Member of the European Parliament since June 1973.

### **Action taken on Parliament's advice**

Commissioner Guido Brunner told the House of proposals being reconsidered in the light of amendments called for by Parliament.

### **Buffer stocks of coal**

Three years ago (17.12.74) the Council decided coal production should be kept up at the 1974 level of 250 million tonnes per annum (\*). This, as part of the EC response to the energy crisis. The big problem this objective raises is stock levels. 20m tonnes or one month's production is regarded as normal but the present (end-1976) level of 55m tonnes is not. So the Community has a choice : either to let production run down and reduce stocks that way or to treat the stocks as cyclical and help finance them. Given that the Community aim is to keep up the level of coal production, the Commission is proposing that aid be given in respect of stocks over and above a 20m tonne base line and below a 40m tonne ceiling i.e. in respect of the 20m tonnes in between. It is estimated this will cost 150m EUA (97.8m pounds). And 50m EUA (32.6m pounds), or one-third of the cost, is what the Commission is proposing to pay.

John Osborn (Br,EC), rapporteur for Parliament's Committee on Energy and Research, asked the House to endorse this proposal subject to certain reservations relating to Parliament's budgetary powers. In the ensuing debate spokesmen for all groups supported a motion endorsing the proposals. But the question left unanswered in everyone's mind was: would the Council accept them? The relevant entry in the budget had been struck out without even a "token entry" being put in its place.

(\*) Actual coal production is already down to 228 million tce per annum, a fall of 9 per cent since 1973. UK production was 114m t in 1974-75 and 106.5m t in 1976-77. (The NCB has made a profit of 27m pounds in the past year).

## TUESDAY

**Mark Eyskens, Belgian Secretary of State for the Budget and current President of the Council, presents the Council's draft budget for 1978**

*EC draft Budget for 1978 compared with preliminary draft*

### PAYMENTS

Title	Preliminary Draft Budget	Draft Budget	Variation (+ or -)
	EUA	EUA	EUA
Agriculture	8,254,722,600	8,575,162,600	+ 320,440,000
Social sector	556,974,500	413,702,000	- 143,272,500
Regional sector	600,000,000	390,000,000	- 210,000,000
Research, Energy, Industry, Transport	382,291,017	244,467,003	- 137,824,014
Development cooperation	633,045,700	300,332,000	- 332,713,700
Others	—	—	—
Staff	401,731,300	384,876,800	- 16,854,500
Administration	108,413,200	105,580,200	- 2,833,000
Information	13,392,000	9,018,000	- 4,374,000
Aids and Subsidies	44,811,700	41,558,100	- 3,253,600
Contingency reserve	5,000,000	5,000,000	—
Refunds to Member States	649,260,000	649,260,000	—
Total Commission	11,649,642,017	11,118,956,703	- 530,685,314
Other Institutions	200,728,786	199,759,747	- 969,039
Grand Total:	11,850,370,803	11,318,716,450	- 531,654,353

It fell to Mr Mark Eyskens, Belgian Secretary of State for the Budget and current President of the Council, to present the Council's draft budget for 1978 to the European Parliament. And he had the luckless task of having to explain why the Council had cut something over half a billion European units of account from

the Commission's preliminary estimates for next year. He began by describing the Council's approach as one of 'selective austerity'. The Council, he said, had made a 'reasonable selection'. And he appealed to the House to bear in mind the situation in the Nine Member States : the draft budget fairly reflected that situation.

Anticipating the charge that some of the Council's cuts had been somewhat brutal, he told the House that in some cases there had been no legal basis for items entered. In other cases there had been no qualified majority in the Council in support of them. And, again, it was the CAP which represented 75 per cent of the total.

On the key points of the social sector and the regional fund, he argued that there was at present enough money in the kitty for the Community to continue its work in these vital areas (a statement which provoked protests from the Socialist benches). Should more money be needed, he left it understood there could be supplementary budgets. Mr Eyskens concluded by asking the House to bear the difficulties of the governments in mind.

*"It is time for all friends of Germany to stand up and be counted" says Mr Tugendhat referring to the kidnapping of Hans-Martin Schleyer*

In reply, Commissioner Christopher Tugendhat (who began, incidentally, by pledging the Commission's full moral support for Germany in defending its "free, liberal and democrat society" against a "tiny minority of evil people") expressed deep regret at the Council's action in cutting so much out of the Commission's preliminary draft budget for 1978. The Commission had been 'responsible and realistic'. Mr Tugendhat compared the 1977 budget figures with those in the Commission's preliminary draft. Expressed in European units of account, the non-obligatory portion of the budget stood at 1.9 billion EUA in 1977. The Commission had wanted to increase this by 38 per cent to a new figure of 2.7 billion EUA for next year. But the effect of the Council cuts was to leave this spending virtually stationary.

Mr Tugendhat said he appreciated the difference in approach as between Council and Commission. For the Council the budget was an accounting exercise. For the Commission, on the contrary, the budget was seen as an instrument of policy. Even allowing for this, the Commission felt some concern at the lengths the Council had gone to in pursuit of its basic philosophy. 'Is this really what the

Nine want in this year of the Twentieth Anniversary of the Treaty of Rome? ' he asked. 'Is this the way to tackle the problems of energy or unemployment? ' 'Is this the answer to Tindemans? '

The Commission was perfectly aware of the economic context of the 1978 budget. It would have been only too happy if new EC activities could have been financed by containing the expenditure on the CAP. Indeed the Commission's own farm price proposals of earlier this year would have had precisely this effect. They would have led to a much smaller rate of increased expenditure on the CAP.

The savings on cereals, milk and sugar could have been around 1200 million EUA — more than enough to pay for all the new measures envisaged in the Commission's preliminary draft.

But there was one rule for the CAP and one rule for all other expenditure. Surely, he argued, stringency should be applied to the CAP first. It was otherwise a word with little meaning.

Turning to the actual cuts, Mr Tugendhat said that energy and industrial development had been the hardest hit sectors. He here repeated the phrase he had used at his press conference of 'death by a thousand cuts'.

As for the Regional Fund, the relevant regulation provided for it to continue. The Council had made its entry in chapter 100 — as if to suggest there were no legal basis. Mr Tugendhat challenged this on two grounds : procedurally it seemed to imply the Council would make a decision as to the amount of the Regional Fund outside the budgetary procedure and, as to the heart of the matter, it seemed sadly out of tune with the Paris Summit of 1974 at which the idea had been launched.

The Commission's figure must be reinstated, he said. For experience tended to suggest that the increase the Commission proposed might represent some 120,000 extra jobs.

Mr Tugendhat also attacked the Council's attitude to food aid, and to the problem of staffing. He concluded by saying the Council spoke with two voices : one the voice of hope which was heard at meetings of the European Council and the other was one ignoring the grand designs. The Commission was determined not to accept the consequences of the Council's action and he appealed to the European Parliament for its support.

The budget had to be a balanced instrument which would enable Europe to play its part in solving the problems of today.

Mr Tugendhat's speech concluded to loud and sustained applause.

All the speakers in the ensuing debate were highly critical of the Council's draft budget. Michael Shaw (Br,EC), rapporteur for the 1978 budget described the draft as 'a patch-up job designed simply to by-pass the differing views and failures to take decisions that seem to feature so largely in the Council's proceedings'. Socialist spokesman Lord Bruce (Br) called it 'a miserable document'. He was particularly indignant at the Council's slashing 560 m.u.a. from the non-obligatory section of the budget (i.e. spending 'not necessarily resulting from the Rome Treaty') at a time when 1055 m.u.a. was being spent on the storage of surplus foods. 'This amount is almost exactly the total sum it is proposed to spend on energy and research and on the regional and social funds.'

German Christian Democrat spokesman Heinrich Aigner commended the clear statement made by Commissioner Tugendhat and warned that 'total paralysis' could be the result of Council budgetary policy. Austerity measures were no longer necessary, he said, in view of the fact that three Member States were now contemplating reflationary policies.

For the Liberals, Mr Martin Bangemann (Ge,L) called for the total rejection of the draft budget. The Regional and Social Funds should be increased to combat unemployment in depressed areas. The preponderance of CAP spending was psychologically wrong, he said, especially on the eve of direct elections.

Of course, the needs of the agricultural workforce could not be ignored, Mr Bangemann went on : but the emphasis should be on structural reforms.

Equally unacceptable in the Council's draft budget was the cut in the Commission's information programme on direct elections. It almost seemed, Mr Bangemann remarked, as if Council wanted a low turnout.

In sum, the Council was incapable of taking new decisions. 'If we were able to table a motion of censure on the Council of Ministers', concluded Mr Bangemann, 'we should do it today'.

EPD spokesman Michael Yeats (Ir) said the Commission's preliminary draft budget had been hailed as realistic, but also as modest. Its intention had been to

do what it could to tackle the EC's three main problems : unemployment, regional imbalances and energy.

The European Parliament could not possibly accept Council's approach of withholding appropriations until policy decisions had been taken. It would inevitably lead to supplementary budgets later. And the effect of the cuts in non-compulsory spending was to push up compulsory CAP expenditure in terms of its total budget share from 69 to 75 per cent.

With the Regional Fund slashed and cuts in the energy sector, Mr Yeats said, the only consolation was the reprieve of the Social Fund.

In a biting attack on the Council, European Conservative spokesman Lord Bessborough (Br) said the Member States' approach to the budget seemed merely to involve 'thinking of a number less than that proposed by the Commission'. Nowhere had the Council proposed upward change. The hopes of millions in the Community now rested on Parliament's response, he said : 'we are the watchdogs of EC policy.'

The entire energy sector was a list of reductions or deletions. Perhaps the Commission should provide Council with an energy market analysis covering the Community and the world as a whole. How encouraging it would be if Council, instead of making cuts, would spur on Community research and Community industry. 'Cannot the Council think again?' he asked.

For the Communists, Altiero Spinelli (It) began by describing the 'exchange of views' between the Council and Parliament on 20 July as anything but an exchange : Council had merely listened to Parliament in silence.

Making cuts or inserting token entries simply because decisions had not been made was 'an affront to Parliament and the Community', the speaker said. It would be of considerable advantage to the Member States to include portions of their national spending on regional, social or research policies in the Community budget, not only for the sake of unity but for practical purposes.

It was also absurd, Mr Spinelli went on, that the CAP's structural policy should remain so tiny in relation to the huge expenditure on price supports : here the rules were in urgent need of change.

Mr Tam Dalyell (Br,S), the first speaker of the day to show any sympathy for the Council's position, said he could well understand the need for cuts — 'we all



lack funds for cherished projects at home' – although he did find the 'style and method' of the cuts objectionable.

Scottish Liberal Mr Russell Johnston (Br) referred to the failure to increase Regional Fund spending as a major psychological setback.

Regional Committee Chairman John Evans (Br,S) emphasized that a substantial Regional Fund was a cornerstone of Community policy. And Willie Hamilton (Br,S), who said proportionately increasing CAP spending at the expense of other items would make a realistic defence of the Community that much more difficult at the forthcoming Labour Party Conference, found the Council's reductions intolerable : they had wielded the 'surgeon's knife with all the skill of a drunken butcher', he said.

Before Roy Jenkins took the floor, Mrs Elaine Kellett-Bowman (Br,EC) added her voice to criticisms of the Council's cuts, particularly where they affected the Regional Fund. And Budgets Committee chairman Erwin Lange (Ge,S) lamented Council's lack of response to Parliament's budget guidelines and its apparent unwillingness to enter into a dialogue with the EP. Parliament, he stressed, was one half of the budgetary authority, and it intended to take its responsibilities seriously. That responsibility extended to the European Community as a whole.

Central theme of Mr Jenkin's speech was that the budget was not a mere accounting exercise, but the financial expression of Community policy. The Council, in applying the axe, had paid no regard to strategy or priorities, nor indeed to the future of Europe, to Parliament's guidelines adopted in May, or to the economic policy guidelines of the European Council itself. A sense of budgetary responsibility was fine, Mr Jenkins said, but these weren't responsible cuts.

The Commission had concentrated on strengthening the regional fund, consolidating the social fund and supporting forward-looking policies in the industrial and energy sectors – and the Council's response had been to make its cuts precisely in these areas. By contrast, farm support spending was well above what the Commission had proposed earlier in the year – with the result, that 'profligacy in one sector led to cuts in others'.

Returning to his point that the budget was the expression of EC policies, Mr Jenkins agreed with the need for financial discipline – 'but it should be constructive, not destructive'. And he supported the notion that the EC budget

had every right to increase at a somewhat faster rate than national budgets – since the Community was at an earlier stage in its development. Now it was up to Parliament to do what it could to restore to the budget as much as possible of what Council had cut. Replying to the debate, Council President Mark Eyskens endeavoured to be conciliatory. He spoke of ‘building a bridge’ between the two pillars of the Community budgetary authority – Parliament and Council. At the same time, he was hardly willing to take today’s spate of criticisms lying down. ‘Look at the figures’ was the main point in his defence of the Council.

Commitments for 1978, even after the Council’s cuts, amount to an increase of 13 per cent on 1977. And payments are up 18 per cent. Which national budget ever went up by as much? As for the CAP, there might well be fundamental questions to ask. But this was, he seemed to suggest, hardly the time or the place. And he went through the various items which had caused the most disquiet. He particularly stressed the Council’s positive attitude to the social sector.

Summing up for Parliament, Michael Shaw (Br,EC) welcomed Mr Eyskens’s conciliatory approach. But he made it quite clear that ‘we are worried about the present form of the draft budget’. But he hoped Council and Parliament would be able to agree on a budget that made sense in terms of developing and strengthening the Community.

## QUESTION TIME

### QUESTIONS TO THE COMMISSION

#### *Soviet shipping threat (John Corrie)*

Richard Burke told John Corrie (Br,EC) that the problem whether Soviet and Comecon shipping practices were unfair was at present being considered by the Commission. Options for EC action, should this prove necessary, were being considered. Mr Corrie asked if there had been any talks with the Soviets or indeed with the Greeks. Mr Burke said ‘no’ to the first question and ‘yes’ to the second. John Prescott (Br,S) asked whether the Commission would bring the same pressure to bear on European shipowners using flags of convenience. Mr Burke suggested such matters were best discussed under the new consultative machinery that has been set up. As for pressure, this was something for the Council or the Member States rather than for the Commission.

### *Prospecting for uranium (Lord Bessborough)*

Speaking for his colleague Guido Brunner (who was absent because of a bereavement), Richard Burke told Lord Bessborough (Br,EC) that the Community had given backing to the prospecting for uranium in 1976 and 1977. The 1976 budget had included 1m ua and the 1977 budget 5m ua. In the first year, seven projects had received help, including projects in Greenland, Ireland, Scotland and the Federal Republic; this year, thirteen projects had received backing, including five already under way. Mr Burke pointed out that prospecting lasted about 8-10 years. Lord Bessborough asked what effect any reduction in appropriations would have and, secondarily, whether the Commission would bring mining interests together with a view to joint projects in, say, Greenland. Mr Burke looked for 11.5m EUA in the 1978 budget, adding that the prospects of results in Greenland, for example, are good. As to the stimulatory effect of the Community's work, Mr Burke said the EC could be proud of what it had done. The spinoff from the Community's work had been the launching of projects by other parties.

He told Tam Dalyell (Br,S) the Commission was awaiting a reply regarding opposition to uranium prospecting in the Orkneys.

### *Fair share of research goes to UK (John Evans)*

In reply to John Evans (Br,S), Commissioner Richard Burke argued that the United Kingdom had received a fair share of expenditure on research. As for the question of JET, she suggested this was contingent on other factors. He gave the detailed breakdown of EC expenditure on research as between the Nine, adding a word of caution that these could vary quite a lot from one year to another : actual Commission payments in respect of indirect projects in 1976 totalled 23,940,000 ua; Germany 32.1 per cent, France 20.6 per cent, Belgium 33.9 per cent, Italy 9.1 per cent, Denmark 1.4 per cent, Netherlands 3.8 per cent, UK 27.2 per cent, Ireland 0.5 per cent and miscellaneous 1.5 per cent.

### *Nuclear-generated electricity capacity (Ronald Brown)*

Commissioner Burke told Ron Brown (Br,S) that it was not the function of the Commission to tell Community electricity producers which type of reactor they should use to generate electricity. He agreed with Mr Brown that advanced

gas-cooled reactors had a high safety record and could effectively compete with nuclear reactors.

#### *Nuclear fuel re-processing in the Channel Islands (Bob Mitchell)*

Commissioner Burke told Bob Mitchell that it is up to the French authorities to deal with any misgivings the Channel Islanders might have concerning plans to build a park of light-water reactors at the Cap de la Hague. He reminded the House that a proposal is before the Council on the subject of the siting and pollution hazards of nuclear power stations.

#### *Utilization of wind energy (Luigi Noè)*

The Commission is considering the inclusion of research into wind energy in the next energy research programme, Commissioner Burke told Luigi Noè (It,CD). He agreed with Lord Bessborough (Br,EC) that investigations could usefully be made into the uses of wave power and could see such research being undertaken within the next decade or so.

#### *Multinational undertakings (Bob Edwards)*

Commissioner Raymond Vouel assured Bob Edwards of his confidence that the Council would adopt the Commission's proposals concerning the control of concentrations between undertakings. He agreed, too, with Sir Brandon Rhys Williams (Br,EC) that multinationals have a valuable role to play in the Community. He told Pierre-Bernard Cousté (Fr,EPD) that he hoped the Council would examine the OECD code of conduct for multinationals.

#### *Parliament votes*

The House agreed to the motion contained in the Osborn report on support for the coal industry (debated on Monday evening)

## **Roy Jenkins promises immediate action on plea for help for flood victims in Southern France and Tuscany**

There was unanimous support this evening for a motion tabled by spokesmen for four of Parliament's Political Groups and endorsed by the others calling for 2m ua (from the 5m ua stand-by fund in the 1977 budget) to be allocated for helping those affected by this year's floods in the Midi and in Tuscany.

Roy Jenkins assured the House that the Commission was dealing with this question as a matter of real urgency.

## **Budget procedure**

Budgets Committee Chairman Erwin Lange (Ge,S) asked the House to approve his report on the procedure for dealing with the 1978 budget.

## **The EC and the consumer**

Back in 1975 the Commission produced a preliminary programme on consumer protection and information policy (see OJ vol 18, No C 92, 25.4.1975). It was a pretty comprehensive document. It was followed in December 1976 by a 'summary report' containing specific proposals. Marcel Brégégère (Fr,S) (for the Parliament's Committee on the Environment, Public Health and Consumer Protection) said he would like to see the preliminary programme put into effect and urged the setting up of arbitration machinery so that disputes between buyers and sellers can be settled more swiftly. Commissioner Richard Burke took his point and said he hoped to see the preliminary programme put into effect soon.

## **Door-to-door selling**

Deals done on the doorstep or in places other than business premises are the subject of a Commission directive (Doc 550/76) now before Parliament. Its purpose is to give the consumer greater protection particularly in those Member States where there is no specific legislation in this field. Jim Spicer (Br,EC) (for the Committee on the Environment, Public Health and Consumer Protection) welcomed the proposals but questioned the wisdom of including the mail order

business within the scope of the directive. Bob Edwards (Br,S) had similar doubts about including insurance agents. In reply, Richard Burke said the Commission was unwilling to exclude the mail order business.

## WEDNESDAY

**Economic debate : impending announcement of economic plans in Germany viewed with enthusiasm. Inflation and jobs still very worrying despite some improvements in economy. Mr Ortoli hopeful of Council decision on EC loans in October. Lord Ardwick calls for 'regulated trade' in EC relations with the world at large.**

Such were the main points from this morning's debate on the state of the economy which was introduced by Lord Ardwick (Br,S), the rapporteur for Parliament's Economic Committee. He began by recalling the thinking on today's economic problems. There had been a Commission evaluation in July, an OECD analysis, the Tripartite Conference and the CICE. And the fact that today's debate was being held now rather than in July as originally planned did lend a measure of perspective.

He noted the way the Commission was feeling its way towards an industrial policy as Viscount Davignon attempted to ease the tension in the steel industry and take the Community on into other sectors. In view of this, the Council's cuts in the budget were particularly unfortunate. They would affect key areas of energy and advanced technology as well as undermining social policy.

Lord Ardwick said the Community was still in the economic cycle that had begun in 1973. The basic problem was still unemployment with demand slack as the oil-producing states failed to use their wealth in productive activity. The resulting slump highlighted the need for structural changes and here he criticised the Commission : it tended to go too lightly on the structural aspect.

He asked Mr Ortoli what progress was being made with the idea of EC loans to back projects in specific areas. (Energy, infrastructures, industries in throes of redevelopment).

Turning to the world at large, Lord Ardwick expressed disappointment at what had been achieved. The Paris Conference had only produced an outline

agreement on a common fund and the Wittveen facility under the IMF was far too small.

These results were particularly disappointing to a Community whose record, in free trade for example, had been so good. He referred here to the threat of protectionism. And he pointed out that pressure for protectionism would grow — there would be several new Japans to compete with in the next decade. He thought the answer was in 'regulated trade' along the lines of existing agreements such as the one for textiles (though preferably rather better than that one).

In reply, Commission Vice-President François-Xavier Ortoli began by noting the concurrence of Parliament and Commission thinking. He took Lord Ardwick's point about structural policy. But he felt the answer was to create a framework providing the conditions for success. The Community's response had too often been fragmentary. Clearly there was a need for new muscle. And here he said he was hopeful of a Council decision on the EC loan proposal in October.

Turning to the economic situation today, Mr Ortoli thought that there had been no real improvement over what he had anticipated when he addressed the House on May 11th. There were some positive factors : raw material prices were lower, interest rates were down and there was less pressure from wages. Similarly, there had been a real improvement in the balances-of-payments of Italy, France and the United Kingdom.

This said, the negative factors were the sheer lack of growth. Industrial production was actually down and unemployment was even worse — here he agreed with Lord Ardwick — with little immediate prospect of any improvement.

But without being 'an optimist to order', Mr Ortoli called for a positive Community response to improve the prospects for 1978. The Community did have a margin for manoeuvre — if a narrow one — to shape 1978 into a better year. And it must use that margin. This meant coordinating the development of economic activities and being ready to act more decisively within the limits that the inflation threat imposed. It also meant acting on the right lines. And here, once again, Mr Ortoli stressed the importance of public and private investment.

Like Lord Ardwick, Mr Ortoli looked to the plans being announced in Germany with real interest.

In the ensuing debate Ernest Glinne (Be), for the Socialists, pointed out that the unemployment situation in the Community was even worse than the figures indicated, because they took no account of the thousands of migrant workers who had been forced to return home, nor of the many people who had left their jobs to go into early retirement.

Hermann Schwörer (Ge), for the Christian Democrats, told the House that the recession had been succeeded by only partial recovery. Just about every economic indicator was negative – only unemployment was still on an upward trend. Despite all its efforts, Germany could now look forward to only 3 per cent growth this year instead of the projected 5 per cent. What the Community needed now was a growth policy based on stimulating investment. And that meant standing up for the market economy system, providing entrepreneurial incentives and encouraging worker participation in management and profits. Above all, it meant supporting small and medium-sized firms, which provided so much of private sector employment.

André Damseaux (Be), Liberal spokesman, who pointed out that western industrial capacity was 25 per cent under-utilized, said that the USA, Japan and Germany – the three major western economies – were all showing sluggish rates of recovery. One of the best ways to stimulate a climate of confidence, Mr Damseaux thought, would be a thorough review of the monetary situation at a future Economic Summit – uncertainties in this sphere undoubtedly placed a severe brake on the willingness to invest.

Kai Nyborg (Da,EPD) congratulated Lord Ardwick on the thoroughness of his report. What the Community must do, he said, is create a climate of confidence so that by 1980 it should be clear what we ought to do. Priorities should include the close dovetailing of growth and energy consumption, encouragement of investment and a policy for job creation, particularly for young people. Also, reduction in public expenditure could lead to cuts in income tax.

Sir Brandon Rhys Williams (Br,EC) agreed with Lord Ardwick that the chief goal should be full employment and saw the 30-hour week as a means of increasing productivity and encouraging retraining in industry. Such measures must be accompanied, however, by conspicuous and continuous growth. In the monetary sphere forcing currencies to join the 'snake' had served no useful purpose. He applauded the recent reduction of interest rates in London but admitted that there was still a long way to go.



Sir Brandon said the Community should follow the initiative of the IMF and GATT in drawing attention to the dangers of protectionism; we should not undo the good work of the Lomé Convention. However, if we allow dumping by the 'new Japans' we shall only weaken our own economies.

Silvio Leonardi (It,CA) said that of course his group could not but agree with the aims set out in Lord Ardwick's report. However, his group would abstain at the vote because the report contained insufficient practical proposals. For instance, he agreed that investment should be stimulated but how was this to be achieved?

John Prescott (Br), for the Socialists, argued that the Commission was on the wrong tack. Getting the Member States with surpluses to reduce them was simply not going to work. All the evidence showed that surplus countries got progressively richer and poor ones progressively poorer. One had only to look at the years 1970 – 1974. As for the other prong in the Commission's policy, raising EC loans, this was equally wrong. To start off with there would not be enough money to make any impact and in any case it was not the lack of liquidities that was causing the problem. Cash was available. What was not available was demand. So manufacturers were not investing. The Commission, he suggested, would do better to rethink the whole economic strategy of our times – bedevilled as it was with myths like balanced economies which did nothing at all for employment. For this was the criterion by which all economic policies be judged : the number of jobs they created.

Here Mr Ortoli intervened to point out that Mr Prescott and he were probably closer in their thinking than Mr Prescott imagined. But, he said, investment was also a matter of money; it was also a matter of markets. What the Commission wanted to do was use such limited scope as it had to real effect.

The next speaker, Elaine Kellett-Bowman (Br,EC), concentrated on the impact of the economic situation on the textile industry. 3,500 textile factories had closed down and 530,000 jobs had been lost. All of which revealed the unwisdom of the Community's present textile imports policy. It was pointless to allow imports to increase unless demand picked up. She called for a much firmer line, especially regarding imports from East European countries.

Tom Ellis (Br,S) said: 'When I ran a colliery there used to be a saying among mining engineers that a good output covered a multitude of sins.' The same was true, he thought, of the world economy. In the 50s and 60s the world had

enjoyed the benign economic dominance of the USA. That had now changed, and the economic steering mechanism needed to be more finely tuned. But what gave Mr Ellis a 'considerable sense of importance' was the fact that politicians still seemed to be stuck in the 19th century world of the individual nation state : in his view a move towards greater political unity among the Nine would be a move towards greater economic stability.

Michael Yeats (Ir,EPD) began by pointing to the hopelessness of meeting the Community's aims of full employment by 1980 — even given an annual average growth rate of 5 percent and 4-5 percent inflation. It was now up to the surplus countries to make sacrifices in the interest of the Community as a whole. But would there be an improvement? Vice-President Ortoli had been calling for 'dynamic policies' every year for several years now, and would probably be back next year doing the same. But the situation particularly as regards unemployment, just went from bad to worse.

Horst Haase (Ge,S) saw three key areas where action was needed : (1) structural improvements in industry, (2) a trade policy based on open markets, (3) coordination of national economic policies. Referring to Germany's contribution to helping the overall Community's economy, he pointed out that German imports over the past year had risen by over 3,500 million DM, and that German tourists had spent 9,260 million DM in Community countries last year.

President of the Council Henri Simonet felt that progress had been made in the economic field but warned against blind optimism. Our two major problems were the increase of unemployment among women and young people and changes in the structure of trade between the developing and the industrialized nations. He personally did not believe that one could solve the unemployment situation by reducing the working week. Nor did change of ownership solve problems — the situation in the public sector in Italy bore this out. He went on to say that he believed in 'organised liberalism' — markets should be closed to products which are highly competitive in Europe. Economic and monetary union no longer had much meaning, he said.

Vice-President Ortoli on behalf of the Commission stressed that the Community's current problems were not merely short-term. They arose through inability to adapt to changing structures. On the international market we constantly met with new competitors. Types of employment available did not correspond to demographic changes and the increase in the numbers of women

seeking work. All this made forecasting difficult. The Community institutions must collectively adopt a dynamic approach.

Lord Ardwick closed the proceedings by thanking the House for a broad-ranging debate. He looked forward to intensive debates on all the issues raised. He acknowledged Vice-President Ortoli's 'brilliant improvisations' but called on the Commission to put forward concrete proposals.

## QUESTION TIME

### QUESTIONS TO THE COUNCIL

#### *The United Kingdom and direct elections (René Feït and Schelto Patijn)*

President of the Council Henri Simonet told Michele Cifarelli (It, L) that the Council will endeavour to dispel doubts that the Community will be able to hold direct elections in May or June 1978. In any event, he went on, those Member States which are ready to do so should prepare for these elections irrespective of whether the others are ready. However, he told Schelto Patijn (Du, S) he would not think it feasible to hold elections in fewer than six countries. To Willie Hamilton (Br, S) who asked what would be the position of the UK delegation in such an eventuality, Mr Simonet replied 'very unpopular'. He accepted John Evans's (Br, S) point that the House of Commons would be severely disrupted if it had to send a delegation of 81 and insisted that for this reason Parliament should reject the possibility of this happening. He told Ludwig Fellermaier (Ge, S) and Sir Derek Walker-Smith (Br, EC) that while any failure to implement direct elections could legally be brought before the Court of Justice such a course of action would be psychologically and politically unwise.

#### *International air services (John Osborn)*

President Henri Simonet, agreeing on the need for coordination, pointed out that it was in fact IATA which determined such matters as fares. But the crux of the matter was the lack of a common Community air transport policy: as long as air transport was governed by bilateral arrangements, intra-Community fares, or overflying rights, were outside the EC's province.

### *Regional policy review (John Evans)*

Mr Simonet said the Council was waiting for Parliament's opinion on the proposals for overhauling the regional policy made by the European Commission. When Parliament gave its opinion the Council would take it from there.

### *University education (Aldo Masullo)*

Mr Simonet told Mr Masullo (It, CA) that university education was one of the points being discussed at a meeting being held today and tomorrow. Christopher Price (Br, S) suggested the real problem was one of access and that the error to be avoided was one of creating a 'dangerous privileged elite'. Mr Simonet said access was one of the points being discussed.

### *Siting of nuclear power stations (Willy Dondelinger)*

Mr Simonet said the Council was waiting for Parliament's opinion on a Commission proposal regarding the siting of power stations.

### *Ad referendum decisions (Pierre Giraud)*

Mr Simonet told Mr Giraud (Fr, S) there was no difference in fact or in law between decisions adopted 'with reservations' or 'ad referendum'.

### *Multinationals (Bob Edwards)*

Mr Simonet said the Council was looking into several aspects of multinationals' activities and was acting on Commission proposals. One concerned collective lay-offs. Another dealt with the control of concentrations.

### **Parliament votes**

The House agreed to the motions contained in the following reports:

Mr Lange's report on the procedure for dealing with the 1978 budget; Mr Brégégère's report on Community consumer policy; Mr Spicer's report on

doorstep trading; Lord Ardwick's report on the economic situation in the Community.

## **Southern Africa**

The best approach to changing things in South Africa, Martin Bangemann (Ge, L) told the House this afternoon, was a step-by-step approach. He was introducing a motion on behalf of the Liberal Group calling on the Nine's Foreign Ministers to lay down a code of conduct for EC firms operating in South Africa, but advising against economic sanctions. Sanctions, Mr Bangemann said, had proved their ineffectiveness in the case of Rhodesia.

Mr Glinne (Be), Socialist spokesman, while welcoming any initiative on behalf of human rights in South Africa, called the motion 'inaccurate, contradictory and inconsistent'. He referred particularly to the fact that no reference was made to Namibia, and at the rejection of economic sanctions. He wanted the motion referred back to committee.

Mr Blumenfeld (Ge), for the Christian Democrats, was suspicious of the idea of a 'code of conduct' for firms. 'What would we say if foreign-owned companies in the EC tried to put their political views across to us?' he asked. We should be wary of making the South Africans feel they had their backs against a wall.

Geoffrey Rippon (Br, EC) made the point that relations with Southern Africa should not be a matter for the UK and the USA alone. The Community should also exert its influence. Mr Rippon considered that the UN, like the League of Nations before it, was in danger of stumbling by trying to enforce laws where none were acceptable. This was particularly true of sanctions which merely drove moderates into a corner and were not really observed anyway. Indeed Mr Rippon's whole case rested on an approach likely to appeal to moderates: condemning extremism on either side, whether this be guerilla activities in Rhodesia or the neglect of human rights elsewhere.

Renato Sandri (It) for the Communists, then spoke in favour of Mr Glinne's proposal to refer the matter to the Political Affairs Committee. This, in the event, is what the House decided to do, Mr Bangemann concurring fully.

## **Data processing**

Mr Cousté (Fr, EPD), rapporteur for Parliament's Economic and Monetary Affairs Committee, put down a motion on the Commission's fourth programme to help the Community's data-processing industry. The motion, in its final version, called on the Commission to update its programme. Council President Henri Simonet, Commissioner Viscount Davignon and former Commissioner Altiero Spinelli refuted criticisms that the Community could achieve little or nothing with 87.8mua, the expenditure actually envisaged.

## **Council of Environment Ministers**

Replying to a question tabled by Mr Ajello (It, S) and Lord Bethell (Br, EC) (and spoken to by Mr Noè), Council President Henri Simonet said that the meeting had taken place on 14th June. It had considered a set of directives vital to the continued implementation of the Community's policy for protecting the environment. The directives concern water pollution by the wood pulp industry, waste from the titanium dioxide industry, toxic and dangerous waste and the quality of water for human consumption.

But there were a number of reasons why the Council had failed to reach agreement. The first two (wood pulp and titanium dioxide) carried major economic implications. But the Council had reached agreement on guidelines for the titanium dioxide directive.

The Council deplored the fact that implementation of the 1973 programme was taking longer than planned.

## **European Summer Time**

At 12 noon GMT today, it was GMT plus 1 in London, Dublin, Bonn and Copenhagen and GMT plus 2 in Paris, Brussels, The Hague, Luxembourg and Rome. The Community is thus divided into two time zones. This is something the Nine have learned to live with. What is far less easy to live with is the fact that clocks are put on or back in different countries at different dates. So in February 1976 the Commission proposed all the Nine should put their clocks on on April 3rd in 1977, April 2nd in 1978 and April 1st in 1979 and that they should put them back on October 16th in 1977, October 15th in 1978 and

October 14th in 1979. What Horst Seefeld (Ge, S) wanted to know this evening is why it is taking the Council so long to adopt this Commission proposal to deal with the chaos caused by the present timing of Summer Time: on March 20th the UK and Ireland moved to GMT plus 1. On April 3rd France and the Benelux countries moved to GMT plus 2 and on May 29th Italy moved to GMT plus 2 too. France, the Benelux countries and Italy will all move back to GMT plus 1 on September 25th. But the UK and Ireland will not move back to GMT plus 0 until October 23rd.

In reply, Mr Simonet, for the Council, said that everyone wanted common arrangements for Summer Time. But there were difficulties, not least of which were the intentions of third countries like Austria and Switzerland which had a central position in the European transport system. The Council shared the concern expressed in the House and hoped that it would be able to deal with this problem by the end of the year so that uniform arrangements could come into force in 1979.

Mr Evans and Mr Osborn then spoke to underline the importance of getting something sorted out. It would cost nothing and save a lot of money.

### **The education of migrant workers' children**

Opening the debate Willem Albers (Du, S) pointed out that little had been done to put the children of migrant workers from third countries on the same footing as those of workers from other Member States. The worsening of the economic situation had in fact made their position worse.

In reply Mr Simonet, President of the Council, said that its recent directive concerning the linguistic teaching available to children of migrant workers could not include those coming from third countries as a commitment on the part of the authorities in the country of origin was implicit in the directive.

Ferruccio Pisoni (It, CD) expressed concern at the situation. Many children, he said, grew up with an inadequate knowledge of both the language of their country of origin and of the host country. Provisions must be made for the children of workers from third countries who comprise one third of all the children involved.

Thomas Nolan (Ir, EPD) and Michele Pistillo (It, CA) also asked the Council to re-examine the question. Mr Nolan was particularly concerned about the

distinction being made between the children of migrants from Community countries and the children of migrants from elsewhere.

Closing the debate, President Simonet assured Mr Albers that special language teaching could be paid for through the Social Fund.

### **Multifibre Agreement**

Pierre-Bernard Cousté (Fr, EPD) called on the Commission and the Council to take steps to protect the Community textile industry. For several years imports from Hong Kong, Taiwan, India and several other countries had been increasing dramatically.

Commissioner Etienne Davignon replied that it was difficult to draw up a long-term policy. The Community could only act within the framework of international agreements. We would lose our negotiating position if we penalized the exporting countries.

Among the other speakers, Michael Herbert (Ir, EPD) stressed that the MFA had done a great deal of damage in the first four years of its operation. There had been huge increases in imports resulting in the closure of 25,000 factories and the loss of half a million jobs. And the trouble here was that these jobs had been lost in the least prosperous regions of the Community. In Ireland, for example, textiles accounted for 10 per cent of jobs in the manufacturing industry, for 7 per cent of exports and 7.6 per cent of the gross national product. He urged the Commission to think very carefully about the controls to be built into a future Multifibre Agreement. Otherwise a further 1,600,000 jobs could be lost in the EC by 1982.

A motion urging the Commission to take particular care in negotiations on the renewal of the international textile agreement was then put to the vote and agreed to. This after an amendment urging that the genuinely national industries in the developing countries were given priority.



## THURSDAY

**Two million young people out of work in the Community but Council unwilling to give the Social Fund more scope. It can only finance job training but training alone does not mean jobs**

Opening this morning's debate on unemployment among young people, Gwyneth Dunwoody (Br, S) said that 'if resolutions created jobs we should not now be discussing one of the most urgent and frightening problems of our times'. The number of young people out of work was going up every year. And the Community had to act: to analyse the problem and work out an answer.

Mrs Dunwoody's first plea was for detailed, accurate, up-to-date information so that Parliament could see the whole problem in perspective. Secondly, she called for the Community to be far more closely involved.

Mrs Dunwoody reminded the House of the statistic that had most shocked Lord Bruce of Donington: that storing surplus foods in the Community cost 1055m u.a. or more than the whole EC budgets for energy, research, regional policy and the Social Fund put together.

In sum, Mrs Dunwoody asked what had been done, what was planned and what hopes there were for the future. With 250,000 young people out of work in Germany, 350,000 in France, 400,000 in Italy, 600,000 in the UK and 200,000 in the smaller Member States there had to be an answer. If not, our whole political system could be undermined.

Luigi Granelli (It, CD) was also struck by the paradox of paring down Social Fund resources at a time when the problem of unemployment among the young was growing. He wanted to know what was being done, in the Community and in the Member States. In Italy a bill was in preparation, he said.

Recalling that the Paris Summit of 1972 had stressed the need for a greater Social Fund, Mr Granelli argued that schemes launched must be made to fit together: job training must go hand-in-hand with job creation schemes.

Winifred Ewing (Br, Ind) also wanted to get a clearer picture of the unemployed. She pointed out that against 350,000 young people out of work in the UK there were 40,000 school-leavers in Scotland unable to find jobs – to add to the 10,000 already seeking work from last year. Mrs Ewing stressed that some 40 per

cent of them had already applied for six jobs. None had refused offers of work. Was there any cause to believe employers thought the young unreliable?

In reply, Commissioner Henk Vredeling began by saying that unemployment among the young was a special case and warranted a separate debate. He then outlined the sources of information currently available: there was a monthly statistical telegram and a twice-yearly random sample survey. He promised that some of the questions raised could be included in this in future.

In reply to Mrs Ewing he suggested that employers took older workers simply because they had more experience. He did not think there was any special prejudice against the young.

On the broader issue, Mr Henk Vredeling said that one serious problem was the demographic one: the Community was feeling the effects of the baby boom of a generation ago. As for the Community's capacity to cope with the problems this raised, the Social Fund had paid out 280m u.a. towards job creation schemes for young people — in response to requests for 600m u.a.

In the 1978 budget, half the resources available would go towards helping young people get training. Even so the cash available was limited: with two million young people out of work, 172m u.a. worked out at only 86 u.a. per person.

The second limiting factor was that SF funds could only be used for job training. The Commission had asked the Council to broaden its scope but the Council had refused. This was a threshold the Community had to get over. And here he turned to Parliament for its support.

He wanted the Social Ministers to be more committed. He wanted to see them meeting more often than twice a year — not just for the sake of meeting but whenever the Commission had proposals to put forward.

The Commission had, he said, asked Member States to give a general survey of premium systems used in the field of youth employment. Much could be learned from the experience of the UK in this. The Commission intended also to undertake an in-depth study of measures being taken by trade unions to combat youth unemployment, and was also in touch with youth organizations to ascertain their views.

Gerhard Kunz (Ge, CD), like several other speakers, spoke of how unemployment led to apathy. Money alone was not sufficient in dealing with

this problem, he said. He commended a system operating in Belgium whereby firms employing more than 50 people had to reserve a quota of jobs for young people. In addition each retiring worker had to be replaced by someone under 30.

Albert Liogier (Fr, EPD) questioned the value of raising the school-leaving age. It was important to promote contact with the working environment at an early stage. This was being done in France where the state bore the cost of early on-the-job training for school-leavers.

Michele Cifarelli (It, L) said the problem was complex. For some jobs in the steel industry, for instance, one was too old at thirty. There were too many young people seeking certain types of work – the liberal professions, for instance. He could not agree, however, with making everyone a state employee. This would mean giving everyone a job at the cost of liberty.

Elaine Kellett-Bowman (Br, EC) did not like the Socialist Group's attack on the market economy. Trade unions, she said, had priced young people out of the job market, as employers found that it cost little more to employ an experienced worker.

Marcel Lemoine (Fr, CA) urged that the Community simply refuse to accept austerity and unemployment.

Uwe Jensen (Da, EPD) also felt the trade unions were to blame for the situation. Young people were entitled to a full adult wage at the age of 18, not long after leaving school. It would be useful, he said, to raise this wage to 19 to encourage employers to take on young people. He also advocated that school-leavers be required to take lower-paid jobs for six months before receiving state assistance.

Liam Kavanagh (Ir, S) suggested the real figures for the number of young people out of work were probably much higher than the one and a half million plus being quoted: 'that is just the number who are allowed to register'. Mr Kavanagh thought it regrettable that the EC institutions had proved inadequate to deal with the economic crisis and the unemployment resulting from it. It was a crisis of deflation in demand due to unprecedented increases in commodity prices. The best way of dealing with this crisis was for all Member States to act together.

But apart from underlining the need for joint action, the present crisis had revealed the inadequacy of funds available for dealing with unemployment: in

1976 the total (Social Fund) budget for mitigating the effects of unemployment among the young was 66 m.u.a. But applications for assistance amounted to well over 200 m.u.a.

This year the Commission had called for 190,000 u.a. under Article 501 of the budget: Social Fund – measures for young people. The Council had responded by leaving only 51,000. The Council had also cut back item 3920 (implementation of education programme) from one and a half m.u.a. to one m.u.a. 'This leads one to question whether the Council is serious in their response to the grave problem of youth unemployment.'

It was Parliament's responsibility, Mr Kavanagh concluded, to see that sufficient funds were provided to enable the Commission to carry out their programme in full.

### **Statute, charter, booklet or just plain action programme?**

The convention on the legal status of migrant workers is to be opened for ratification by Council of Europe member countries in November this year. The convention has been ten years in the making and was only adopted by the Council of Europe's Committee of Ministers on May 31st. Several members of Parliament's Christian Democrat Group want to know when the Commission is going to submit proposals for a Community Statute covering the status of migrant workers and dealing with the legal, social and cultural problems they face.

Replying for the Commission, Henk Vredeling was sceptical about the need for a statute. After all, a statute meant nothing unless it was backed up by regulations and directives having the force of law. The Community already had an Action Programme in favour of migrant workers (adopted in January 1976), which had led to the adoption of a number of directives on the rights of migrant workers. Other proposals were pending. In these circumstances a statute would be superfluous.

Luigi Granelli (It, CD), who introduced the question, pointed to the 'moral value' of having such a statute to protect migrant workers' rights. He was echoed by Alfred Bertrand (Be) who spoke for the Christian Democrats: a statute would have an important psychological impact, he thought. In the case of migrant workers who were also Community citizens, there was a need to grant political

rights. And he suggested publishing a 'booklet' to be issued to all migrant workers listing their rights under existing Community laws.

Willem Albers (Du, S) agreed: all too often foreign workers arriving in a Community country began by looking around and asking 'just where are we here?'

Jan Broeks (Du, S) agreed with Commissioner Vredeling and thought the entire matter needed reconsideration. But Hector Rivierez thought a solution might be to take the Action Programme and regard it as a Charter for migrant workers. He also drew attention to the need for drawing a distinction between migrant workers from the Community and those from third countries.

Michele Pistillo (It, CA) felt a statute was needed to replace the numerous bilateral treaties at present in force between Member States and various third countries.

Replying, Mr Vredeling stuck to his belief that what counted was laws, not statutes. But he agreed on the need for a booklet setting out existing regulations.

## QUESTION TIME

### QUESTIONS TO THE COMMISSION

*'Not satisfied' on insurance (Sir Brandon Rhys Williams)*

Progress in producing a true common market for insurance was not satisfactory, Commissioner Henk Vredeling told the House. In 1973 a directive coordinating compensative insurance had been adopted; and there would be one on co-insurance in the near future. But a 1973 proposal on life insurance was stuck in Council. A 1975 proposal on restrictive categories of insurance was currently before Parliament itself.

*Commission staff shortages (Elaine Kellett-Bowman)*

Commissioner Antonio Giolitti was unable to give Elaine Kellett-Bowman (Br, EC) any assurance that the Regional Fund would have adequate staff to deal with its responsibilities in the future. As with all Commission

Directorates-General, the Council had not made sufficient budgetary provision. Mrs Kellett-Bowman was 'exceedingly dismayed': there was a threat not only to new policies, but to existing programmes as well.

*'Genuine' prices for steel? (Carlo Meintz)*

Although the Community as a whole was a net exporter of steel to Eastern European countries, Commissioner Henk Vredeling said that the price of imported steel was considerably lower than that produced internally, and the Commission was examining the problem. In 1976 there was a positive balance with the USSR, Poland, Albania and Rumania, but a substantial deficit with the rest. Charles Fletcher-Cooke (Br, EC) and Tom Ellis (Br, S) wanted to know how you could estimate 'true' prices where there was no genuine market. The Commissioner pointed out that anti-dumping arrangements could be activated if necessary; but that it was difficult to get data on production costs in the East European countries. Commissioner Etienne Davignon would be reporting shortly.

*Restoration of 'Community preference' (Michael Herbert)*

Commissioner Finn Gundelach gave Parliament a firm assurance that agreements with New Zealand concerning butter and cheese imports would be kept by the Commission. He was replying to a supplementary question from Michael Herbert (Ir, EPD) which called for the restoration of 'Community preference' as the first step forwards getting rid of the butter mountain.

On Mr Herbert's original question, however, which concerned imports of New Zealand cheese, the Commissioner noted that the agreements were less clear-cut. The Dublin agreement on imports of New Zealand cheese expires at the end of 1977, and then provides for a Commission report. It would also be covered at the multilateral trade talks.

*No real delay on Green Krone (Kai Nyborg)*

Following the devaluation of the Danish krone on 29th August, Commissioner Finn Gundelach told Kai Nyborg (Da, EPD), the Council of Ministers decided on a devaluation of the Green Krone on 13th September. Why the delay? asked Mr

Nyborg. The Commission had acted the day after devaluation, replied the Commissioner, but the Council had decided to wait for the next routine meeting and then backdated the green devaluation. 'No-one has suffered'.

*Dioxin in use as a weedkiller (Liam Kavanagh)*

Dioxin is the poison produced when trichlorophenol (TCP) is heated to a temperature over 200 degrees C. This is indeed what happened accidentally at Seveso, at the Icmesa chemical factory (owned by Givaudan, a subsidiary of the Swiss Hoffman-La-Roche pharmaceutical company) at 12.37 on July 10th 1976. Given that dioxin is said to be two million times as toxic as TCP, there was some alarm in Dublin on July 19th when a Forestry and Wildlife Service spokesman said that a weedkiller (2,4,5-T) containing one part in ten million of TCDD (popularly known as dioxin) was being used to control wild rhododendrons, furze and scrub.

It prompted Liam Kavanagh (Ir, S) to ask the Commission if it was aware this weedkiller was being used; whether it was satisfied the safety regulations were adequate and whether it would consider proposing the suspension of its use.

In reply Antonio Giolitti said the Commission was aware that the herbicide 2,4,5-T was admitted in all Member States save Italy. As had been pointed out in reply to written questions 432/76 and 35/76 the herbicide, which could contain very small traces of dioxin, was subject to official control by the responsible authorities of the Member States. As far as was known, herbicides containing 2,4,5-T which were up to standard could be used in appropriate cases. But products containing dioxin, even in small quantities, had to be handled with great care because so far no one knew the safe limits of exposure (the 'no effect level') for human beings. The Commission was continuing to watch the use of 2,4,5-T and checking all incoming information. And, as indicated in reply to oral questions 053/76 and 056/76 and written question 779/76, the Commission intended — in order to prevent any repetition of serious accident — to propose a directive to Council on control over dangerous industrial activities. Mr Kavanagh asked what progress was being made with this directive. Mr Giolitti said it would be discussed by a group of government experts for the third time on October 13th and 14th.

## **Votes**

Mr Cointat's motion on non-automatic carry-forwards was agreed to unanimously.

Mr Coustè's motion calling on the Commission to update its four-year data-processing programme was also agreed to.

## **The Community and Portugal**

Parliament concluded its business today by casting a somewhat anxious eye at applicant Portugal. Introducing a motion on EC-Portugal trade relations on behalf of Alfons Bayerl, Mr Christopher Price asked the House to approve various protocols worth some 350 mva in loans and emergency aid. The House will vote on the motion at the close of business tomorrow.

Approval, he said, would be a psychological boost for Portugal at a time of economic crisis and political difficulty. Economically, Portugal's need was to diversify away from tourism and migrants' remittances and to diversify she needed investment. The protocols would help as indeed the Federal Republic of Germany had helped with large-scale investment. The protocols would also help Portugal's agricultural exports.

Mario Martinelli (It), Christian Democrat spokesman, expressed similar concern about Portugal's economy. With a two billion dollar trade deficit, 30 per cent inflation and 600,000 unemployment (or 20 per cent of the active population), her government was now bringing a three-year plan through parliament to create 200,000 new jobs. The scale of investment needed was of the order of 15 billion dollars.

The other speaker was European Conservative spokesman James Scott-Hopkins (who declared an interest: he is a director of two companies in Portugal, one in resins and the other in timber) dealt mainly with the agricultural aspect of the protocol — this was where the main impact would come from. And he urged the House to bear in mind the effect that increased imports of Portuguese products into the Community would have in Southern France and Italy. Mr Scott-Hopkins here hoped that aid would go to help Portugal streamline its agriculture: 28 per cent of the population worked on the land producing only about 14 per cent of the GNP. It was a frankly agrarian society. But it was



extremely difficult to bring about a change-over from agriculture to industry on the scale needed.

In reply Mr Vredeling said the Commission had not yet returned its opinion, to be given pursuant to Rome Treaty article 237, on the application Portugal made to join the Community on 28th March 1977. He praised the report which, inter alia, brought out Portugal's trading deficit with the Community. Exports to the EC (from January to June 1976) were worth 424,925,000 ua (177,053,499 pounds) while imports from the EC (January to June 1976) were worth 711,539,000ua (296,476,955 pounds).

## **FRIDAY**

The President announced he had received petitions concerning the fate of Djoka Stojanovic and another from Mr Peter Stüdemann on criticisms of police behaviour in Mulhouse.

### **Telex charges**

Socialist Group chairman Ludwig Fellermaier raised the question of telex charges being higher for international links than for comparable distances on internal services. Commissioner Henk Vredeling conceded the point that some international charges were appreciably higher.

As the 'Survey of telecommunications services and tariffs logica Ltd. 1977' showed, the rates between European countries could be three times as high as for national telex services. As for bringing the rates into line, as Mr Fellermaier suggested, the Commission had already tried — as long ago as 1962. But to no avail. However he would get in touch with the Directors-General of the postal services and see what could be done.

### **Herring stocks**

There was general acceptance in Parliament for the Commission's desire to ban herring fishing and introduce conservation measures although not all Members agreed on the scope of such measures should have. As Michael Yeats said: 'I

think we must accept the need for these (herring fishing ban) regulations ... I think all of us do appreciate the very heavy sacrifices that these provisions must entail for fishermen and particularly for those fishermen who live in remote parts of our Community who have, because of the nature of the region in which they live, no possibility of obtaining work in alternative economic activity. But we must accept, and we must stress, for all fishermen in our countries, that it is in their own interest that the herring should be conserved because the greatest disaster that could befall them would be if the herring stocks were to disappear.'

## **Votes**

The House agreed to the motion in Mr Bayerl's report on relations with Portugal. The House agreed to the motion in Mr Hughes's report on herring stocks. The motion, *inter alia*, approved the Commission's proposal to ban herring fishing in the North Sea in 1977 and 1978; to establish herring quotas in the West Celtic Sea, the Irish Sea, West Ireland and West Scotland until 31 December 1977; and to prohibit all direct herring fishing for industrial purposes. It also called for compensatory measures to offset the effects of the ban on fishing communities largely dependent on herring.

## SUMMARY OF THE WEEK

**Monday 12th September – Friday 16th September 1977**

(Document numbers in brackets)

### *Monday, 12th September*

- House supports proposals to finance cyclical stocks of coal, coke and patent fuels (226/77)

### *Tuesday, 13th September*

- All political groups express severe criticism of the draft budget for 1978 following the presentation by Mark Eyskens on behalf of the Council
- Question Time: 8 questions to the Commission (269/77)
- President Jenkins joins in the budget debate on behalf of the Commission
- House unanimously calls for 2m ua to be allocated to the flood victims in Southern France and Tuscany (276/77)
- House agrees on the procedure for dealing with the 1978 budget (273/77)
- Parliament suggests ways of improving the Community's consumer policy (114/77)
- House supports proposals for a directive on doorstep trading (227/77)

### *Wednesday, 14th September*

- The economic situation: Parliament assesses Community policies (200/77)
- Question Time: 11 questions to the Council (269/77)
- House decides that the Political Affairs Committee will study policy regarding firms in Southern Africa (278/77)

- Parliament approves Commission's fourth programme for the data-processing industry, but Budgets Committee expresses misgivings (262/77, 235/77)
- Council President Henri Simonet reports on the Council of Environment Ministers meeting of 14th June (261/77)
- All agree that the Community needs common arrangements for summertime (263/77)
- House calls for equality of treatment for all children of migrant workers (266/77)
- Multifibre Agreement: Parliament calls for careful action (268/77)

*Thursday, 15th September*

- House expressed concern at the enormity of the youth unemployment problem and calls for a concerted policy (264/77, 265/77)
- Commissioner Vredeling rejects call for a statute for migrant workers (259/77)
- Question Time: 6 questions to the Commission (269/77)
- Parliament approves protocols worth 350 m.u.a. in aid for Portugal and giving her agricultural exports freer access to the Common Market (187/77)

*Friday, 16th September*

- Parliament receives two petitions
- Commission promises to look into telex charge variations (267/77)
- House endorses Commission's herring ban proposals (280/77)

**Abbreviations:** Br British, Ir Irish, Be Belgian, Da Danish, Du Dutch, Fr French, Ge German, It Italian, Lu Luxembourg, S Socialist, CD Christian Democrat, L Liberal and Democrat, EC European Conservative, EPD European Progressive Democrat, CA Communist and Allies, EC European Community.

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