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NOTE TO READER

Appearing at the same time as the English edition are editions in the five other official languages of the Communities: Danish, German, French, Italian and Dutch. The English edition contains the original texts of the interventions in English and an English translation of those made in other languages. In these cases there are, after the name of the speaker, the following letters, in brackets, to indicate the language spoken: (DK) for Danish, (D) for German, (F) for French, (I) for Italian and (NL) for Dutch.

The original texts of these interventions appear in the edition published in the language spoken.

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 4.05 p.m.)

President. — The sitting is open.

1. *Resumption of session*

President. — I declare resumed the session of the European Parliament adjourned on 25 April 1974.

2. *Apologies for absence*

President. — I have received apologies for absence from Mr Schuijt and Mr Burgbacher who are unable to attend this part-session.

3. *Statement by the President concerning the list of attendance*

President. — I draw your attention to the measures which I have taken, following certain exchanges in the enlarged Bureau, concerning the list of attendance. I hope that the arrangements, of which I have informed all Members in writing, will prove in practice to be suitable.

4. *Documents received*

President. — Since the session was adjourned, I have received the following documents:

(a) from the Council of the European Communities, requests for an opinion on:

— the proposals from the Commission of the European Communities to the Council for

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for 30,000 head of heifers and cows, not intended for slaughter, of certain mountain breeds, falling within sub-heading ex 01.02 A II b) 2 of the Common Customs Tariff

II. a regulation opening, allocating and providing for the administration of a Community tariff quota for 5,000 head of bulls, cows and heifers, not intended for slaughter, of certain mountain breeds, falling within sub-

heading ex 01.02 A II b) 2 of the Common Customs Tariff

(Doc. 69/74).

This document had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for an opinion;

— the proposal from the Commission of the European Communities to the Council for a regulation on the establishment of a European vocational training centre (Doc. 70/74).

This document had been referred to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Budgets and the Committee on Cultural Affairs and Youth for their opinions;

— the proposal from the Commission of the European Communities to the Council for a directive on the control of carnation leaf-rollers (Doc. 77/74).

This document had been referred to the Committee on Public Health and the Environment;

— the proposal from the Commission of the European Communities to the Council for a regulation extending the period of validity of Council Regulation (EEC) No 1174/68 of 30 July 1968 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 78/74).

This document had been referred to the Committee on Regional Policy and Transport;

— the proposal from the Commission of the European Communities to the Council for a regulation on the customs treatment applicable to goods returned to the customs territory of the Community (Doc. 79/74).

This document had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Budgets and the Committee on Agriculture for their opinions;

— the proposal from the Commission of the European Communities to the Council for a decision adopting a programme of research and education for the European Atomic Energy Community on plutonium

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recycling in light-water reactors (indirect nuclear project) — (Doc. 80/74).

This document had been referred to the Committee on Energy, Research and Technology as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal for a transfer of appropriations

from Chapter 98 — Provisional appropriations not allocated to Chapter 26 — Expenditure on studies, surveys and consultations (Doc. 81/74).

This document had been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a regulation laying down special measures for soya beans (Doc. 88/74).

This document had been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a review of the long-term research programme (Doc. 89/74).

This document had been referred to the Committee on Energy, Research and Technology as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation altering the intervals at which are fixed the standard values to be used in calculating financial compensation in respect of fishery products (Doc. 90/74).

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation modifying Regulation (EEC) No 1411/71 as regards the fat content of whole milk (Doc. 99/74).

This document had been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties in the Common

Customs Tariff on a number of agricultural products (Doc. 100/74).

This document had been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations for its opinion;

- (b) from the Commission of the European Communities:

- the operating accounts and financial statements relating to the budget operations for the financial year 1972

the report of the Audit Board on the accounts for the financial year 1972, and

- the report of the Audit Board on the accounts of the Euratom Supply Agency for the financial year 1972 of the European Communities (Doc. 74/74—I to IV);

This document had been referred to the Committee on Budgets;

- (c) from the committees the following reports:

- report by Mr Erwin Lange on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on the importation free of Common Customs Tariff duties of educational, scientific and cultural materials (Doc. 72/74);

- report by Mr Helmut Artzinger on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a directive amending Article 5 (2) of the Directive of 17 July 1969 concerning indirect taxes on the raising of capital (Doc. 75/74);

- report by Mr Helmut Artzinger on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a third directive on taxes other than turnover taxes affecting the consumption of manufactured tobacco (Doc. 76/74);

- report by Mr Roger Houdet on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive on the stunning of animals before slaughter (Doc. 82/74);

- report by Mr James Gibbons on behalf of the Committee on Agriculture on the proposal from the Commission of the

President

- European Communities to the Council (Doc. 13/74 - I) for a regulation on pure-bred breeding animals of the bovine species (Doc. 83/74);
- report by Mr Egbert Wieldraaijer on behalf of the Committee on Social Affairs and Employment on
 - Petition No 1/73 on the proposal for an International Charter of Migrant Workers' Rights and
 - Petition No 1/74 on the proposals for a European Charter for Migrant Workers (Doc. 84/74);
 - report by Miss Astrid Lulling on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council (Doc. 349/73) for a decision on assistance from the European Social Fund to persons employed in the shipbuilding industry (Doc. 86/74);
 - the report by Mr Augusto Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive concerning the quality required of surface water intended for the abstraction of drinking water in the Member States (Doc. 87/74);
 - report by Lord Lothian on behalf of the Committee on External Economic Relations on the recommendations adopted in Berlin on 28 March 1974 by the Joint Parliamentary Committee of the EEC-Turkey Association (Doc. 91/74);
 - report by Mr Lucien Martens on behalf of the Committee on Agriculture on the amendments to the proposals from the Commission of the European Communities to the Council for
 - I. Regulations concerning the level of the maximum quota applicable to sugar during the 1974/1975 marketing year
 - II. A regulation supplementing Regulation No 1009/67/EEC on the common organization of the market in sugar (Doc. 92/74);
 - report by Mr Edgar Jahn on behalf of the Committee on Public Health and the Environment on the communication and the proposal from the Commission of the European Communities to the Council for a regulation on the creation of a European foundation for the improvement of living and working conditions (Doc. 93/74);
 - report by Mr Luigi Marras on behalf of the Committee on Social Affairs and Employment on the communication and the proposal from the Commission of the European Communities to the Council for a regulation on the creation of a European foundation for the improvement of living and working conditions (Doc. 94/74);
- (d) from Mr André Rossi, general rapporteur, the report on the Seventh General Report of the Commission of the European Communities on the activities of the Communities in 1973 (Doc. 73/74);
- (e) from the Joint Parliamentary Committee of the EEC-Turkey Association the recommendations adopted by this committee on 28 March 1974 in Berlin (Doc. 71/74);
- This document had been referred to the Committee on External Economic Relations;
- (f) the following Oral Questions:
- Oral Questions put by Sir Douglas Dodds-Parker, Mr Eisma, Mr Willi Müller, Mr Patijn, Mr Brewis and Mr Concas pursuant to Rule 47A of the Rules of Procedure for Question Time on 14 May 1974 (Doc. 85/74 and addendum);
 - Oral Question with debate put by Mr Fellermaier, Mr Van der Hek and Mr Wohlfart on behalf of the Socialist Group, pursuant to Rule 47 of the Rules of Procedure, to the Council of the European Communities, on Italian Government measures (Doc. 95/74);
 - Oral Question with debate put by Mr Fellermaier, Mr Van der Hek and Mr Wohlfart on behalf of the Socialist Group, pursuant to Rule 47 of the Rules of Procedure, to the Council of the European Communities, on Italian Government measures (Doc. 96/74);
 - Oral Question without debate, pursuant to Rule 46 of the Rules of Procedure, put by Mr Scott-Hopkins to the Commission of the European Communities on the flow of trade between Italy and the other Member States (Doc. 97/74);
 - Oral Question without debate, pursuant to Rule 46 of the Rules of Procedure, put by Mr Früh to the Commission of the

President

European Communities on the recent measures taken by the Italian Government (Doc. 98/74).

5. *Decision on urgent procedure*

President. — I propose that Parliament deal by urgent procedure with reports not submitted within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

That is agreed.

6. *Order of business*

President. — The next item is the order of business.

In accordance with the instructions given to me by the enlarged Bureau at its meeting of 23 April 1974, I have drawn up a draft agenda, which has been distributed.

Since then, in view of the special political situation in various Member States, the enlarged Bureau has, at its meeting of 7 and 8 May 1974, drawn up a new draft agenda, which has been sent to you by telegram.

I propose therefore that Parliament adopt the following order of business:

This afternoon:

- Commission statement on action taken on the opinions of Parliament;
- Report by Lady Elles on the protection of the European cultural heritage;
- Report by Mr Premoli on the quality of surface water;
- Report by Mr Bersani on consumer protection.

Tuesday, 14 May 1974

9.30 a.m. and 2.30 p.m.:

- Question Time;
- Joint debate on four oral questions concerning Italian trade restrictions;
- General report by Mr Rossi on the Seventh General Report of the Commission for 1973.

Wednesday, 15 May 1974

10.00 a.m.:

- Oral Question concerning the Dollart nature reserve;
- Oral Question on the protection of wild birds;
- Report by Mr Bousch on the economic policy guidelines for 1974;
- Report by Mr Della Briotta on proprietary medicinal products.

Are there any objections?

I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, on behalf of the Committee on Public Health and the Environment I should like to request that the Oral Question to be put by our committee to the Commission on the Dollart nature reserve be postponed to the next part-session, as for reasons known to all of you the authors cannot be here on Wednesday to explain this question, and it is obvious that they must be given the right to explain the various aspects of the matter.

President. — Mr Jahn, speaking on behalf of the committee responsible, proposes that the Oral Question on the Dollart nature reserve should be postponed until the next part-session. The arguments put forward by Mr Jahn in support of this are perfectly valid.

Are there any objections?

That is agreed.

I call Mr Broeks.

Mr Broeks. — (NL) Mr President, the debate on the Seefeld Report, drawn up on behalf of the Committee on Cultural Affairs and Youth, on the Committee for Youth questions and the Youth Advisory Committee has now been postponed for a second time. There is particularly great interest in this report on the part of youth organizations and international youth organizations. This was shown during negotiations in our committee.

It is very disappointing for the youth organizations to see this debate postponed now for the second time. I would be very grateful if, when you fix the agenda for the next part-session, you would be so good as to see that this report is put on the agenda and that we receive enough time to discuss it, since otherwise the disappointment of these young people will doubtless continue to grow.

President. — I agree with Mr Broeksz.

We must see to it that this problem is considered at the next part-session and given all the attention it deserves.

Are there any further comments on the agenda?

The draft agenda is adopted.

7. Time limits for tabling amendments

President. — As a result of the extensive alteration of the agenda, the time limits originally laid down for tabling amendments no longer hold.

8. Statement by the President on urgent procedure

President. — I would remind you that the enlarged Bureau decided some time ago not to put on the agenda any longer reports not submitted within the time-limits laid down in the rules of 11 May 1967, unless there were very serious grounds for adopting urgent procedure.

As a result of this decision, several reports, amongst them the report by Mr Martens, were postponed to the next part-session.

Although it was submitted within the prescribed time-limits, the report by Mr Martens on the common organization of the market in sugar could not be dealt with at the present part-session, since the Committee on External Economic Relations and the Committee on Development and Cooperation, which had been asked to deliver opinions on the matter, had not had sufficient time to prepare their opinions.

The Council has asked us to give an opinion on this matter as soon as possible. If Parliament had not been consulted at such a late stage, it could easily have complied with this request.

Having consulted the interested parties, I feel that there is no justification for declaring this report urgent and that it will cause no great inconvenience to put it on the agenda for the next part-session to be held in June.

9. Allocation of speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 (4) of the Rules of Procedure, I propose that speaking time be allocated as follows:

— 15 minutes for the rapporteur and one speaker for each political group;

— 10 minutes for other speakers;

— 5 minutes for speakers on amendments.

For debates on Oral Questions, I propose that speaking time be allocated as follows:

— 10 minutes for the author;

— 5 minutes for other speakers.

Are there any objections?

That is agreed.

10. Commission statement on action taken on the opinions of Parliament

President. — The next item is the Commission statement on action taken on opinions and proposals put forward by the European Parliament.

I call Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I have the honour to inform Parliament of the action taken by the Commission on the opinions expressed by the Assembly during the last part-sessions. Firstly, with regard to Mr Artzinger's report on a directive concerning the harmonization of excise duties on alcohol, the Commission has amended its proposal, as it does not feel that it can accept tax exemption for alcohol intended for use in the food industry. On the other hand, it will take account in its amendment of Parliament's wishes with regard to the tax arrangements to be applied to small producers. In this way it will be possible to maintain the tax arrangements at present existing for a certain period of time, during which period the economic effects of this provision will be carefully examined. When this examination has been completed the Commission will possibly submit new proposals. At any rate, the amended Commission proposal on harmonization of excise duties on alcohol will be forwarded to you very shortly.

With regard to the directive concerning excise duties on wines, on which a report was drawn up by Mr Gerlach, and the directive on excise duties on beer, on which a report was drawn up by Mr Rossi, the Commission cannot accept Parliament's opinion and stands by its original proposal.

With regard to the directive concerning excise arrangements for mixed beverages, on which a report was drawn up by Mr Schmidt, the Commission, while fundamentally disagreeing with Parliament's choice, has already withdrawn its

Scarascia Mugnozza

proposal as a result of the unfavourable opinion expressed by the Assembly. In another sector, that of the creation of a European uranium enrichment capacity, on which a report was drawn up by Mr Noè, the Commission cannot agree with Parliament and stands by its proposal. During the second April part-session of the European Parliament, my colleague, Mr Dahrendorf, outlined the Commission's position on various points in the resolution contained in Mr Hougardy's report on the motion for a resolution on guidelines for the mutual recognition of diplomas, certificates and other evidence of former qualifications by virtue of Article 57 of the Treaty. I should only like to add that the Commission's services are, in fact, at present preparing an amended proposal which will take account of most of the requests made by Parliament with regard to paragraphs 1 and 5 of its resolution. This amended proposal will be forwarded to the Council at the beginning of June.

With regard to Mr Schulz's report on the communication from the Commission to the Council on education in the European Communities, which was adopted by the Assembly, the Commission intends to amend its proposals to take account of some requests made by Parliament. One of these amendments would be to include in the preamble of a draft Council decision reference to the elimination of various forms of social inequality, which is one of the objectives of the European education policy, and another amendment would see to it that the opinions and reports of the European Committee for Cooperation in Education were forwarded to the Community institutions. Furthermore, an annual report from this committee would be included in the Commission's general report. However, the Commission, for the reasons already outlined by my colleague Mr Dahrendorf in the Assembly, cannot accept the other amendments concerning the right of the European Parliament to convene the European Committee for Cooperation in Education to ask its opinion. Finally, I should like to inform Parliament that the Commission has already expressed its willingness to accept the amendments proposed by Mr Memmel in his report on a procedure of consolidation and that it will therefore, within the next few days, forward to the Council and to Parliament an amended proposal, pursuant to Article 149, paragraph 2.

President. — I thank Mr Scarascia Mugnozza for his statement.

11. Protection of the European cultural heritage

President. — The next item is a debate on the report drawn up by Lady Elles on behalf of the

Committee on Cultural Affairs and Youth on the motion for a resolution submitted by Mr Premoli on behalf of the Liberal and Allies Group on measures to protect the European cultural heritage (Doc. 54/74).

I call Lady Elles, who has asked to present her report.

Lady Elles, rapporteur. — Mr President, the crisis through which Europe and Europeans are now passing is not only an economic and material but also a cultural crisis. Many have rejected the traditional cultural and spiritual values, and there is a vacuum which neither the European Communities nor the Member States have so far been able to fill. One of the most important subjects which have been raised in this comparatively new committee of the Parliament, the Committee on Cultural Affairs and Youth, has been the protection of the European cultural heritage, and we as a committee express our gratitude to Mr Hougardy and the Liberal and Allies Group for proposing a motion for a resolution drawing attention to the impoverishment of this heritage due to natural and human factors.

We also note with satisfaction that the Commission has responded to the needs of the Community by the establishment of two new administrative units — the Environment and Consumer Protection Department, responsible, *inter alia*, for protecting the cultural heritage, and the Cultural Problems Division. On behalf of the committee, I have the honour, Mr President, to present this resolution to the Assembly, and I wish to make some observations on its contents.

First, when defining what is meant by 'cultural heritage', we have not restricted ourselves to that contained in the UNESCO International Convention concerning the world's cultural and natural heritage, which concerns buildings, sites and monuments only; we have accepted the broader definition contained in Article 1 of the UNESCO International Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of cultural property, dated November 1970. This includes not only the aforementioned category but also property relating to history, archaeological excavations, antiquities (including inscriptions and coins), pictures, paintings, statues, rare manuscripts and incunabula, archives and furniture. I think it is important to mention these in order to realize the breadth and importance of this resolution.

Secondly, the necessity for the resolution has arisen from the evolution which is taking place in our contemporary world, whether social or

Lady Elles

demographic, economic or industrial, commercial or agricultural, all of which are contributing to the deterioration if not the demolition of our architectural heritage. Inefficient urban planning, the chemical effects of pollution and the scientific and technical changes in transport, which shake the structures of our more ancient buildings, are awakening the consciences of our people to the obligation of taking positive measures to prevent further deterioration.

Thirdly, these obligations entail the identification of that part of our cultural heritage which it is considered should be maintained and protected and of the methods, whether legal, scientific, financial or administrative, by which these obligations should be met. The identification has been left so far to Member States and presents little difficulty so far as those criteria that are of universally acknowledged importance are concerned, but it does entail difficulty when establishing suitable criteria applicable to all the Member States in view of the diversity and variety of their different cultures.

Fourthly, the new phenomena of our time which demand international cooperation are the traffic in, and theft of, works of art on a transnational scale, whether from archaeological sites or museums, and the removal of important works of art used as bargaining counters for political reasons.

Fifthly, one of the consequences of the Second World War was the wanton destruction of some of our most beautiful buildings, from Bologna to Bath, from Chartres to Cologne, and we therefore urge the observance of the UNESCO Convention for the Protection of Cultural Property in the Event of Armed Conflict, of May 1954, by which convention cultural property of universally acknowledged importance could enjoy international protection for the first time. Incidentally, this convention has been ratified by the Six, but on information that I have received has not so far been ratified by either the United Kingdom, Eire or Denmark, the three new members of the Communities.

Sixthly, the Member States are urged to sign and ratify the aforementioned convention of 1970 concerning illicit imports and thefts. This ratification does not detract from the obligation either of the Community or of Member States to take effective measures for the protection of our heritage.

Seventhly, I should like to refer to the invaluable work done by the Council of Europe, which is evidenced by conventions and by the most important project of the European Architectural Year, to take place in 1975. I would, however,

point out that the proposals for legislation contained in the resolution will, if implemented, reinforce rather than overlap the work already done by regional and international bodies. The appropriate sections of the Council of Europe have undertaken a vast amount of work already, and initiatives which were intended to awaken the interest, pride and respect of the peoples of Europe in their common inheritance arrange for effective action to be taken to protect and enhance our public and private buildings and to preserve the character of many old villages and integrated areas. Other initiatives which we envisage being taken by Member States include extended powers for local and regional authorities, rationalization and effective control of planning procedures, the designation of conservation areas and prevention of demolition of historical buildings without due notice, preservation and conservation of ancient cities, towns and villages considered in relation to their adaptation to modern needs, and steps to encourage the formation of local interest groups and citizens' associations.

We consider one of the most important aspects of the work of the Commission will be concentration of effort on preservation, involving controlled conservation and urban planning, the development and application of new methods of preservation, repair and protection, the adaptation of new architecture and planning to existing preserved buildings, the proper maintenance of our ancient buildings, and the scientific, technical and artistic training of persons to undertake the work of preservation.

One aspect that we consider of vital importance is the education and information of the public concerning our cultural wealth, as it is only by learning to respect and appreciate our possessions that we can expect them to be preserved and respected in future. In this connection, we envisage the use of all the modern means available: mass media—whether television, films or video-cassettes—seminars, lectures, cultural exchanges at secondary, undergraduate and graduate level, an updating of presentation in museums and the circulation of some of the works of art which lie unknown and unappreciated in the cellars of our galleries and museums, and easier access to our galleries and museums both time-wise and financially for the many students and specialists who take a particular interest in our works of art.

There is a need for legislation to protect the works of writers and other creative artists from exploitation and to enable artists to have a fair reward during their lifetime for their work and for the protection of related intellectual property rights. The type of legislation that we

Lady Elles

envisage throughout the Member States and which we ask the Commission to study with a view to some form of approximation concerns financial measures ensuring tax relief for private associations concerned in cultural work, the establishment of a fund to finance this work, tax concessions on gifts and inheritances, exemption from VAT for works of art, reductions in transfer duties and measures to encourage technical and architectural assistance for state and local authorities.

Mr President, we take this opportunity of requesting those countries who are associated with the European Communities to consider these proposals earnestly as we think that they will be of considerable benefit to them.

To sum up, we realize that a long-term programme is needed, covering both financial measures and measures to secure the awareness of states in order to attain our stated objectives. We possess thirty centuries of irreplaceable wealth—the visible products of man's creative and imaginative genius and the one unifying thread through all our Member States. In view of the intention expressed by the Heads of State or Government in the Declaration of Copenhagen in December 1973 to create a European identity, there can be no firmer foundation than the wealth that transcends all political parties, all national frontiers and all centuries, a cultural heritage which brings a deeper value and meaning to our daily lives beyond the economic, financial and material considerations which so beset us. We therefore, Mr President, urge the Commission to act upon the motion for a resolution which is now before this Assembly.

(Applause)

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, fortunately this century has evolved an understanding of the irreplaceable value of what man is destroying in nature itself. For this reason we have nature reserves and natural parks and realize that it is our duty to protect species of animals threatened with extinction. We also realize that it is no longer possible to take fish from the sea until there are no fish left and in the last few years people have begun to understand that the sources of raw materials in the earth are not inexhaustible. Humanity has been more reckless with its cultural assets than with anything else.

When we were young and learnt about the seven wonders of the world we had to be taught that, unfortunately, only one of these

seven wonders still existed, and that this was disfigured and had been robbed of its crown; and if the pyramid of Cheops still stands, this is only because man has not been able to destroy it. This is also, fortunately, true of the Pyramid of the Sun and of the Moon in Mexico, which would otherwise also have disappeared.

When we speak of cultural assets we realize how far humanity has failed in this respect and it is easy to understand that the Committee on Cultural Affairs and Youth was especially impressed by the motion for a resolution submitted by the Liberal and Allies Group, and our Group is also very satisfied with the excellent report which Lady Elles has drawn up on this subject.

When we consider how cultural assets should be protected, the first question that arises is: what are cultural assets? An inventory will have to be drawn up on the basis of the fortunately broad definition which we have given this concept. But without that inventory this will not be possible. And I am also pleased to see that the broad description of the cultural heritage also includes town views, village views, and other sites of special cultural interest. We shall only be able to change human attitudes if it is impressed on youth how important, how irreplaceable and of what great value the cultural heritage is for history and for the coming generations, and how happy we are that next year has been acclaimed the European Architectural Heritage Year. It is definitely necessary for us to look beyond architecture. A future for our past means not only a future for buildings, but also a number of other things.

What we need then is an inventory, and information for youth, but also the necessary funds. It will be necessary first of all to harmonize European actions in this area. We are especially interested in ideas for a number of proposals which the Commission could in our opinion submit to the Council.

After Lady Elles's speech I do not need to go through the points again. Everybody can find them for himself in paragraphs 9, 10 and 11 of the motion for a resolution. But it would be wrong to think that the European Community is able to take on the protection of our cultural heritage on its own. Of course, the national governments bear a large degree of responsibility, as do regional and local authorities. And there are fortunately still a great number of places where responsibility is accepted for local cultural heritage and where people are prepared to spend a large amount of money. On the other hand it is clear that, even if we succeed in drawing the attention of not only the

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Community but also local, regional and national authorities to this need, great efforts will still be needed to actually achieve anything, since people will have to understand that more money is needed than humanity has allocated for this purpose so far. And the problem of financial resources will be the main one in the years to come. Is it enough for us, as the resolution asks, to ratify a convention which has not yet been ratified by all the European states or to speak with one voice, this time not in political matters, but in cultural matters? We must also realize that if future generations have no money to spare for the preservation of our cultural heritage, the objectives put forward in the report will not be attained.

Perhaps at the present time there will not be so much optimism about the actual possibilities in the future. But even if optimism is not very great, this should not prevent us continuing our present efforts as there are fortunately also examples of very noteworthy cooperation at international level. I only have to remind you of the fact that when the Abu Simbel temple in Egypt was threatened by the building of a dam, money was raised on an international scale to save the temple. I only have to remind you that the sumptuous and exquisite Hindu temple on Java, the Borobudur temple, will, it appears, be saved by international cooperation and I hope that it will be, for our commitments are not confined to Europe; they also lie outside Europe, and I hope that we shall be able to make a contribution in connection with the irreplaceable cultural heritage of the Mayas in Yucatan.

These are examples of commitments which the community of man has to cultural assets. But I would say once again that money must be available for these commitments, and if I am somewhat pessimistic, it is because I believe that a world which spends so much money and has to spend so much money on defence is not really in a position to offer adequate protection to its cultural assets. Only when a community has been formed in which defence can be limited to the minimum and there is understanding for what culture means to human life, and for the fact that a large amount of money has to be made available for this—for contemporary culture and for what has been preserved from the past—only then will the measures which our committee so desires be practicable.

On behalf of my group I would like to thank Lady Elles once again.

President. — I call Mr Premoli to speak on behalf of the Liberal and Allies Group.

Mr. Premoli. — (I) Mr President, I shall confine myself to making a few brief observations on our motion for a resolution, which, as you know, first saw the light of day in Venice at a meeting held there by the Liberal and Allies Group. It was very proper that Venice should be the cradle of this resolution and it was, in fact, born out of the vitality, the quantity and the splendid quality of the works of art to be found in that city. I am grateful to Lady Elles for her far-sighted and impassioned report and for the way in which she presented it a few moments ago, highlighting the main features of the document. I should like therefore to confine myself now to a few supplementary observations.

Our document proposes first and foremost to awaken a longing for works of artistic merit and for a gracious living environment in many people in our consumer society, who even today feel very little attraction towards those things, for want of any academic background and, generally speaking, education in the civic virtues. In fact, if we go back over the years to see what kind of solutions were adopted for the protection of our cultural heritage, we see the same continuous monotonous repetition of innumerable provisions, all of them of the same stamp. But we never see any evidence of attempts to go beyond these provisions by training people in a genuine enjoyment of works of art. In my own country, for example, the quantity of works of art is enormous, but we have the feeling that this cultural heritage, so abundant in Italy, is simply accepted in a passive manner; successive generations of young people come along and grow into adult years without ever having been given an academic training which would enable them to appreciate and enjoy their cultural heritage. I believe therefore that the best way to protect works of art is to be found in a wider and deeper academic training which will make young people on the threshold of adult life more aware of, and more desirous to enjoy, works of art. This is the first point I wish to make: before setting to work to restore and renovate monuments in order to prolong their physical life, it is necessary to work for a deeper understanding of them in the schools and to make young people more aware of this vast cultural treasure handed down to them from past centuries and of how much it can do for them, for their vitality and for their joy and zest for life generally.

I believe also that action along these lines, apart altogether from the purely pedagogical aspect, can be fostered by a more democratic and a more open-minded administration and management of the cultural heritage itself. Why do I say more open-minded? I will give one example

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of the open-mindedness which I would consider desirable. When we had the disastrous floods in 1966 in Venice and Florence, many minor works of art were lost or damaged, mainly in the storage vaults of Florence but also in those of Rome and Venice. These, though created by lesser known artists or by younger artists learning their trade in the schools of the great masters, were nevertheless valuable works of art which are needed to bring the public to an understanding of the greater works of art, of which these lesser works are a reflection. Now we should ask ourselves if in this twentieth century it would not be more useful to drag out from the dust and gloom of these vaults many of the minor works of art and put them to use in the schools, in hospitals, in churches, in hotels, in all the places most frequented by the public, so that the public could have an initial contact with art by means of works which, if kept hidden from public view, run the risk, as in 1966, of being lost forever to the history of art. As I have said, therefore, in the schools first and foremost, but also in hotels and all those places to which the public most frequently resort, the presence of these works could be a reminder of the past and could awaken a desire to progress from these minor works by lesser known artists to the great works of art.

Again while we are on the subject of this more open-minded and democratic custody of the works of art, which we would hope for, it would be a good thing if we were to do away with much of this foolish nationalism which sometimes makes us the kind of short-sighted custodians of our artistic treasures, who refuse to allow others to have a share in them. Permit me to give you an example, which seems to me to illustrate very aptly the kind of attitude I am thinking of. In Rome we have the splendid 17th century villa, the Villa Doria Pamphili. Belgium asked for this villa in order to make it its Embassy in Italy; however, from some kind of misguided nationalism, which I would rather call a kind of parish pump nationalism, Belgium was refused the villa, as if the Belgians were going to take the stones of the building and carry them away to Brussels or Ghent or Bruges. And so, when Belgium had been denied the opportunity to have a beautiful diplomatic residence in Rome, the villa was acquired by the Municipality of Rome and today it conveys to the visitor an impression of gloom and sadness, as do many of the Roman museums, simply because the Municipality of Rome is poor and its finances are in a most disordered state, so that it is not possible for it to take on the burden of restoring this villa on top of all the enormous and pressing demands that are being made on its budget. One more example, then, of a

museum which is left unvisited and idle, one more example to be added to the many museums which are a burthen on the cultural heritage of the city.

I should like to give one other example, and it is this. We have often heard protests being made, even in the Italian Senate, about the risks run in transporting works of art from one country to another. Now I myself am of the opinion that such risks should be undertaken with caution, with all the precautions that technology offers us today to overcome the dangers inherent in such transport. But we must not deny other peoples the opportunity to enjoy our works of art. I, myself, have seen queues of people kilometres long before the Museum of the Orangerie in Paris, for example, people who had come to admire works of art and collections lent to the city of Paris by various museums throughout Europe. Why do we not allow other peoples to share the treasures in our possession? I feel that this is a risk which should be run in the interests of democracy. By all means, let us be very responsible and careful in running that risk and let us take all the precautions which should be observed when works of art are in transit from one country to another.

One last observation and then I really will finish. Our motion for a resolution puts forward another suggestion, namely, that a new task and a new use, adapted to the needs of the modern world, should be given to many monuments and many historic palaces which at present are falling into decay for want of a purpose and do not know how to adapt themselves to modern needs. Today, for instance, could not many of our cities, by taking a little thought, locate their municipal council or local authority offices in historic palaces which are doomed to decay for want of a reason for existence? In Venice, if I may be allowed to go on quoting examples from my own city, we have used the splendid Labia Palace to house the Italian Radio and Television Service. And so these walls have been restored to life in all their historic beauty and with all their artistic and picturesque memories, and they have been thus restored by their present usefulness, because whether a house is beautiful or ugly, it resists the passage of time only to the extent to which there is some continuing reason for existence within its walls.

Our resolution, therefore, would like to see methods more suited to the real needs of our times being adopted to further the conservation of our artistic heritage. These methods should do away with the image of passivity and inertia which this whole subject conjures up today and should instead give cultural conservation a stimulus designed to make it more sensitive and

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more responsive to the real needs and the real challenges of our times.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I think it will surprise no one here if yet another Italian takes the floor on this subject. I have no quarrel with what has been said by Mr Broeks on behalf of the group to which I also belong, but in addition to thanking Lady Elles for her remarkable report, I should like to make a few brief points.

The first point is this, Mr President: I feel that at this moment when the Community is quite justifiably plunged in pessimism, these proposals represent a ray of light, or at least a ray of hope, despite all the reasons for our gloom. But while as proposals, these, I feel, deserve to be welcomed, I must say that anyone who is well acquainted with what is happening in the Community countries, and in particular in the country whose language I am now speaking, cannot but be extremely concerned and pessimistic. We are witnessing a veritable race against time, both as regards destruction in the natural course of events and that perpetrated by man.

If, therefore, the Commission, in accepting some of these proposals, means to get something done—and done properly and done quickly—I believe it will earn much more gratitude from Europe than it will by harmonizing provisions on packaging, by invoking the Treaty to introduce new braking systems for cars or by laying down time-limits for vehicle patents. If those decisions are important, how much more so these! It is in this spirit that I would urge the Commission to co-ordinate its activity with that of the Council of Europe. It would be a pity if two European bodies, even if they are founded on different treaties, should compete with each other and laboriously and separately cross the same bridges and make the same discoveries!

I think, therefore, that the Commission should take up the following suggestion. I feel the Commission should not just go over all the ground that has been covered by the Council of Europe but go on from there, or concentrate its efforts in particular directions, but at any rate avoid any tendency to rivalry or any competitive spirit—both, I feel, injurious and out of place—which might induce one organization to proceed on its course, feigning ignorance of what is being done by the other. In addition, it is my opinion that the Commission should propose as a matter of urgency that State intervention in the various countries should be rationalized to the maximum extent; and in this connection I should like to

emphasize the importance of the proposal contained in paragraph 10 on tax harmonization. American—and I believe also British—legislation contains provision for the setting up of bodies for the preservation of the artistic and cultural heritage. One of the biggest institutions of this kind is the British National Trust, but in the legislations of other countries, and notably that of my own, we come upon great difficulties. These, Mr President, very frequently arise because of the application of some populist and demagogical criteria. When in the Senate of the Italian Republic I proposed tax exemption to encourage the maintenance, reconstruction and preservation of privately-owned historical buildings and monuments, I was soon confronted with cries of alarm from those who, the Lord knows, would be ready enough to turn a blind eye to some very shady speculative deals, while displaying a lynx-like watchfulness over any little concession to holders or owners of important cultural property.

I should also like to draw the Commission's attention to the need for establishing, as soon as possible, a restoration fund, because it must be obvious that what matters in this case is a sense of urgency and a good example. We all know that restoration work needs an inexhaustible supply of money and effort, but what is important is that the Commission should, if it can—and I believe that it can—give the necessary impulse to the individual States concerned, either by example or by some aid, and thus make a positive contribution to the work that the Council of Europe has been doing.

It has been said that cultural property should be principally protected by converting the young and by spreading more sophisticated attitudes on the subject. I should like to remind you here—and I think Mr Premoli will support me—that in Italy an effort is being made to create so-called national archeological sites. There are many people, especially among the young, whose view of archeology is rather like Schliemann's: they all imagine that they are going to discover the seven walls of ancient Troy. This involves a very serious danger because this is how the Etruscan vases will quickly finish up in the museums of Washington or other cities and we are faced with the destruction of much cultural property which, as long as it remained in the earth, managed to survive till our time, but, once exposed to the elements, the atmosphere rapidly deteriorates—to say nothing of the handling and damage by those who make the discoveries. What archeology needs is that public authority, the State, or the commune, or the province, or the 'Land', should be allocated property rights in areas of archeological importance, where no factories

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shall be built and no roads dug. In a town close to Lecce, in the extreme south-east of the Italian peninsula, the remains of an ancient Greek city were identified in the course of the construction of a factory. The site was bought by the local authority and the peasants were persuaded of the importance of preserving the find. "There's treasure there", they said and now the most dedicated protectors of the site, where scientists were later to reconstruct the ancient city, are the very same peasants who with their modern ploughs had destroyed so many valuable remains.

But, at all events, I trust that my colleague, Mr Premoli, will accept that as regards the assessment of the value of cultural property to the Community, I partly agree with him and partly disagree. I shall be finishing soon, Mr President, but may I be allowed to submit on this a practical proposal? In Italy, the archeological heritage is enormous: paintings, sculptures, Greek, Etruscan and Roman vases, relics of the pre-Roman inhabitants of the peninsula, and so on. Well, I should have no objection, indeed I should be in favour of offset loan agreements between Italian museums, or the Italian State, and French and British museums. Because, for example, in Italy there are few works by French Impressionists and it would be an excellent thing if some were loaned on trust to, say, the Uffizi Gallery, while that gallery could lend other works to museums and galleries throughout the Community: there would be a clear cultural advantage there. On the other hand, if my friend Mr Premoli will forgive me, I would be against sending works of art on long journeys. The pot of paint thrown at the Mona Lisa in Tokyo was by no means the first case of damage in a long list of chipped tables and of paintings which suffered deterioration in a changed environment. This is something that requires enormous care. Works of art cannot be moved about like this. I should like to add that, like Mr Premoli, I am against petty nationalism; here at last we are at one. But we should go carefully on sales to embassies. In Rome, in the Doria Pamphili palace in Piazza Navona, which was bought by the Brazilian embassy, the frescoes by Zuccari were destroyed when the kitchens were being built; and in the villa Abamelèk, below the Janiculum, bought by the Russian embassy, the greater part of the park was destroyed so that chalets to house officials and, for all I know, secret agents could be constructed. That is why we must be very cautious, and if "Italia Nostra", the very militant association for the protection of cultural property, has on occasion reacted rather vehemently, I do not think it was without justification.

Finally, Mr President, I should like to emphasize the importance and the urgency of paragraphs 15 and 16, especially as regards the ratification of the convention for the prevention of illicit import and transfer of cultural property. I have fought many a battle on this in the Senate; one of the things we did there was to approve the convention against the imposition of import taxes, but it is clear that there is need for legislation in this field. As far as the Italian Republic is concerned, I think that my compatriot colleagues here present will agree with me that it is important for us to cooperate with all our strength in our own parliament to ensure ratification.

(Applause)

President. — I call Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, my colleague, Mr Dahrendorf, should be speaking to you today but, being prevented from attending this session, he has asked me to take his place. I think, however, that Mr Dahrendorf and I share some concerns and problems and so I, being responsible for environmental policy, which in its broadest terms embraces also the protection of the cultural heritage, shall be able to speak from factual knowledge in my reply to the debate.

I should like first of all to congratulate Lady Elles on her motion for a resolution and on the speech in which she presented it to the Assembly. And, in this connection, I should also like to express my own and the Commission's gratitude to Senator Premoli whose motion for a resolution was the starting point for this debate.

The Commission is fully aware of the problems listed and so clearly expounded in Lady Elles's report. As evidence of this awareness I would quote the fact that not only has the Commission included problems concerning the protection of the artistic and cultural heritage in its environmental programme, but has even set up a division concerned with cultural problems within the department for which Mr Dahrendorf is responsible. This is because we believe that developments related to the three successive European summits will enable the European Community to concern itself with cultural problems, even though activity in this sphere is not explicitly mentioned in the Treaty. For we believe that the Treaty is based on a dynamic approach and so, if in the Hague, in Paris and in Copenhagen there was talk of Europe's

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identity and of Europe's human face, it was intended to include all questions connected with the cultural image which we wish to give to the European Community. So, as I was saying, we are aware of the importance of this motion for a resolution and we shall do our best to see that there is progress in the years to come in matters mentioned in the resolution.

I should, however, say at once that, like Mr Broeksz, I have my doubts as to the Community's ability to cope alone with the various tasks assigned to it in the motion. I do feel that the Community should provide the impulse, the factor of coordination, the starting point for certain actions; but it is clear that thereafter these actions should be pursued at the national level and also at the level of local authority, within a general harmonized and organized framework. And I think all this is all the more attractive—and I am referring here particularly to the first few paragraphs of the resolution—when we relate it to the young people and think of them not only as those who are to inherit this cultural property that has been entrusted to us for good care and safekeeping so that they, the young and the generations to come, may enjoy it, but also, and above all, as those who, as we have found, show particular loving concern for the problems of the preservation of cultural wealth and of the artistic heritage. In fact, when Mr Premoli was recalling the floods in Venice and in Florence, my thoughts turned to those thousands of youngsters who hurried to Florence from all over the world to try and rescue, in a joint effort, the endangered works of art. Their selfless work truly deserves the highest praise. And this means that young people, though they are part of the modern world and though they probably have a more unprejudiced view of the future than we, are able to appreciate the value of art and its importance in their spiritual and cultural education.

As regards the remaining paragraphs of the resolution, I should only like to emphasize that the Commission is in full agreement on the importance of the European Architectural Heritage Year. We shall do all in our power, as we have done in the past, to ensure that the Year is a success; we, too, should like to see the Council devoting special meetings to cultural problems; we, too, should like to see the provisions of the Treaties applied in practice particularly in administrative and taxation matters, as well as in respect of the free movement of persons. Because we believe that this administrative, fiscal and legal framework is essential not only to coordinate the activities of individual States, but also, and above all, to ensure that any private resources that may be forthcoming can be directed to the preservation of a heritage

which otherwise will be irretrievably lost. In addition, we should like to examine the possibilities of establishing a fund that could support the most urgent work of restoring historical monuments and sites and also to look at the extremely useful proposal, put forward at the beginning of this debate, that an inventory should be drawn up. We do, in fact, need such an inventory, especially to prevent the destruction or, as has been happening even quite recently, the theft of and trafficking in works of art. But I do not believe that this problem, which has already been posed in Italy and in other Community countries, will be easily solved on a Community basis.

It is an enormous problem and I think that it should be referred, not so much to national or local authorities, but to the universities; because it is they, with their research institutes and their young people, who can help considerably in drawing up an inventory of art treasures which may otherwise be dispersed, an inventory which could become a point of reference for any future research or restoration activity.

Having said that, Mr President, ladies and gentlemen, I do not think I have anything to add except to repeat my thanks to Lady Elles and to ask that the resolution, which the Commission approves, be adopted as it stands. But I should like to say on this, Mr President, that it seems to me that with the adoption of the resolution and the measures which the Commission will immediately begin to study, a remarkable advance has been made in giving European culture its own dimension. This is the idea that my colleague, Mr Dahrendorf, had wanted to include in the research, science and education programme. What does the Commission mean when it speaks of the European dimension of culture? The Commission wanted to avoid the term 'European culture' as being too vague and intractable, and wanted also to avoid the other term of 'the European model of culture' which has been suggested and much spoken of. The first concept was considered too vague, the second perhaps too ambitious or too pretentious. We, for our part, believe that we should be aiming at a European dimension of culture and the European dimension of culture is, in the opinion of Mr Dahrendorf and of the Commission, that complex of general trends and of cultural wealth common to all the Community countries and their regions which together represent the meeting point of the various cultures. That is the European dimension of culture for which, I believe, we should work, concentrating on those aspects of our respective cultures which tend to unify us, because it is these cultures which can become the lighthouse to which peoples outside Europe will turn, but

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above all because they can give body to the hope that we should pass on to our children.

(Applause)

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Directive on the quality required of surface water intended for the abstraction of drinking water*

President. — The next item is a debate on the report drawn up by Mr Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive concerning the quality required of surface water intended for the abstraction of drinking water in the Member States (Doc. 87/74).

I call Mr Premoli, who has asked to present his report.

Mr Premoli, rapporteur. — (I) Mr President, the proposed directive represents only one aspect, though an essential one, of a much broader provision on other uses of surface water. I should, tell you that the Committee on Public Health and the Environment, when discussing this directive, wished to lay particular stress on the need for an interdisciplinary approach to all the uses of water, for drinking, agriculture and industry, as emphasized in the last paragraph of the preamble; there will, in fact, as I have said, be other directives on the use of fresh water for fishing, agricultural and industrial applications, and bathing. So, at this point we are, a little incongruously—as Mr Noè very rightly pointed out—singling out, from the overall question of the use of water by the population, only the question of water for drinking. The importance of this resolution lies also in the fact that it represents one of the first practical applications of the Community's programme of action for the protection of the environment which, as you know, Mr President, was adopted by the Council at the meeting of 19 July 1973. Demand for water is constantly growing: in urban centres it now exceeds 500 litres per capita for private, sanitation, industrial and, of course, agricultural use. It seems almost

paradoxical to be talking today about the shortage of water when, until a few years ago, water was plentifully available and certainly did not represent a problem, at least not one of which we were aware or needed to solve. After all, the world's water resources are about two hundred million cubic kilometres. But, of this total, fresh water represents only 2.2% and a greater part of the fresh water is in the form of ice or snow fields or is held in subterranean strata, yet to be discovered or at least exploited. In practice, therefore, man uses only a small part of this fresh water made available to him through the natural hydrological cycle of evaporation, cloud condensation, precipitation and run-off. But if we were to do a geographical water survey we would realize that water is not always available in the place and in the form in which we want to use it, and that entire regions suffer from a shortage of water which constitutes a serious obstacle to industrial investment and to economic progress. This unhappy situation is particularly true of Europe, and particularly of the Community with which we are concerned, where population density and constant and headlong industrial development have been two disruptive elements in attempts to ensure adequate water supplies necessary for the Community's life. It is a fact that if we compare present-day data with those for the beginning of our century, we get a ratio of 50 to 1 for the consumption of water. Just imagine that before the First World War consumption was barely over 10 litres of water per capita per day, while today, as I have just told you, it has risen to 500 litres. In the past, then, consumption was always very much below production; today, even if there has not yet been a complete reversal, it is certainly likely to occur.

This is why we must quickly take stock of the situation, for it would be a very serious thing indeed if we should find ourselves facing a scarcity of water without even having thought of the means of remedying it and solving the problem. Back in committee, I mentioned (because it comes most easily to mind) the possibility of desalination of sea water which, however, involves enormous cost: we need therefore to find alternative and less difficult methods of producing drinking water, not least because the greater the difficulty of production, the greater will be the cost effect on products made with the use of water.

As to the origins of the directive under discussion, I should like to recall briefly how it came about. It was the outcome of the information agreement concluded by the Council on 5 March 1973. Under the terms of this information agreement, by which the Community countries were to keep each other directly informed of develop-

¹ OJ No C 62 of 30. 5. 74.

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ments within their borders, the French Government wisely decided to suspend the implementation of the decree on the characteristics of surface water, a decree which was all ready to enter into force but which was withdrawn in deference to the agreement which provides for the levelling out of national legislations in a wider Community context. This is, in fact, a subject—as has been pointed out in all the Community countries—which falls, and should fall, within the ambit of Community institutions. Starting, therefore, with the existing legal situation, our nine countries can, and should, introduce various Community-inspired measures in order not only to even out the sectoral imbalances which have built up in the various national legislations, but also to fill a number of gaps, and to ensure that throughout the Community there is the same level of scientific information and comparable legal provisions. Most useful in this context appears to be the initiative to reduce the concentrations of contaminants and bacteria in water throughout the EEC. Here, the information procedure has proved very useful, since it has enabled Community bodies to propose Community measures to reduce the harmful effects and the contamination. National legislative processes cannot, however, be suspended and it is therefore envisaged that the Council will discuss the proposal within five months of its submission by the Commission. These are imperative deadlines and we are very pleased with them. Parliament, however, must pronounce on the matter and say if it finds anything objectionable in the proposal. The Commission's determination to base the directive on Article 235 of the Treaty seems highly praiseworthy. I should like to remind you here of the practical point that Article 235 of the EEC Treaty has the twin merits of enabling Parliament to pronounce completely legitimately—and not furtively or occasionally—on matters which are not specifically mentioned in the Treaty, and, more generally, of extending the EEC's area of activity. Given also that this Article allows action not provided for by the Treaty in order to attain one of the Community's objectives, this is a piece of legislation embodying strength and vitality and therefore, implicitly, the political power which is at the base of this directive.

The contents of the directive are easily explained. It concerns the nine Community countries because we now have a definite Community geographical area; but it would be desirable to try to link it with a similar initiative on which the Council of Europe is now working. As you know, Mr President, the Council of Europe has devoted much time to the examination of this problem and has produced documents which we

found very valuable. Our present size should not, therefore, blind us to what has been achieved by the countries gathered in the Council of Europe, to which we also belong, and we should link this present directive with the preparatory work done there. We should remember that, according to scientific assessments, the growing medium-term requirements for fresh water will be met by the use of the waters of Lake Constance and particularly of the huge water resources of northern Europe and the Scandinavian countries. Let us remember, finally, that environmental pollution is such as to rarely allow the consumption of water in its natural state, except from mountain streams. Today we are encountering this problem of purification and disinfection of water everywhere, and the more the environment is spoiled and degraded, the more costly and complicated becomes this problem of purification, which is always with us. Purification methods, therefore, become more and more needed and should be more and more frequently applied; and, as Mr Noè aptly pointed out in committee, they should be applied at the right point, so that water is monitored and treated when it has the highest contamination content. The committee was therefore right to concentrate on the quality standards laid down by the World Health Organization, although—precisely for the reasons that are indicated—these standards are constantly becoming outdated, owing to scientific progress and to our growing need for a product which, unfortunately, in our modern world—with its industrial spread and all its ecological damage—is becoming increasingly hard to obtain. But it is precisely because of this that improved methods for sampling and sample examination are necessary; this is, in fact, a gap which needs filling, if only because it is concerned with prevention of infectious diseases. And another need is continuous and more rigorous control to prevent cross-contamination of watercourses by sewage.

Finally, I should mention briefly the dangers from radioactivity. It has been said in this connection, I think by Mr Noè and by Mr Lagorce, that nuclear power stations can cause considerable temperature rises, of ten degrees I think, but that this rise is not due solely to the power stations but also to other phenomena. We have, therefore, in view of what has been said by Mr Lagorce and Mr Noè, laid down that the safe distance between discharge points for nuclear power station waste and the points of abstraction of water intended for drinking should be related to the abnormal temperature rise produced by the nuclear power station discharges. In fact, temperatures developed within nuclear power stations are very much

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higher than those in the traditional hydro-electric stations—though that is no reason for disregarding the latter. I don't know whether Mr Noè, who, I expect, will be speaking on these more strictly scientific aspects, will be satisfied with the details of our proposals. As for the general conclusion, I should just like to point out that our motion for a resolution proposes a number of controls to safeguard drinking water, including prevention of contamination of water by natural enrichment, and a considerable number of various other checks and sampling methods. Following the resolution, there is a series of parametric indices which, I believe, have been checked by those versed in scientific matters and pronounced satisfactory—as have been the standards laid down for the maximum admissible mineral content. I should like to say in conclusion that, perhaps, a more detailed study of the problem of radioactivity would be desirable, but I imagine that speakers well versed in the problem will be taking the floor before the end of the debate. I should only say that we are very concerned about the quality of downstream waters, and those are, of course, the ones that today are badly contaminated and represent extremely high purification costs. Perhaps it would be a very good thing to apply preventive measures and deal with the problems nearer the source, in the upper regions of water-courses, so that we get a cleaner and more acceptable product downstream, which would also mean that purification would become more effective, not only from the economic, but also from the sanitary and administrative points of view. I am closing my speech with these recommendations, which you will find in the explanatory statement in which our committee has commented on the proposal for a directive, and I await with interest the discussion to follow.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Jahn to speak on behalf of the Christian-Democratic Group.

Mr Jahn. — (D) Mr President, ladies and gentlemen, speaking as an individual and on behalf of the Christian-Democratic Group, I should like to thank Mr Premoli sincerely for his excellent report. This was adopted last Thursday by the Committee on Public Health and the Environment unanimously with one abstention.

I should like here to confine myself to one or two important points since we have had ample

opportunity to discuss thoroughly all aspects which Mr Premoli has also gone into in his introduction. In principle the committee approved the Commission's proposal for a directive on the quality requirements of surface water intended for drinking. This, however, does not mean that we could see no room for improvement in the Commission's proposal. We have summarized our remarks in paragraph 1 (a to f) of the motion for a resolution. However, it seems necessary to provide for a safety distance between the waste water discharge points of nuclear power stations and the collecting points for water intended for the preparation of drinking water. The reason is obvious. In order to avoid contamination, the waste water from nuclear power stations must be discharged at a safe distance from the spot where surface water is collected for purification purposes. This is all the more necessary since developments in the energy sector are such that our energy requirements are increasingly being met by nuclear power stations. Hence, particular care is needed in this field. We have therefore requested that the maximum permissible level of radio-activity in water should be fixed by Community norms.

Our committee was rather surprised that the Commission proposed to use as drinking water certain sources which, on its own admission, did not conform to minimum standards. We have therefore demanded that water which does not comply with the minimum standards laid down in the proposal for a directive should never, not even as a temporary measure, be used as drinking water. Moreover, we must not forget the danger of bacteria, e.g., salmonellae, typhus germs, etc., entering our drinking water as a result of infiltration between drains and water pipes and causing dangerous infectious diseases, as has happened several times in the past. Thus, constant vigilance is an urgent necessity. Those who have considered this problem in detail believe and demand that the directive should lay down that drinking water should be checked and inspected at least every six months. The motion for a resolution demands that a better system should be created for checking the degree of pollution of water intended for drinking purposes. This means that our measures have to be put into effect in the preliminary phase, i.e., during the improvement of environmental conditions, with a view to ensuring that water intended for drinking is less polluted, or less likely to be polluted, by scum, putrifying matter on the surface, and bacteria. The advantages of this are obvious. On the one hand the water will become cleaner and on the other the costs for purification will be considerably reduced.

Finally, it seems sensible—and this, as you see, is something we have included in the resolu-

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tion—to work out purification schemes for particularly polluted watercourses, about which the Member States should inform each other. In this connection consideration should be given to the advisability of Community financing for work on the realization of these purification schemes, in which several Member States are frequently involved at the same time.

I would like to move on now to a point which was not expressly mentioned in Mr Premoli's report. Article 11(2) of the proposal lays down that Member States should take steps to ensure that the Commission receives the texts of the most important national legal provisions they are intending to make in respect of matters falling within the scope of this directive. I should stress that the committee has so far insisted that in the case of all Commission directives containing such provisions, whatever field they may apply to, it should be obligatory for Member States to forward the text of all legal provisions and not simply the most important ones. I hope the Commission will take this well-founded request into account, as it has many times in the past, even though it is not expressed in so many words in the resolution.

We are pleased that the procedures for sampling and measuring the parameters for the physical, chemical and bacteriological properties of water intended for drinking purposes are at present being worked out. As stated in the last recital of the proposal for a directive, these procedures may be fixed in a later directive. I should like to ask Mr Scarascia Mugnozza when the Commission intends to submit this proposal for a directive. I do not need to stress that we should all like to see this directive as soon as possible. Only by effective supervision of the application of the present directive can we guarantee that the Community's population will have at its disposal drinking water of the highest possible quality.

Lastly, I should like to point out that it is our duty, in the field of public health and the environment, to devote our energies to progress in Community measures, despite or even because of the crises and difficulties more and more frequently facing the Common Market. It is particularly important to guard against the tendency to say that at present we have more important things to do than bothering about bacteria, chemical substances, technical details and such trivia. Experience has shown that, with a policy of small steps, Europe still progresses even in crises, and that the difficulties of individual Member States which, I hope, will only be of a temporary nature, cannot undermine this progress. Nor should we now become resigned in the day-to-day politics of our life.

Instead we should encourage the Commission, which as an individual and on behalf of my group I cordially thank for the proposal for a directive, to progress further along the path they have embarked upon.

The Christian-Democratic Group will vote for Mr Premoli's motion for a resolution.

(Applause)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — My Lord President, I would join with Mr Jahn in congratulating both the rapporteur and the Commissioner on bringing forward this measure that we are discussing this afternoon. Particularly I would congratulate Mr Premoli on his presentation a little earlier, which was exhaustive and comprehensive, but we are in point of fact dealing with only a very small part of the problem. In this particular instance, we are dealing with water—surface water only, not water produced below the ground. We are dealing with just surface water. We are dealing with it only before the point of extraction, not afterwards at all, and one cannot help but feel that, although, as Mr Jahn has just said, we must proceed by small steps at this moment of time, perhaps the Commission has been a little lacking in courage in the way they are approaching this subject of water. We all know, Mr President, that there is a shortage of water in Europe, although there is a tremendous rainfall. The same is true of our country, the United Kingdom. It is the problem of switching water from areas where it exists to areas where it does not exist that has hardly been tackled. And yet in this directive here we are accepting parameters, three categories A, B and C, for water before it is extracted. And we are saying to Europe, we are saying to the Member Governments, that after that you've got to control them, you've got to control them by national legislation, and as far as discharges are concerned, as far as urban effluents are concerned and so on, we are not going to try and do anything about that; the local health authorities in the Member States can get on with that and do it. The question is one of recycling water, and water, as you know, my Lord President, is recycled at least five times in most urban areas. There is no question of tackling the problem of the recycling of the water. At what stage is this not acceptable? At what stage does one say this and that particular chemical can no longer be added? Then again there is the moral question which is being raised concerning the additives which should be put into water by national governments or by local authorities perhaps, who may

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think that a certain additive such as fluoride is of value to the population though the population disagrees. Where is the moral judgment to be made here? But particularly the discharge of effluent, the discharge of industrial waste, into water is not being tackled as a comprehensive whole. And indeed, although we are talking about water before extraction, a great lot of that water is used, for instance, on farms for washing down cows' udders and so on, and if it is not pure, it could perfectly well cause great damage and spread disease. I would say, my Lord President, that whilst we, the Conservative European Group, most certainly support this small effort of the Commission in this particular field—and we have no intention of voting against it, far from it—we would urge the Commission to go much further than this and establish a study as early as they can to see how far they can go. Surely Europe has got to establish water authorities which go over national boundaries. In my country, the United Kingdom, we have regional water authorities which go over what we call county boundaries. Now surely the next stage of this is to have European water authorities which go over national boundaries. They should take in the catchment area of a particular river or other water source and should be able to deal with the extraction of the water, its purification, the effluent going into it and all other relevant matters. That should be the concern of that particular water regional authority within Europe.

I sincerely hope that the Commission will look very carefully and promptly into that particular area and come forward with proposals in the near future, because although, as Mr Jahn has said, we are only moving slowly forward at the moment, I don't believe that we can afford to dilly-dally much longer in adopting the more comprehensive approach, which this question of water, its use, its disposal and its extraction demands. And so, whilst I welcome, on behalf of my colleagues and myself, the limited advance which is being made by the Commission and by Mr Premoli in his report on the Commission's advance, I would beg of them not to let this matter stop here but to take a much bigger step in the very near future.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, I too, am grateful to Mr Premoli for the work that he has done in this field which has enabled us to reach an initial result. I should like to deal briefly with one point which has, in fact, been emphasized

both by the rapporteur and, just now, by Mr Scott-Hopkins when he spoke in favour of a more global approach. I think the whole problem is epitomized in the sentence contained in the last paragraph of the preamble to the resolution, which says: "Expressing the hope that the directive be supplemented as soon as possible by a regulation on the waters of hydrographic basins providing for an interdisciplinary approach to all the related problems." Mr President, the problem is the following: the human race is beginning to experience difficulty in managing its natural resources and its raw materials. When it is a question of minerals or other similar resources research must be promoted, because it is through research that we shall be able to increase the availability of the commodities. Water, on the other hand, in a given hydrographic basin, is what it is, i.e. water derived from precipitation. There is nothing positive we can do to increase its amount, but, on the other hand, we do, by increasing all those personal uses so clearly described by Mr Premoli—nearly a fiftyfold increase from the beginning of this century to our times—with the industrial use and the results of population increase, dangerously reduce the reserves still available to us before we reach total exhaustion of a particular water basin. May I in this connection quote some figures which are rather symptomatic: in 1921 a detailed study was undertaken of the whole valley of the River Po and it was found that the low-water flow at the mouth of this, the biggest of Italian rivers, was 400 cubic metres a second; 45 years later, towards the end of the 1960s, this parameter was reduced to 300 cubic metres, because the remainder had been taken up by the inhabitants of the surrounding region for the various purposes described by Mr Premoli. When we are faced with this danger of not being able to use such an essential commodity as water, it is necessary—and this is a political responsibility, which is the reason I make bold to speak briefly among those speakers who have been making statements on behalf of the groups—it is, I say, absolutely necessary that politicians quickly do all that they can to ensure good management of what is available.

The Commission's proposals are certainly useful, but what I should like to ask Vice-President Scarascia Mugnozza to do is to draw up a general survey in which all the relevant measures, both those that we are examining today and those that we shall have to examine in the future, would be brought together in one place. This general survey must take account of the research done in the last decades all over the world and of the need for dealing with hydrographic basins as a whole; in other words,

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for every hydrographic basin there should be one single team of specialists under one single management, dealing with all the problems of water resources. Three aspects of the problem affect man directly: the availability of water, flood prevention, and the quality of the water. The resolution we are considering today concerns itself with the first and third of these aspects, but, in fact, all three are very closely connected, as I shall now very briefly demonstrate. For the purposes of flood control in some countries, including my own and France—in the latter something has already been done in the Marne basin—large reservoirs have been constructed to contain some of the flood flow; and, in fact, in my country the problem is so serious that at present the Senate is examining a bill specifically concerned with it. These reservoirs, built to reduce maximum flow at times of flood and so make them less dangerous, can also be used at the end of the rainy season and before the dry season to store up some water and increase the low-level flow in the rivers. This would not only increase the amount of water available for man's use for irrigation and for industry, sometimes for navigation purposes, but would also help to reduce pollution, since when the flow is increased the contaminants are diluted. But it is essential that all these matters be dealt with by a single team. Unfortunately, this has not yet happened anywhere. In France and in Great Britain there is work on these lines. Something is being done in Belgium, and there they even have a mathematical model of a river which is a real model of the interdisciplinary approach. And in Ireland, in a study of a river basin done by these methods, it happened that in studying the mineralogical content of the sand an important zinc deposit was discovered; because, of course, people who collect and process all these data on a hydrographic basin and are living and breathing the subject are so much at home in it that they can get useful results in regard to a natural resource other than water. Now, since there are all these different approaches in the Member States, what I want to ask of Vice-President Scarascia Mugnozza is that account be taken of what has been said in this House and that it become something of a guideline for future action. Let me give another example. In Germany a request has been made to Switzerland that water from Lake Constance be brought by a tunnel to the river Neckar, to be used ultimately for drinking purposes. Stuttgart already gets its water supply by an aqueduct from Lake Constance. The request was refused. But all these problems, and I stress this because Mr Scott-Hopkins has envisaged the possibility of transferring water from richer to poorer catchment areas, all these problems can be

solved only if individual hydrographic basins are studied thoroughly and very carefully. I have now finished, and am very glad to support the resolution submitted by Mr Premoli, but beg Mr Scarascia Mugnozza once again to ensure that an interdisciplinary framework be established for the future, and that other resolutions follow this one, for instance, one on subterranean waters which we cannot dissociate from surface waters, for they all constitute our water resources; water that falls from the sky goes partly underground and remains partly on the surface, but man must manage both in a completely unified fashion.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, ladies and gentlemen, I should like to express my warm thanks to Mr Premoli for his report and his motion for a resolution and to thank all the members who have spoken in the debate. Briefly, I should like to say that some important political aspects of the provisions have already been described by Senator Premoli, but I should like to emphasize two, in particular. The first is the use of Article 235. I am sure that members of this Assembly remember the debates which were held when the Community environment programme was adopted and when requests came in from many quarters that the Commission should resort to Article 235. Here we have a case where the Commission decided to do just that and for two reasons: firstly, because it will enable us to gauge the political will of the Member States when the matter is discussed in the Council, and to see whether they really intend, as was stated at the Paris Summit, to make use of Article 235. It is a question of political will and at this particular moment it would be especially interesting to assess it. The second consideration was that reference to Article 235 would make it possible for the European Parliament to express its opinion, something which perhaps it could not otherwise do, much as the Commission would have wished it.

I should also like to add that the proposal ought to be adopted quickly because as was, in fact, pointed out by Mr Premoli, the French government has suspended its legislative action in this field. Other governments were also preparing to take measures on this matter, but it is obvious that the period of waiting cannot extend indefinitely; and so we feel that when the Council meets again it should be in a position to take a decision. I should, incidentally, like to thank the European Parliament for the speed with which

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it responded to the Commission's invitation. As regards the various points made in the debate, I should like to say that the European Parliament should bear in mind that the environmental programme was adopted in July last year and that less than six months later, on 15 January, the Commission was able to submit this directive. I am fully sympathetic to the requests and proposals made to me by the members. But I should like to stress that we moved quickly, notwithstanding the limited time available to us, and that the programme which we proposed we do intend to implement. I mention the programme to reassure Mr Noè that the Commission accepts the last paragraph of the preamble to the motion for a resolution and above all accepts the idea on which it is based, that is, that hydrographic basins should be treated as a whole. I should further like to point out to Mr Noè that the same concept is embodied in the environmental programme and therefore, obviously, as work proceeds we intend to create the general framework for hydrographic basins and make the appropriate general provisions. As regards Mr Jahn's question as to how far we have advanced in studying sampling and analysis methods that could have general application, I must tell him that we are not yet in a position to submit a directive or a proposal to the European Parliament, but that our first task, the first piece of work we have taken in hand, is concerned with these very points, because we know that unless we have these basic methods of assessment we shall not be able to put forward proposals. The task is evidently not an easy one, both because the methods used in the Community countries differ, and because frequently it is not easy to obtain information; but I should like to assure Mr Jahn that we are working on the matter and as soon as we have all the needed data we shall be submitting the relevant proposals. Then, I should like to thank Mr Scott-Hopkins, and assure him that as regards underground waters we are already studying the matter and we hope to be able to submit proposals soon. And when I say this I should also like to note his request, supported by Mr Noè, that a global approach be adopted in this study. The problem of water resources is in fact a global one. I accept this approach without reservation, it is indeed the Commission's approach, and I very gladly accede to his request for speed. But I would like to say to Mr Scott-Hopkins not only what I have already pointed out, that is, that within barely a year we have got down to the job and are already submitting proposals, but also that unfortunately we are suffering from shortage of staff, which we hope can be made good by the end of the year. But meanwhile the work involved in the programme we are trying

to implement is enormous. I want, however, to tell Mr Scott-Hopkins that I am especially happy that the Commission's programme can be put into effect because I should not like to see a situation where some Member States who at one time were asking for a Community environmental programme might today be the cause of its delay. I say this advisedly, because I have reason to fear some 'second thoughts' which, I think, would be extremely dangerous.

Concerning the resolutions themselves, I want to say that I am in agreement with these proposals and particularly—although this is in fact already provided for in basic Euratom regulations—with the point about the safe distance between nuclear power station discharges and water-abstraction points. I would refer here to the report on energy and environment which was submitted, together with a resolution, by the Commission to the Council and which, I hope, the European Parliament will also be able shortly to discuss.

As for point C, I am completely in agreement with Mr Premoli when he says, as Mr Jahn has also said, that water which does not reach certain minimum standards must not be used for drinking, even on a temporary basis. But on this I must make a reservation, which has also been indicated by the Commission, as regards temporary use not exceeding ten years. You see, we believe that if this reservation were omitted, we should encounter difficulties in implementation, in that where there were no alternative water resources, use of this type of water would of necessity become unavoidable; it is better, therefore, to provide in advance for possible exceptions (though only on a temporary basis), but have at our disposal a generally applicable piece of legislation, than to lay down a restriction which we know cannot be observed. I have no comments to make on points B and F and should only like to thank again Senator Premoli and all the other speakers and express the hope that the Parliament will pronounce favourably on the resolution; while I, as the man responsible for environmental policy, want to assure you that we shall see to it that the programme adopted by the Community is put into effect as quickly and as well as possible.

(Applause)

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted ¹.

¹ OJ No C 62 of 30. 5. 74.

13. *Preliminary programme of the European Economic Community on consumer information and protection*

President. — The next item is a debate on the report drawn up by Mr Bersani on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a preliminary programme of the European Economic Community on consumer information and protection (Doc. 64/74).

I call Mr Bersani, who has asked to present his report.

Mr Bersani, rapporteur. — (1) Mr President, ladies and gentlemen, it is two years since we held our last debate, a very wide-ranging one, on a subject which, with the passage of time, with the enlargement of the Community and with the development of intra-Community economic relations, has come to be of major importance. After that debate, which was held on 20 September 1972, on a report by our Dutch colleague, Mr Boersma, there came the Paris Summit. The Paris Summit, taking as its point of departure Article 2 of the Treaty of Rome and thus opening up for the Community prospects of a breakthrough, which I would call a fundamental one, in what is called the quality of life, introduced as one of the new issues the question of consumer protection, information and education. The Paris communiqué says expressly that participants in the Summit 'invite' the Community institutions to strengthen and coordinate measures of consumer protection and to prepare a programme of action by 31 January 1974. On the basis of this decision, to which the Community's enlargement had contributed, the Commission prepared a preliminary action programme. This is the first positive point to be stressed, particularly since the programme was ready before the end of 1973. We are dealing now therefore with a preliminary draft programme. For the first time we are concerned with a complex of global measures. From a series of individual measures taken at various times by Community institutions for the protection of the consumer (especially in the area of foodstuffs and similar questions), we are passing on to an organic policy, from a series of occasional sectoral interventions we are passing on to a grand design of planned action. And this is the second point that needs to be stressed. We have here, in fact, what the Boersma report of 20 September 1972 asked for. Our parliament's consensus, expressed in a unanimous vote at that time, has been accepted and has now found expression in a preliminary

action programme. Now we have to give our opinion on the contents of the programme, trying to see it in the context of Community life and activity. Discussions which were held not only in the Committee on Economic and Monetary Affairs but also in the Committee on Social Affairs and Employment (which was asked for an opinion) showed that there was no identity of opinion: while the majority agreed that the programme was something new and important, there were not a few sceptical views as to the possibility of achieving the stated objective, in view of the restricted financial resources envisaged in the programme. Speaking for myself. I feel that we ought to trust the Commission and the resolve it demonstrates in this first preliminary programme. The programme seems realistic enough. It rests mainly on a set of measures based on a quite logical concept. The Commission itself, in fact, is concerned to equip itself for this activity, having established a department for the environment and consumer protection, which includes a division for consumer information and education. The Commission has tried to create a material basis for the prosecution and direction of this new policy.

The programme we are discussing comprises many aspects which were thoroughly examined by the Committee on Economic and Monetary Affairs and, in parallel, by the Committee on Social Affairs and Employment. The first problem is that of the general lines of the policy. Concerted action for the benefit of consumers is likely to increase both in importance and scale. Indeed, the present day conditions of life by which the policy is determined are constantly changing and evolving. For instance, the OECD report on consumer policy in speaking about the widening of markets, states: 'while these developments have brought benefits to the consumer, he has, in the process, been confronted by a vastly greater range of goods, more complex, and designed to meet a great variety of specific uses, produced in anticipation of demand, rather than in response to it, promoted by more vigorous and sophisticated selling techniques, bringing into play a more elaborate range of services.'

In these conditions, says the report, the consumer is often bewildered and frustrated. We all know that our society is called the consumer society, and is known as a society that is too affected by that particular aspect of economic and social life. The Commission (and before it the Paris Summit) were right to regard the problem not as a set of technical measures but as a policy, as a method of facing the fundamental problems of our society. Statistics on intra-Community trade demonstrate the existence of these new aspects: goods for private

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consumption accounted for 14% of intra-Community trade and industrial goods over 20%.

The programme concerns itself primarily with information and education. The first comment to make on these is that in practice the measures are more oriented towards information than education. That, on the whole, I would say is understandable in view of the great difficulties involved in providing an effective consumer education. On a number of occasions I have participated in congresses of consumer cooperatives and there too the central issue was that of consumer education. Specialists in the subject have always been agreed that there are great objective difficulties in genuinely educating consumers, in giving them an informed attitude and enabling them to make informed choices. Given this difficulty which, however, does merit further study, there is no question that the Commission's present proposals centre mainly on the information aspect. In line with this the programme contains a series of proposals intended to help the consumer form his opinions and make his choices in the market. There is a whole set of proposals and I shall be returning to them. But anticipating this detailed analysis, I want to say that in my opinion these proposals are serious and realistic and can be implemented not only at Community level but at the level of individual States; they would represent a considerable advance.

Another large set of proposals in the Commission's programme concerns consumer protection. This is a subject with which a number of earlier specific proposals from the Commission have been concerned and which has been discussed in this Parliament. The new set emphasizes the need for a serious, urgent and adequate strengthening of these measures. In its proposals the Commission clearly calls for speedy and broad extension of legislation on matters of public health and consumer safety. There was recently in my country considerable controversy about the level of eurucic acid in rape-seed oil which could be tolerated without harming the health of consumers, particularly of children. It became quite a *cause célèbre* with many repercussions. There had been earlier another affair concerned with oil products in which the same consumer association was involved. There is no doubt that to deal with these types of problem there is, on the one hand, need for extension and completion of specific legislative measures and, on the other, a need to institute methods of self-defence, ways of securing greater representation than in the past, participation and direct involvement of consumers.

We come here to another problem considered by the Commission in its proposal and one that

was extensively discussed in the Committee on Economic and Monetary Affairs. I feel that much investigation remains to be done on the problem of aid to consumer associations. The Economic and Monetary Affairs Committee was of the opinion that unless there is a positive and more practical aid policy for consumer associations the entire programme will be badly hamstrung. In particular the committee asked (it is indeed one of the essential points in the motion for a resolution) that in its programme the Commission should provide for practical financial support to consumer associations. Consumer associations appeared only relatively recently.

They are therefore much weaker relative to producers' associations or any other associations representing the powers which dominate the market and economic life. The consumer who, in a free market economy such as ours, should be master of the market is actually the least independent of its interplaying forces. I would say that so far the solutions found to this problem at the level of individual States have been rather weak and certainly insufficient. Perhaps the most interesting experience is that of the Netherlands, especially in regard to some techniques of consumer protection and initiative. But unquestionably, at this moment, consumer organizations are on the whole weak, not particularly representative and very vulnerable to forces which dominate the market or those which have strong political influence. After a lengthy discussion on all these points the Committee on Economic and Monetary Affairs, having debated at great length the role of trade union representatives, of consumers' cooperatives, of various voluntary bodies, as well as of those more directly representative of consumers, found itself rather nonplussed by the Commission's proposals; it felt that no adequate measures had yet emerged to deal with this situation. One of the points raised in the discussion seems to me of particular interest, namely, that the policy of strengthening consumer representation bodies at the national level should be directly linked with the Community's central body concerned with this subject. Unless there is some umbilical cord linking national consumer representations with the Community structures and with the Consumers' Consultative Committee (which would perhaps have to be conceived differently and reorganized), it will be difficult to ensure that consumer organizations have that degree of independence, that capacity to represent genuine interests, which is indispensable if we mean to achieve the breakthrough that is at the core of the Commission's proposed plan. The question therefore remains open; and there may be a case, in view of the great and growing importance of the consumer

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problem and of the complete inadequacy of the measures so far instituted to protect consumers, for revision of many parts of the programme. Especially since, after all, we want not only to protect the consumers but to make them active agents in economic life and in the market; and not only at the sales point but also at the source, in those areas where, at the level of research and of initial production decisions, the way of life, the health and the welfare of all consumer citizens are largely determined. It is likely that consultation will have to be extended and made more specialist; for instance, it may be necessary to bring in the commodity studies departments of the major European universities (I am thinking here of what has been done in Bologna), to bring in teams of scientists and researchers who are really and truly independent and uninfluenced by powerful outside forces. These could make a novel contribution to strengthening our policy in this area.

The last part of the Commission's proposals contains a priorities scheme. The Committee for Economic and Monetary Affairs (and, for its part, the Committee on Social Affairs and Employment, if I understand correctly our excellent and courageous colleague, Mrs Orth) have substantially approved these. Briefly, they consist of a number of specific points: the need for appropriate legislation to protect public health and safety, to regulate hire purchase sales and consumer credit, the need to set up a network of consumer complaint and advisory services, the need for a measure on television advertising (with the aim of giving the consumer an equal chance with the producer), the need for a new Community-wide popular information periodical, the need for a protection body for consumers as users of public or private services. All these, as I have said, are practical and acceptable measures to which we have added suggestions, amendments and additional proposals, which Vice-President Scarascia Mugnozza says he finds acceptable.

Mr President, I have described the essential points of the Economic and Monetary Affairs Committee's attitude and the problem, largely unsolved, with which it concerned itself. I should add that overall we appreciate the work done by the Commission and proposed programme as a whole.

(Applause)

President. — I call Mr Scholten to speak on behalf of the Christian-Democratic Group.

Mr Scholten. — *(NL)* Mr President, I am particularly grateful for the opportunity to make a few observations on this report on behalf

of the Christian-Democratic Group now that the rapporteur has given his introductory speech. After my former colleague and fellow-countryman, Mr Boersma, who was rapporteur on this problem for the Parliament in 1972, I am pleased to be able to make a few observations. And I would like to begin by congratulating Mr Bersani on his report. He has compiled an extremely important document which is also significant for the Community since it touches on a problem which concerns all the people living in the Community—a fact which is very clearly expressed in the document.

Often in this Parliament we talk about partial problems, about certain categories of people, about workers, farmers or sheep farmers, but here is a problem concerning everyone in the Community, since we are all consumers whether we are male or female, young or old. And since this problem is so universal it is also in essence rather elusive. It is difficult to work out practical solutions and a coherent policy.

I believe that the Commission has succeeded in drawing up a document, with respect to the programming of its policy, which offers us hope for the future since it formulates a number of practical measures. For this reason I would like to congratulate the Commission on the contents of its document. There has been some criticism of the form, but we do not need to dwell on that: the important thing is, I believe, the basic content.

One can distinguish three main lines in the consumer policy.

The first is the price problem. The second is the protection of the consumer and the third—which Mr Bersani also spoke about at length—consumer information.

The price aspect is a very topical matter at this time of such great inflation in all the countries of the Community. I would like to comment that we must not believe that this consumer policy will enable us to do away with inflation. It may make an important contribution but, I think, other factors are more important for the evolution of prices and combating inflation. Nevertheless, the price policy is a component that we must not neglect. And in respect of this component, I believe that there has been a certain inclination to see things too much from one angle. This is something I noticed in the document under discussion, where it is stated in so many words that if we are to meet the consumer's demand for comparable information, the first prices to be considered are food prices. And in fact information in the various countries often concentrates particularly on food. I would like to warn against putting too great an

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emphasis on this aspect. For the protection of the consumer we shall also have to give our attention to other spheres. I am thinking, for example, of services which also play an extremely important role in price formation, insurance premiums and the conditions under which we as consumers can obtain credit. These are also important aspects of price policy.

There are also many aspects to consumer protection—the second main theme—such as safety and quality. I would like to draw the attention of the Commission to another thing on which I failed to find enough attention given in the documents, namely the protection of children, children who, also as consumers, still have to grow up, develop and determine their choices. I believe that we should take action on the very important point of the protection of our children in their capacity as consumers.

For example—to mention one quite simple thing—one frequently finds very dangerous toys on the market, against which children are not adequately protected. I would like to request the special attention of the Commission for this point.

I found in the document the statement that the concept of consumer protection is still relatively recent. I believe that this is a rather rash statement. If I take my own country as an example, in the age of the Republic of the United Provinces—and that is two centuries ago—there existed a number of rules issued by the central authorities which were clearly intended for the protection of the consumer. We must therefore not believe that we are tackling this matter for the first time. But we are engaged in drawing up a coherent policy for the first time and are endeavouring, for the first time, to establish this as a European policy.

I would like to make one more observation, Mr President. Firstly I would like to draw the attention of the Commission to what I consider to be a very important observation in the opinion of the Economic and Social Committee, where I read in paragraph 7 under the heading 'Waste' the following: 'The Committee also considers that the programme should include the avoidance of waste, both by discouraging unnecessary packaging and by encouraging standards of quality which lead to reasonable durability and the use of materials which can be recycled'.

I believe that, in view of the situation that has arisen in the last year, marked by the energy crisis and the growing realization that we shall be confronted by a scarcity of raw materials in the next ten years—this is an extremely important observation and that is why I wish to draw attention to it once again in his debate.

And then—finally—I would like to say something about a point that was also discussed in detail in committee and which is to be found in the motion for a resolution under the heading 'Consumer Information and Education Generally'. There I read 'efforts must be made to ensure that at least as much time (at comparable viewing hours) is devoted to consumer information as to television advertising;'—and then this—'This consumer information must be objective and unprejudicial to conditions of competition'

Mr President, I believe it is important to underline these words once again in this debate and I would like to do this in the light of a sentence which I came across in Mrs Orth's excellent opinion, where she wrote of: 'The interests of the consumer, and therefore the general interest'. Mr President, the interests of consumers is being equated here with general interest. This is, I believe, going too far. Consumer protection is an extremely important matter but we should not see it as an absolute. There are also other interests, and those other interests would also, for example, be taken into account for objective information. By objective information I mean that our information to consumers should not lead to distortion of competition conditions between entrepreneurs. For example, large undertakings should not be given more importance than small ones in the information we give, and should not be highlighted in such a way that they are put at an advantage in the competition stakes, ahead of the medium and small undertakings.

We have recently had practical experiences in just this field in the Netherlands in connection with measures taken to deal with the energy crisis and consumer information. It would be very useful for the Commission to find out from the Netherlands about the problems which arose in this connection, the mistakes we made and the conclusions which have to be drawn. I therefore regard it as important that I should state in this debate on behalf of my group that whereas we consider consumer information to be an extremely important matter, we must be on our guard against distortion of competition conditions between entrepreneurs being created via consumer information, which may, for example, put the medium and small firms at a disadvantage.

Mr President, I have come to the end of my observations. I would like to congratulate both the rapporteur and the committee on the work they have achieved and I hope that we have helped to achieve something for the European consumer.

President. — I call Mrs Orth to speak on behalf of the Socialist Group,

Mrs Orth. — (D) Mr President, ladies and gentlemen, perhaps there was once a time when it could be said that the consumer, by his purchasing decisions, had an influence on the market and helped to determine the form it took. This would not be true today. He is now faced not with a market characterized by clarity but with a jungle which he finds impossible to fathom and almost unconquerable without the necessary help. Our supply of goods is almost too prolific and leaves the consumer more or less helpless since he is no longer able to assess the quality of individual articles, because advertising superlatives, which in most cases are neither objective nor informative but designed only to make the purchaser buy, have made his decision difficult. It should also be noted that packings are sometimes misleadingly labelled and bear false descriptions and that some types of wrapping make it impossible for the consumer to make price comparisons since he cannot see the quantity or quality of the material contained in attractive but opaque packs. Hence, something should be done in this field, particularly for people with small incomes. It is relatively easy to buy and to satisfy wishes and needs if one's income is fairly large. It becomes more difficult and more complicated for families with small incomes to buy the necessities of life, let alone satisfy other wishes which they may also have. Speaking now on behalf of the Socialist Group, we welcome the programme submitted by the Commission. However, I should like to thank the rapporteur, Mr Bersani, as an individual and on behalf of the Committee on Public Health and the Environment, for paying particular attention to all the points made by this committee, including them in his motion for a resolution and, in particular, co-operating closely and actively with the draftsman of the opinion, with the result that the motion for a resolution was also unanimously adopted by the Committee on Public Health and the Environment with only one abstention.

As a member of the Socialist Group I should like to point out on our behalf that it is we who have become particularly active in this field. Mr Boersma has already been mentioned, but our former colleague, Mr Oele, has for many years, by his questions and other activities within Parliament, tried to spur the Commission on to greater efforts in this field. We agree with the programme that the Commission has submitted and with the priorities it has set. However, we believe that it is still rather vague and should be made more practical. In our view it is contradictory that the Commission should here demand that the principle of the positive list should be introduced everywhere, whereas a short time ago, when settling the question of

cosmetics, it insisted on a negative list despite Parliament's objections.

We are also sceptical about whether it is possible, either from the point of view of time or from the point of view of content, to achieve everything implicitly and expressly contained in the programme in such a short time. We are pleased in particular that the possibility of legal aid will be created for the consumer. How often do we hear that a consumer fails to take action simply because he is confronted by a large institution even in cases when he knows he is right. In this connection for the Commission, Mr Scarascia Mugnozza, has put forward practical proposals and I hope that it will be possible to bring them into effect in the near future since I believe it a matter of urgency for the consumer to be advised and informed and, if necessary, for him to be able to go somewhere to obtain help and justice.

We also set great store by the harmonization of legislation in the relevant fields. We requested that the motion for a resolution should include—and I am pleased to say it now does—a clause to the effect that extensive norms should be applied in the interests of the protection of the health of the consumer. I personally am particularly in favour of this since we hear, or at least I hear in the Federal Republic, rumours that, for example, cheese has been contaminated with Tbc or that calves are still fed on oestrogen. Such rumours would perhaps stop if legislation in this field were completely harmonized and such things were prevented from the outset.

We also welcome the creation of an advisory committee for consumers since this could do very good work in the interests of the consumer. I should like to take this opportunity of asking Mr Scarascia Mugnozza whether this committee has already met and, if so, what questions has it considered.

I shall not here go into more details concerning the action programme. The two previous speakers have already mentioned the most important points and I can only emphasize again what they have said. However, I should like finally to point out that Europe is in the worst crisis it has experienced since it was founded. The governments of the individual Member States are trying their utmost, almost in desperation, to free themselves from their difficulties. An action programme solely for the benefit of the consumer consisting of actions rather than words might perhaps help to bring the Community closer to consumers again and thus give the latter an incentive to give more support to a common market bringing greater clarity and benefits for them. This could only be good for Europe.

President. — I call Mr Laudrin to speak on behalf of the Group of European Progressive Democrats.

Mr Laudrin. — (*F*) Mr President, ladies and gentlemen, I have been asked to deputize for Mr Hunault and so, on behalf of the European Progressive Democrats, I shall make a few brief remarks on the very important problem of consumer affairs.

First of all, we congratulate Mr Bersani on his excellent report and the positive and well-founded criticism he has addressed to the Commission on behalf of the European Parliament. In particular, he was right to stress the urgent nature of the objectives to be achieved in the field of consumer affairs, which is extremely vast, concerning as it does 250 million inhabitants of the Community and covering the problems of competition, hygiene, advertizing and trade descriptions, legal aid, health, hire-purchase, etc. We must congratulate the Commission for at last having seriously tackled these matters which are gaining increasing importance in our various countries. The time has now come to establish consumer protection through a genuine Community policy.

However, we feel it would have been preferable to lay greater emphasis on possible procedures for the effective participation of consumer representatives and qualified experts, as the rapporteur stressed just now, in the preparation of decisions taken prior to the creation of goods and services, whether on individual or general, material or socio-cultural problems.

We must stress the need for informing adults and children, but it is evidently very difficult to demand solidarity from consumers in the fight against inflation when they are out of touch with the procedure for establishing prices and, unlike the representatives of both sides of industry, they are in no position to enforce their views at each stage of the economic circuit. In this respect, one can only hope that powerful consumer organizations will be set up or developed. For our part, we must underline the fact that France is a long way behind in this. More generally speaking, we support the criticisms made by Mr Bersani, particularly as regards the rather complex and repetitive wording of the programme. It would appear rather indigestible for the average consumer. In addition, it is a little vague regarding, for example, the composition of the Consumers' Consultative Committee and its tasks.

Thus we fundamentally welcome the Commission's preliminary programme. We support Mr Bersani's report and the amendments tabled,

and we hope that the Commission will overcome its uncertainties in the field of consumer protection and that it will submit a plan which our countries will have helped to formulate, thereby genuinely assisting in the fight against inflation and promoting the well-being of the peoples for whom we are today responsible.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (*I*) Mr President, I promise not to exceed the very brief speaking time allotted to me, but I have asked permission to speak on my own behalf, chiefly to assure my colleague, Mr Bersani, not only of my very warm appreciation of this motion for a resolution and the report by which it is accompanied but also of my deep awareness of the wide range of problems bound up with this topic. I would emphasize once again that I approve very heartily of the efforts being made by the Commission to implement finally a consumer policy; and while I do not wish to weigh my words too lightly, I feel obliged to say that if these efforts succeed, as I hope they will and as I know the Commission wants them to, they will be almost revolutionary in their decisive and profound transformation of the economic systems of the States to which we belong. To put it plainly, there is no use having it written in the Treaty that the Community is based on fair competition and on free initiative, if we see before our own eyes the growing destruction of fair competition and the increasing sacrifice of free initiative. We see this today in many aspects; for example, even the free Press is being gravely endangered by a growing number of mergers between newspapers. But in all these problems connected with the market and with the protection of the purchasers, of the consumer, in fact of anyone who goes to the market—place to buy, the most important thing in the interests of democracy is that there should be strong organizations, able to inform, educate and protect the consumer himself. I see this most concretely set forth in point 2 of the motion for a resolution, where it is requested that the Community through the Member States—because it seems to me that the reference here is to the national States, though if there were also a reference to Community aids, I should appreciate it very much—should set up associations or delegations of consumers, which would be increasingly in a position to take vigorous and, if Mr Bersani will permit me to say so, more independent action, because it is not, after all, the help being sought at State or Community levels which will possibly destroy or endanger the independence of an association of consumers, but the fact that it must combat the wiles and the stratagems of the producers' organizations, which are often

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much more powerful. This is the first point I wish to make, Mr President.

There are two further points which I should like to make very briefly. The first is in regard to the reference, in point 6 of the motion for a resolution, to the need for setting up a Community service for complaints, advice and redress. Now I feel that the Commission has much material to work on in this matter in drawing up the necessary measures; I also feel that there are certain points on which it must give Parliament some further information, because it is clear that we are faced here with a task which involves supervision, information and a certain degree of interference, which is of course necessary to deal with this situation. Nevertheless, there are certain implications with regard to civil and penal law, which go beyond the Community terms of reference at the present time, or at least until such time as it becomes what I very much hope it will become very soon, namely, a Federal State. Perhaps then it would be necessary that the Commission should enlighten us somewhat further in regard to the carrying out of this measure indicated in point 6, which I have just quoted. This would seem to me to be very important.

Finally, Mr President, the last point I wish to make is about a matter which emerged in the debate but was not incorporated into the conclusions of that debate and which I would not like to see getting lost from the record of the proceedings of the debate in this Chamber. The point I refer to is that the consumer should not be considered merely as a consumer of cosmetics or a consumer of food products and so on, but rather as a consumer of public services and therefore, consumer protection calls for a particular type of protection, and this particular type of protection is an idea which needs to be looked into fully and developed. We live in a world, Mr President, in which private enterprise is tending to take on gigantic proportions, in a world of enormous supranational companies, which at the same time tend to be influenced very much by the public authorities and by the public purse, as we say. For instance, in my own country about 70% or perhaps more of all the industrial undertakings have some form of State involvement, that is to say, they are under the economic control of bodies financed from public money and depending on the State or at least on the policy of the State. They are enormously powerful; some of them provide public services while others are either actually State undertakings or else are controlled by local authorities, from the railways to the municipal water and gas companies, to the telephone companies. Each has a great deal of State participation, that is to say, some of

their capital is private and some public money. Now it seems to me that special consideration must be given to this entire sector in which the consumer of the service is the ordinary citizen and the service is provided by some giant force. This is a point of view which should not be lost sight of in this Chamber and I would hope that my words would have the effect of making the Commission keep this consideration in mind for the future.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I would like to make a brief observation. I read with great interest the report by Mr Bersani and the opinion of Mrs Orth, both of whom I should like to thank for their work.

I am however somewhat surprised at paragraph 6 of the resolution contained in Mr Bersani's report. Here we find, in the seventh indent that consumer information must be objective, something which no-one can dispute. Advertising may falsify competition conditions in the sense that the firm which advertises more will have a better position on the market, and to counter this we have consumer information. If this information is objective then it can only distort competition conditions. If this was not the case there would be no objective information. My Dutch colleague Mr Scholten spoke about a Dutch case. But what happened there? There we had price information which was not objective but was much too one-sided, to the advantage of the large chain stores and the disadvantage of medium and small undertakings; I am only too ready to admit that. But this was not the fault of distortion of competition conditions by objective information, but rather by a lack of objective information. If information is objective, this implies that the consumer is being informed, as happens in the Netherlands in the 'Consumentengids' (consumers' guide), on the question of whether the price which he pays per unit is too high or not, whether the appliance which he purchases is safe or not, whether he is purchasing a sound article or whether the article he is purchasing does in fact correspond to the claims made by advertising, etc.

If people read such comparisons of products and they turn out to be neither sound nor safe, and the price is too high, such information cannot be anything but a distorting influence on competition conditions. And I believe that this is one of the tasks of consumer information. If this is no longer so then consumer information is superfluous.

It is for this reason that I wish to make an

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observation on the seventh indent of paragraph 6. To a certain degree I agree with Mr Scholten but I believe that the committee has gone too far on this point in its motion for a resolution and I would like to state clearly in the presence of the Commission that I do not agree in this particular instance; apart from this I shall of course vote for the motion for a resolution.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. —

(I) Mr President, ladies and gentlemen, in considering the draft programme submitted by the Commission for a consumer policy, we are tackling another problem for which, like the previous one, that of the environment, the Commission has had only a few months at its disposal to collect its thoughts and to take action. In fact, it was only as from the time of the Paris Summit Meeting that the Commission was urged to look at the problems of the European Community in a different light. Bearing in mind the fact that the need to improve economic conditions could not fail to take account also of other human and spiritual needs of the citizens of Europe, the Commission re-examined its entire activities and set out to give closer attention to the problems of the environment and of the consumer. I must say that the beginning was extremely difficult because it was only in July of last year that we were able to assemble a small staff of able and dedicated people. Thus it is that in a very few months we have been obliged to make strenuous efforts to make up for lost time and to tackle this problem in a concrete fashion. Our efforts are crystallized in this draft programme for consumers on which Mr Bersani has just given us a report. I should like to thank Mr Bersani for the enthusiasm he has put into his work and for the dedication which has inspired him in presenting his motion for a resolution with its accompanying report and I should also like to thank all the members of the Committee on Economic and Monetary Affairs for the long, profound and interesting discussions I have had the opportunity of having with them at their meetings. Finally, I should also like to thank Mrs Orth for the opinion which she has delivered on behalf of the Committee on Public Health and the Environment and to say how much we in the Commission appreciate the contribution made by Parliament.

As I have said already, we find ourselves here face to face with problems which are in some sense greater than ourselves. By this I mean that in the past the Commission took measures, as the need arose, to protect the consumer, but

it did this without any precise programme and in any case, it did it only under certain specific headings, mainly in relation to the problems arising from cosmetics, that is to say, health problems in general. The Commission tried to protect the citizen in all matters relating to health. Today, however, we wish to launch a more broadly-based consumer policy and I am grateful to the members of the European Parliament who have assisted me and, so to speak, pushed me along the path which I am well aware myself we should be following. I feel that a genuine consumer policy of the type that we want today in the European Community cannot be restricted to the economic sector alone nor to the health sector nor to the information sector. I believe that it would be a mistake to confine the consumer policy too narrowly. You must put aside all restrictions and go on to consider a consumer policy on a vaster and broader scale, and in doing so, we must reflect that the citizens of the European Community, as such, have a right and a duty to participate in the life of the Community and that this right and this duty to participate must be expressed not only through elections to Parliament by universal suffrage, which we hope will come about very soon, but also by being able to take part actively and at every level in the promotion of Community resolve.

I would like therefore to see a consumer policy along these lines, a consumer policy which would be a means of strengthening the democratic bonds linking the European Community with its citizens and a means of enabling these same citizens to take part in the democratic life of the Community. I would see it as a means of making them understand that the European Community goes beyond narrow economic limits to consider the human factor, the interests of the citizens, whatever they may be and in so far as they fall within the competence of the Commission. This is why I took the liberty of speaking at great length on the matter of public services in the meetings of the Committee on Economic and Monetary Affairs, and I thank Mr Bersani for having incorporated this entire idea into his report and also Senator Cifarelli for having dwelt on it very particularly.

Why do I dwell on all this? It is quite clear that it is not for the purpose of scoring points against any Member State in its capacity as custodian of the public services or for the purpose merely of giving the citizen the opportunity of making complaints when the services do not function as they should, but rather because we feel that the citizen in his capacity as the user of the public services often finds himself in the position of not being able to convey his wishes to the proper quarters and because his interests

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are often directly opposed to certain interests of the State, which sometimes can be viewed not so much as interests in competition with the interests of the citizens as rather interests which are completely divergent from the interests of the citizens. And therefore, while I was aware that it was perhaps advisable that this idea should not be included in the resolution, I am glad nevertheless that Mr Bersani saw fit to point it out because I feel that in the future the Commission cannot fail to want to consider once again the possibility of suggesting, at least to certain Member States who are somewhat backward in their legislation on certain matters, some models of legislation which are already in effect in other Member States of the Community and which have not introduced any element of opposition or hostility between the citizens' interests and the interests of the State but have rather united the two and reconciled them. We find examples of what I am advocating in certain legislations, mainly in those of the United Kingdom and Denmark, and I am anxious that by holding up these models for imitation, other European countries should be brought to take measures which, I feel, would be of the greatest value and interest to these sectors.

I would also like to thank Mr Scholten and Mr Laudrin for their speeches, as well as Mr Broeks. To get down to the details of the resolution, I should like to dwell on the chief points around which the debate has centred. They have to do with the problem which seems to me very important and on which Mrs Orth has put a question. I refer to paragraphs 2, 3 and 4 of the resolution, where consumers' organizations are referred to.

I share completely the concern expressed by the European Parliament and I am therefore of the opinion that consumers' associations must be strengthened. It should be added however, I feel, that each one of us is aware that in certain countries consumers' organizations are in existence and have by now become so accepted by the public in these countries that they can act seriously and independently in defence of the citizens, but it is equally true that there are other places where such organizations do not even exist. In some countries, even in recent times, there have been rather distressing incidents which have shown that the notion of consumer protection has not yet penetrated into all sectors. Therefore I would say that it is only right that we should strengthen consumer organizations and assist them with financial backing. I would go on to say further that with the modest budget at our disposal, we have tried to give such financial backing and above all we have tried to interest consumers' organ-

izations in certain specific problems; we have even asked them, in return for our financial backing, to undertake studies of these problems. I believe that we are making a more serious and valuable contribution to consumers' needs by giving each such organization a particular problem to study over a given period of time than we would by simply handing out financial aids, which, in my opinion, are not always calculated to produce the greatest possible benefit to consumers in the European Community. I wanted to say also that the situation with regard to consumers' organizations is not the same in all the different countries, not only in regard to the question of how far they are representative or not, but also in the matter of the number of such organizations. We have some countries in the European Community in which consumer's organizations are very numerous, while there are others in which there is only one such organization, and sometimes this organization is even divided amongst itself. Now, as I have said before, I am prepared to do everything possible to strengthen these organizations and to enable them to survive in cases where they are having difficulties. I feel that community aids must be boosted by aids from the State itself in order to ensure that such organizations can be completely independent. In fact, one of my chief concerns has been to study how a consumers' organization functions, how it can exercise its activity, how it can be in a position to publish extensively when it is possibly backed by only a few hundred or a few thousand members paying small membership dues. Clearly these are problems which we have got to face if consumer policy, that is to say, the policy of protecting the consumer, is not to become at some stage a policy which only serves to land the consumer in even worse trouble.

As far as the Consumers' Consultative Committee is concerned, I should like to say straight away to Mrs Orth that it was set up some time ago, that it has already held two general meetings, that these meetings were held in Brussels and that at the first meeting, it studied problems of a general nature connected with employment, while at its second meeting it heard two reports, one on world and European problems with regard to economic and monetary policy and another on problems connected with raw materials, especially with agricultural raw materials in the world generally and in Europe, and finally that it enacted provisions to provide itself with a structure for the work which it will have to carry out in future. As of now, three annual meetings are envisaged for the Consultative Committee along with other meetings for its Board of Directors, and the possibility is also envisaged of appointing rapporteurs to

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the Consultative Committee who will report on specific problems and who will naturally be provided with the directives that the Commission intends to submit on the matter of consumer protection and the implementation of consumer policy along the lines of the programme that has been drawn up and that is now before you for your consideration. These rapporteurs would also report on other problems which might be of interest to the consumers, for instance, the fixing of prices, prices in relation to the common agricultural policy, etc. The Consultative Committee has therefore begun its work and it would be my hope that this work can be carried out gradually and that, once the programme has been approved, it will be possible to proceed to set up the legal instruments required to carry it out.

With regard to the representation of consumers' organizations on the Consultative Committee, I cannot give a conclusive reply on this point straight away, but I can assure you that the major national organizations are represented. The Consultative Committee was appointed on a national basis and in countries where there are more than one consumers' organization, we appointed representatives from the most important organizations. In this connection, it is clear that if we were to include all the consumers' organizations on the Consultative Committee, we could find ourselves confronted by situations which would be difficult, both in law and in fact, to resolve, that is to say, we could have excessive representation of countries in which there are three, four, five or possibly six consumers' organizations and too weak a representation from countries where there may be only one consumers' organization or perhaps even none at all. However, I am studying the possibility of seeing to it that national organizations not represented on the Consultative Committee can be heard as observers within the framework of the action policy drawn up by the Consultative Committee.

With regard to the points made by Mr Scholten, I should like to thank him for what he has said, not only today but also at the meeting of the Committee on Economic and Monetary Affairs, and I should like to assure him that we will pay close attention to the three principal points referred to by him, namely, prices, consumer protection and consumer information. But I would like to add that I feel particularly strongly about another matter which he referred to, that is, the protection of children. Here we are, in fact, going beyond the domain of information, we are actually going into the realm of education, something that we consider essential. Children must begin to learn. We hope to be able to make some contribution in this area of

education; they must already begin to think rationally and use their intelligence in making their choices, in singling out the goods which they consider most suited to their needs, because this reasoning process can help them at a later stage, as adult people, to face better the problem which very often we ourselves, and even more so our wives, find ourselves forced to cope with, in this consumer society of ours which presents such a wide variety of alluring and enticing wares to our eyes. I should also like to thank Mr Scholten for having called our attention to the request made by the Economic and Social Committee with regard to the avoidance of waste. In this matter also we must take action to protect the consumer and it would be my hope that we can tackle the problem of packaging and the problem of perishable goods, as well as the problem of re-utilising certain materials. On the other hand, I think I can claim that these problems have been dealt with in the best possible manner within the framework of action taken by the Commission.

With regard to information, and in this connection I would refer to the speech made by Mr Broeks, I should like to remind you of the long discussion that we had on this subject in the Committee on Economic and Monetary Affairs. I do not know if after my speech somebody will wish to say some words to enlighten Mr Broeks but I seem to recall that, at Mr Scholten's request actually, we spoke in that committee of this matter of objective information. It was also pointed out on that occasion that it was essential that information should be objective in such a way as to avert distortions in competition. Of course, Mr Broeks, you are right when you say that objective information in itself cannot overcome all distortions in competition, but I feel that the whole matter was emphasized for the reason that even today it is in practice very difficult to even speak of objective information. As things stand at present, I do not know if there are any bodies within the ambit of national television services or even within the ambit of consumer policy organizations, which can indicate whether a given piece of information, relayed by means of a television sketch or by means even of a simple advertisement, can be considered in practice to be objective or not. I do not know if we today are in a position to determine whether a television broadcast or a radio broadcast or any piece of information which is paid for by the person whom it is intended to benefit, can be objective and therefore such as to forestall any possibility of competition being distorted. But the idea that conditions of competition should be kept in mind in relation to information is something that could also call for action

Scarascia Mugnozza

by the Community in this very sector of competition.

With regard to all the other points made and the resolution taken as a whole, Mr President, ladies and gentlemen, I am in complete agreement. On the other hand, and this brings me back to my first topic, I must add that we, I myself and my colleagues, have made a very strenuous effort to bring some reflection and some imagination to this matter, because in a Community which had never yet been given a consumer policy and which had no examples or precedents to fall back upon, it was very difficult to lay down even the general outlines of a policy. There are very delicate interests involved here and very special sensitivities and it was necessary to see to it that, while laying down general outlines, these should not be allowed to be turned against the interests of the citizens rather than promote their welfare; this was the intention of the Commission of the European Communities. We have therefore carried out this work which has met, generally speaking, with your approval, and I should like to add that, just as we have worked in harmony with the secretariat of the two committees concerned in consumer problems in the realization that both of them could furnish very useful ideas for the programme, in the same way we accept the document issued by the European Parliament in this connection. Of course we shall soon have to call a Council of Ministers to approve this consumer policy and the accompanying programme. In this connection, in the belief that the European Parliament would probably adopt the motion for a resolution submitted by Mr Bersani on behalf of the Committee on Economic and Monetary Affairs, we have already incorporated the relevant amendments into the initial programme so that this programme might correspond to the requirements of the European Parliament.

If, as a result of our discussion this evening, further amendments have to be made to the resolution, we shall take note of them, because we feel that it is only in a climate of complete and mutual trust that those important problems can be solved, which so vitally affect the lives and interests of our citizens, particularly in the present situation. But I should also like to add that I do not believe that consumer policy should be bound up only with a prices policy. It would be a serious mistake to think along these lines, even if, from day to day, we are aware of a particular sensitivity of our citizens to this problem, in view of the present rates of inflation. A prices policy is one of the components but it is not the essential one, because, as I have already said, I feel that a consumer policy must be first and foremost orientated towards the

protection of the citizen against pressures from outside and towards making him understand how important it should be for him to establish a society which is not a consumer society but one in which consumption is wisely regulated. Above all he must understand the importance of his own participation in the life of the Community and how important it is that he should be able to feel himself a citizen of the Community along with all his fellow-citizens, thanks to a consumer programme which today is only in its infancy but which we hope will in future be more and more adequate to our needs and to the needs of our fellow-citizens.

(Applause)

President. — Thank you, Mr Commissioner.

Does anyone else wish to speak?

I call Mr Hill.

Mr John Hill. — Mr President, as no-one from my country has taken part in this debate, I should just like to welcome the favourable mention that the Commissioner has made of some of the practices to protect consumers in Britain, and to thank him for his reply. I should also like to say that Mr Bersani's report has made a very fine survey of this complicated and important subject.

It seems to me that the consumer is very much put on today, and as the standard of living rises, the consumer, the family man, is often wanting to buy a great many products the nature of which he can scarcely understand, such is the pace of scientific and technological development. To think solely in terms of some of the so-called consumer capital goods—washing machines, wirelenses and the like—it is clear that the pressures of salesmanship and advertising can easily land the family in an unsatisfactory purchase. I have therefore been very glad to hear speakers mention some of the matters which should be watched for, such as overpackaging, non-returnables, planned obsolescence and exorbitant and indifferent servicing of defective machines. One of the key phrases in Mr Bersani's report which I should like to stress is in his explanatory statement on page 8, where he says: 'Legal protection does not mean that the government will mollycoddle the consumer. On the contrary, the intention is to provide the consumer with the legal instruments with which to defend his interests himself.' That, I think, Mr President, is a key sentence—'to provide the legal instruments with which to give him a means of defence.' Certainly it has been our experience in the United Kingdom that we have been well served by a chain of statutes always being

brought up to date—the Trade Descriptions Act, the Fair Trading Act, with consumer credit coming along—and we are, I believe, the first country to appoint a Minister for Consumer Affairs. However, I should like to insert a cautionary note, that when doing all this we should beware of harmonization for harmonization's sake. I think there is a danger of looking for some general principle and then, perhaps, trying to impose it rather unnecessarily, in grandmotherly fashion, on all the member countries, thereby suppressing some of their own cherished internal practices which may not be envied by other nationalities but which are harmless in themselves and which each country in particular is not seeking to export. We must be careful here. The colour of sausages, all this kind of thing. I think of one question that is being deferred from this part-session—the very difficult matter of poultry dressed in the New York manner, which it is sought to outlaw—admittedly, after a period of delay—thus, for example, forbidding the British public to enjoy its traditional Christmas turkey. I think consumer protection must be very careful not to tread upon national corns. I would therefore suppose that the principle to follow is to seek to establish minimum standards by the best practices of competent, independent authorities, which would then be recognized throughout the Community. That is what I should like to see happening. Much of it must be a matter of knowledge and education, and many of the problems will be individual ones, thus giving rise to the hope that in the United Kingdom and possibly elsewhere we shall extend the activities of our so-called citizens' advice bureaux to cover some of these important consumer problems.

We heard mentioned in the debate the difficulties of the consumer facing a nationalized

industry. Here again, it is possible to set up special consumers' consultative councils which can hear complaints by electricity users, gas users, travellers and the rest. All this is very important. If the Community can be seen to be caring for the consumer, that in itself will make the Community much more popular in the member countries. On the other hand, it must not be seen, as I would suggest, to be interfering but to be seeking to supplement and strengthen the national means, especially where those means are competent and capable of covering the ground adequately.

Thank you.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. Agenda for the next sitting

President. — The next sitting will take place tomorrow, Tuesday, 14 May 1974, with the following agenda:

9.30 a.m. and 2.30 p.m.

- Question Time
- Joint debate on four oral questions concerning Italian trade restrictions.
- Report by Mr Rossi on the Seventh General Report of the Commission.

The sitting is closed.

(The sitting was closed at 7.30 p.m.)

¹ OJ No C 62 of 30. 5. 74.

SITTING OF TUESDAY, 14 MAY 1974

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 9.35 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following two reports from Parliamentary Committees:

— Report by Mr Willi Müller on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a resolution on the adaptation to

technical progress of directives on the protection and improvement of the environment (Doc. 101/74);

— Report by Mr Vernaschi on behalf of the Legal Affairs Committee on the proposals from the Commission of the European Communities to the Council for:

I. a directive on the coordination of certain laws, regulations and administrative provisions concerning the retail sale of medicinal products by self-employed persons

II. a directive concerning the attainment of freedom of establishment and freedom to provide services in respect of the retail sale of medicinal products by self-employed persons.

(Doc. 102/74)

3. *Question Time*

President. — The next item on the agenda is Question Time. (Doc. 85/74)

We shall begin with Questions to the Council of the European Communities. I call Oral

President

Question No 1 by Sir Douglas Dodds-Parker on meetings of Heads of Governments of the Community. It is worded as follows:

'The Council is asked what proposals there are for calling an ad hoc meeting of Heads of Governments of the Community in cases where Foreign Ministers fail to reach agreement; and what political institution is available to forecast where and when such disagreements may arise?'

I call Mr Apel to answer the question.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, conferences of Heads of States or Governments are generally called on the initiative of one or several Heads of State or Government after agreement by all the Governments who are to take part. The conditions on which they are called are laid down by the Heads of State or Government concerned at their own discretion. These conferences are not intended as courts of appeal against decisions taken by Community institutions. It is the Treaties that govern the Community institutions.

President. — I call Sir Douglas Dodds-Parker to put a supplementary question.

Sir Douglas Dodds-Parker. — Mr President, does the Minister realize that this reply is highly unsatisfactory and shows that no progress has been made toward strengthening the new Community institutions for the purpose of considering and deciding the many outstanding questions of foreign policy that affect the Community?

President. — I call Mr Apel.

Mr Apel. — (D) Mr President, I fully agree with the questioner that the answer is unsatisfactory, but I must point out to the honourable gentleman that the state of the Community as a whole is unsatisfactory, which means that the answers must be unsatisfactory, too.

As regards the specific point made: in recent years, since 1969, three conferences of Heads of State or Government have taken place. All three conferences were called for special reasons, and it is clear that summit conferences, which by their very nature are not held at regular intervals, cannot assume the responsibilities you want them to. We all of course know, and are experiencing in the present weeks and months, how absolutely essential the connection between general foreign policy and the work of the Community is. But I would point out to the honourable

gentleman that that is one thing, and the question of conferences of Heads of Government is another.

President. — I call Sir Tufton Beamish, or rather Lord Chelwood.

As Shakespeare said, "What's in a name? That which we call a rose by any other name would smell as sweet".

Lord Chelwood. — Mr President, the statement at the Copenhagen Summit on the European identity spoke not only of the need for a Community foreign policy but also the need, when shaping such a policy, not to neglect our common defences. Is the acting President-in-Office aware that the frustration expressed by Sir Douglas Dodds-Parker reflects the views of a very large part of the Parliament, and can he say when we can look for some action instead of double-talk and when the conference of foreign ministers will be brought within the ambit of the institutions? It really is about time.

President. — I call Mr Apel.

Mr Apel. — (D) Mr President, I can really only repeat what I have said. I can fully understand the irritation expressed in the House. But we should be careful, and that applies perhaps also to the debate we are to hold later, not to think that predominantly political problems, which for the most part arise from difficulties and differences of opinion between Member States of the Community on highly complex matters of foreign and economic policy, can be solved within the ambit of the institutions. The institutions, and that applies as much to the Council of Ministers as to the European Parliament, are as strong or as weak as the political will behind them. As far as the Council of Ministers, and this includes the Council of Foreign Ministers, is concerned, this political will has its source in the Governments at home. That being so, it serves no purpose whatsoever to malign the Council of Ministers, to criticise the institutions or to make demands. The Council of Ministers reflects the differences of opinion and tensions that constitute the political situation at home. Members of the House, you are all at the same time Members of your national Parliaments. Please see to it that back home in your countries, and in my country too, things are geared to a European outlook; only then will a situation be reached in which external policy will be included in the work of the Council of Foreign Ministers in the way in which it must be included. The Council of Foreign Ministers is not there to make decisions on the right of

Apel

establishment of midwives or to pass a market regulation for hatching-eggs.

President. — We shall now proceed to questions addressed to the Commission of the European Communities.

Oral Questions No 2 and No 3 by Mr Eisma and Mr Willi Müller on the protection of the waters of the Rhine Basin against pollution will, at the request of their authors, be dealt with at the next part-session.

I call Oral Question No 4 by Mr Patijn on the relations between the European Community and Portugal:

‘Was the question of the relations between the European Community and Portugal discussed during the recent meeting between certain members of the European Commission and the Portuguese socialist Mario Soares, and if so, what information can the Commission give Parliament on the subject?’

I call Sir Christopher Soames to answer the question.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Mr Soares talked with some of my colleagues on 3 May. He made clear his desire to see a closer relationship between Portugal and the Community, and my colleagues for their part welcome the decision of the new Portuguese administration to proceed as rapidly as possible with the establishment of a democratically-elected government, which could not but exert a positive influence on the future relationship of Portugal with the European Community.

President. — I call Mr Patijn to put a supplementary question.

Mr Patijn. — (NL) Mr President, I should like to ask the Vice-President of the Commission whether on this occasion Mr Soares set out any definite ideas on the form which the future development of Portugal's relationship with the Community ought to take, and whether association or similar concepts were mentioned.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — But this was essentially a talk of a private character. It was in no way an official meeting, and I am afraid I cannot go further into what was talked about at that private meeting—further than I have gone. I am sure the Parliament will understand why, in the present circumstances, I do not think it would be helpful for me to go further into it.

President. — I call Mr Fellermaier to put a supplementary question.

Mr Fellermaier. — (D) My question is: how far has the Commission got with its preparations for the eventuality that the Portuguese caretaker government soon to be set up wishes to start definite negotiations on a closer association between Portugal and the European Community?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — This is a hypothetical question. This has not happened yet and, of course, if it were to happen, the Commission would give it consideration.

President. — I call Mr Johnston to put a supplementary question.

Mr Johnston. — Mr President, despite the fact that the Commissioner has been understandably cautious in his responses, would he agree in principle that the new situation in Portugal demands new thinking on the part of the Commission and possibly consideration of an initiative coming from the Community to Portugal rather than the other way round, tied, if necessary, to conditions regarding democracy and the ultimate independence of the African territories?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Sir, I frankly think it would be premature and foolish of me to talk at this point in time about what may be the situation under a new administration in Portugal which we have not yet seen in action.

President. — I call Oral Question No 5 by Mr Brewis and Oral Question No 6 by Mr Concas. Oral Question No 5 is worded as follows:

‘Will the Commission report on the progress made towards the adoption by the Member States of a common policy on the Law of the Sea and related questions?’

Oral Question No 6 on the Third Conference on the Law of the Sea is worded as follows:

‘Was any agreement reached on the basis of the main directives and guidelines set out in the Communication from the Commission to the Council (SEC (74) 862 final) which will enable the Community and its Member States to adopt a joint position at the Conference?’

I call Sir Christopher Soames to answer these questions.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — The Conference on the Law of the Sea which is due to open in Caracas on 20 June will deal with important matters, including fisheries, the mineral resources of the seabed and marine pollution among others. These matters are of considerable importance to the Community's economic future, and the Commission regards it as vital for Member States to take common positions at the conference on many of these matters. The House will recall that on 20 March the Commission, with this end in view, sent a memorandum to the Council on this subject which was also sent at the same time to Parliament for its information. The Council is still considering this memorandum, and the Commission hopes that it will adopt it as a basis for a common action.

Mr President, I think that this reply to Mr Brewis's question does, in fact, also answer the question which I believe Mr Concas wishes to ask but which, I am told by my officials, did not reach us in time, which, in our view, means in time for putting on the agenda. I hope, nevertheless, this provides an outline; perhaps there will be supplementaries to come.

President. — I call Mr Brewis to put a supplementary question.

Mr Brewis. — Mr President, as the conference starts next month, have not the Council of Ministers left the question of reaching a common position very late indeed?

Can the Commissioner tell me what the Commission's views are on the possible extension of territorial waters to as much as 200 miles to include minerals as well as fishing? How would the Commission propose to protect the livelihood of fishermen who, at present, have the right to fish in such waters?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — In answer to the first part of the question, as I say, the Council is still proceeding with the consideration of this matter; it has already given some consideration to it, but I don't conceal from the honourable gentleman that I hope we shall get further between now and the opening of the conference about a month from now and that we shall get further in reaching agreement on the Community viewpoint that will be put forward at the conference.

As to the specific question of fishing rights, the honourable gentleman will have seen that this

forms a part of the memorandum that we have sent. Our concept here is that the 12-mile territorial water limits should stay but that fishing rights should have a greater degree of control—shall we put it that way? A greater degree of control over fishing rights, with a view not only to ensuring the rights of the coastal state but also to giving the coastal state an obligation with regard to preservation of fish stocks and the like, should be extended to 200 miles, but this would not, in our view, mean that no other nation would be entitled to fish within this 200 miles. This would be a matter for arrangement, and I think we don't want to go with too closed a mind to the conference. That, I think, is the outline of what I believe should be in our minds.

President. — I call Mr Seefeld to put a supplementary question.

Mr Seefeld. — (D) Mr President, in what form will the Community be represented at the forthcoming Conference on the Law of the Sea in Caracas, and, more particularly, is it sure that the Commission will be accorded the right of active participation?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Yes, sir, the Commission will be represented at an appropriate level throughout the whole of the conference, and I cannot believe that it would not be seen by all Member States to be in the Community's interest that on certain aspects the Commission should, as normally happens, talk on behalf of the Community. My greater anxiety is not so much who talks but what is said, and I am very anxious that we should arrive at a common view so that we can talk freely and openly and make a useful contribution to this conference, which will be of great importance not only to Europe but to the world.

President. — I call Mr John Hill to put a supplementary question.

Mr John Hill. — Mr President, if the Commission is putting forward the views of the Community at the conference, would the Commissioner say whether he would feel inhibited from putting forward a view in the absence of unanimity among the Member States, or would he feel able to put forward a view on behalf of the Community as a whole as offering an ideal solution to some of the problems?

To return to fishing limits, as there seems to be some developing view in favour of considerable

John Hill

extension, perhaps up to 200 miles, would the Commissioner not agree that such an extension would provide a sure basis for a thoroughly integrated Community fishing policy which is not yet in prospect?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — In answer to the first part of the question, I am still hopeful that we shall arrive at a joint and effective position of mutual understanding with the Member States before the Conference opens. But if we don't, I do not think it would help us if the Commission were to put forward ideas on behalf of the Community if these ideas are not agreed; because this would only delude people, perhaps, into thinking that they were agreed and that we could deliver, whereas we could not deliver: we need a greater degree of unanimity on this matter. I personally am very grateful to my honourable friends for raising this matter, and I hope perhaps that all Members will ensure that where their governments are concerned they will do their best to persuade their governments of the necessity of arriving at a common view if we are going to make our voices effectively heard at this conference, which is going to have great importance for us, not only territorially for the seas around Europe but also for our fishing fleets, and, where mineral resources are concerned, I believe this is going to be a very important conference. It is the third conference on the Law of the Sea and, as I see it, by far the most important one.

Now as for the effect this is likely to have upon the Community's fishing policy, this, I think, we shall have to look at once we have got through the conference and once we see where we are at the end of it. But if we were to move along the lines which the Commission has proposed, this would inevitably lead to a considerable amount of rethinking about the Community's common fisheries policy as I see it.

President. — I call Mr Laban to put a supplementary question.

Mr Laban. — (*NL*) I should like to ask the Commissioner whether he has noted the communiqué issued by the Foreign Ministers of the Netherlands and the Soviet Union during the recent visit of the Dutch Minister, which states that the Netherlands and the Soviet Union are to present a joint case at the Conference on the Law of the Sea in Caracas for the retention of the 12-mile limit, and I should like to ask him at the same time whether agreement has been reached within the Commission at least on that point.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Well, sir, the honourable gentleman asked whether there was agreement within the Commission. There is agreement within the Commission, and this agreement is reflected in the document that has been circulated in the Parliament. But, as the honourable gentleman points out merely by what he has said, there is a degree of difference, and there is certainly room for difference. The last thing that I am claiming is that the Commission's view is necessarily the only or the perfectly right view. We thought that this was the right sort of approach and we hoped that it would, as it were, act as a catalyst and encourage Member States to reach agreement with the Commission in the normal way, but we have got a good way to go yet before this happens.

President. — I call Lord Chelwood.

Lord Chelwood. — Mr President, may I please raise a brief point of order with you about questions? It was obvious to me from something that Sir Christopher Soames said that there are two interpretations of our Rules of Procedure about the tabling of questions. I do not have them beside me, but my understanding is that the Rules say that a question must be received one week before it is answered. What I want to ask you, Mr President, is: received by whom—received by the Parliament or by the Commission? — because it is quite clear that there is a misunderstanding here and I think it would be helpful to us all to know exactly what the position is.

President. — The interpretation from the Chair is that the admissibility of the questions depends on when they are submitted to the Bureau.

These questions must be submitted to it 8 days in advance and communicated by telex to the Commission on the same day. Technically this means that the questions were received by us prior to the eight-day limit, and that the Commission has also had cognizance of these two questions since 3 May.

I call Mr Concas to ask a supplementary question.

Mr Concas. — (*I.*) Thank you, Mr President.

Firstly, however, I should like to express my thanks for the reply given to me. My supplementary question is this: does the Commission intend to keep the European Parliament informed of developments at the Third United Nations Conference on the Law of the Sea and

Concas

of the conclusions it comes to, with particular reference to the way in which the European identity makes itself felt at the Conference?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — It is absolutely so, it would most certainly be our intention. I am glad the honourable gentleman has raised this point, because I had not referred to it. It would, of course, be our intention as the Conference proceeds to keep Parliament informed, and I have no doubt that if this were to slip our memory, it would not slip the memory of honourable Members and there would be from time to time questions put down on the order paper.

President. — Replies have been made to all the questions.

Question Time is closed.

4. *Joint debate on Oral Questions on Italian trade restrictions*

President. — The next item is a joint debate on four Oral Questions concerning the trade restrictions adopted by Italy

— Oral Question with debate by Mr Fellermaier, Mr van der Hek and Mr Wohlfart on behalf of the Socialist Group to the Commission of the European Communities (Doc. 95/74):

Subject: Italian Government measures

1. Is it possible to reconcile the measures the Italian Government has just taken to repair the state of the economy with the provisions of the Treaty of Rome, and in particular with Articles 108 and 109?
2. Does the Commission consider that a *sudden* crisis has overtaken the Italian balance of payments? Are the Italian measures such as to cause as little disturbance as possible to the functioning of the Common Market?
3. Does the Commission consider that these Italian measures are an efficient means of restoring economic equilibrium in that country?
4. What are the reasons for the deterioration of the economic situation in Italy? What measures has the Commission already proposed to improve the situation, and what, if any, were the results?
5. Does the Commission consider that these Italian measures are likely to have serious repercussions on the future of the Common Market? If so, what action does the Commis-

sion intend to take to ensure that the Italian measures are abolished as soon as possible, and to prevent undesirable effects on the conduct of other Member States?

6. Does the Commission consider that unilateral decisions by Member States can only be avoided when the Commission finally takes energetic measures to bring about economic and monetary union?

— Oral Question with debate by Mr Fellermaier, Mr van der Hek and Mr Wohlfart on behalf of the Socialist Group to the Council of the European Communities (Doc. 96/74):

Subject: Italian Government measures

1. Is it possible to reconcile the measures the Italian Government has just taken to repair the state of the economy with the provisions of the Treaty of Rome, and in particular with Articles 108 and 109?
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3. Does the Council consider that these Italian measures are an efficient means of restoring economic equilibrium in that country?
4. What are the reasons for the deterioration of the economic situation in Italy? What measures has the Council already proposed to improve the situation, and what, if any, were the results?
5. Does the Council consider that these Italian measures are likely to have serious repercussions on the future of the Common Market? If so, what action does the Council intend to take to ensure that the Italian measures are abolished as soon as possible, and to prevent undesirable effects on the conduct of other Member States?
6. Does the Council consider that unilateral decisions by Member States can only be avoided when the Commission finally takes energetic measures to bring about economic and monetary union?

— Oral Question without debate by Mr Scott-Hopkins to the Commission of the European Communities (Doc. 97/74):

Subject: Flow of trade between Italy and the other Member States

The Commission is asked what steps are being taken to ensure the free flow of trade in meat and livestock between Italy and the remaining

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eight Member States of the EEC, and will the Commission define the term 'raw material' as it applies to meat and livestock mentioned in the Italian Government's communiqué of 30 April 1974?

— Oral Question without debate by Mr Früh to the Commission of the European Communities (Doc. 98/74):

Subject: Recent measures taken by the Italian Government

1. Does the Commission consider the unilateral measures which the Italian Government took recently and which seriously hamper the free movement of goods within the Community compatible with the letter and spirit of the EEC Treaty?

2. Does the Commission feel that these measures will enable Italy to solve its economic difficulties in the foreseeable future?

3. What possibilities does the Commission see of protecting particularly hard-hit branches of industry in the other Member States against adverse effects, or of opening up additional outlets for them outside the Community?

4. What repercussions does the Commission foresee for the agricultural sector, particularly the milk and meat industries of those parts of the Community whose production has hitherto been geared to Italy with a view to contributing towards an intra-Community solution to that country's supply problems?

5. In the Commission's opinion could the measures taken by the Italian Government have been avoided if the Community had in the past made greater progress towards economic and monetary union?

In accordance with yesterday's decision, speaking time will be allotted as follows:

— 10 minutes for the author of the question

— 5 minutes for other speakers.

Apart from this, Rules 47 and 46 of the Rules of Procedure will apply.

I call Mr Fellermaier to speak to the questions contained in Doc. 95/74 and 96/74.

Mr Fellermaier. — (*D*) Mr President, ladies and gentlemen, may I first of all express to the President-in-Office of the Council my appreciation of the fact that although the time-limits laid down in the Rules of Procedure for the answering of questions to the Council were not observed, the Council of Ministers has unreservedly declared its willingness to be represented here today and to participate in the debate

on the Oral Question addressed to the Commission.

My reason for making this introductory remark, Mr President, is that it is not normal practice for the Council to take any part at all in the debate on an Oral Question submitted by one Group, and I can only ask the President-in-Office to encourage his successors in office to endeavour in the same spirit to seek a public dialogue between Parliament and the Council, regardless of rules of procedure and current political situations.

In a commentary published the day before yesterday the Soviet news agency TASS gave an analysis of Europe from its point of view, stating that the economic difficulties in Europe—and in true communist fashion this is seen as inherent in capitalism—were increasing, governments were caught up in crises and the European Community was at last showing its inability to solve the problems facing it. When considering this commentary, we have to admit that it indeed records a present reality, namely how Europe today appears to the East and to the West.

The immediate occasion of today's debate is the Italian measures. These measures are part of a further process, viz. a return to nationalism in economic policies within the European Community. I feel this fact must be stated. It is no use avoiding the issue or painting too rosy a picture: we are experiencing a broad wave of reversion to policies of national self-interest at all economic levels throughout the European Community. But, Mr President, ladies and gentlemen, it would be wrong, it would be too simple and it would be too easy a way out to put, for this reason, the Italian Government alone in the dock to be pilloried. France, too, was surely guilty of the same fall from grace as Italy when at the beginning of this year it opted out of the European currency snake, with everything that this entailed for the disruption of the economic and monetary equilibrium in Europe. France's action at the time, like Italy's today, can of course be explained by national economic pressures, but here, too, it would be too simple to see only the material pressures and to play down the consequences they involve for the European Community. The reasons behind the recent developments in Italy are complicated and not to be judged lightly. But one thing is clear: if there had not only been timetables for economic and monetary union, but if instead real instruments for guiding economic and trade policy had been developed, this House would probably not have to discuss the Italian measures today at all. For this reason it is not Italy in the first place, if at all, that belongs in the

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dock; nor does the Council as a Community institution belong there. It is the Governments of the Member States which stand accused of doing less than nothing to put genuine Community policies into practice, especially in the economic and monetary field. It must, however, be stated, Mr President, that in such situations the Council, in view of the paralysis which has marked it for months, is hardly any longer in a position even to take action to cope with emergencies.

We must fully realize that the present Italian crisis, the tense situation in Denmark, where the fate of a minority government hangs by a single thread, and where there have just been large protest demonstrations by employees against government plans, show very clearly that what is happening in Italy and Denmark today can happen just as dramatically in other Community countries tomorrow.

Only if serious progress is made towards economic and monetary union in order to create the long overdue, but essential, economic and monetary instruments, is there a chance of halting the disintegration of the Community now staring us in the face.

Who then, I ask the President of the Council, and the European Commission as well, can seriously and with inner conviction speak of European political union when in the economic field a return to nationalism has become the cornerstone of the activity of individual governments? This trick of again acting in one's own national self-interest and at the same time making preparations for a political union at supra-national level cannot, I think, be brought off successfully by anyone in Europe.

Permit me, Mr President, ladies and gentlemen, also to address a few frank words to the Italian Republic as a sort of summary of the reasons behind this question by the Socialist Group.

No-one in this House wants to interfere in a country's internal political economic processes. We are not doing this in the present context any more than we did during the vigorous discussions on the referendum in the Italian divorce question, but at the same time I as a Socialist do not wish to pretend that we are not delighted that the majority of the Italian electorate supported those progressive parties that want in this way to shake off the dust of the last century from the Italian Republic.

(Applause from the left)

(Protest by Mr Covelli)

Well now, it is hardly surprising that there is a single neo-fascist conscience stirring in view of that party's defeat in the referendum in

Italy. I wish it even more defeats in the interest of Europe!

(Applause from the left)

The Socialist Group would like to address a few perfectly frank words to the Italian Republic. A natural condition of continuing Community aid to put right Italy's disturbed balance of payments is that the Italian Government is in principle prepared to accept the appropriate Commission recommendations of 6 May, in which the Commission makes concrete proposals to the Italian Government for concerted measures in the field of budgetary policy, credit policy and interest rate policy in order at least to reduce by these measures the deficit in the current account of the balance of payments to 2 billion lire by 1975 after the deficit of 4.1 billion lire expected for 1974. Italy must know that the protective measures that have just been taken on the basis of Articles 108 and 109 of the Treaty of Rome must be understood as a distress signal, but that these measures will not bring about any fundamental change in the present situation. They will relieve the problem but are still a long way from curing it.

The Socialist Group does not want to minimise the difficulties now attendant on the surrender of sovereignty by national governments, and I mean real surrender of sovereignty, on the road to Economic and Monetary Union. But if you want Economic and Monetary Union, if you no longer want only to talk about it at Summit conferences, you can and must genuinely give up some sovereignty; and to this extent—here I agree with what the President of the Council said during Question Time—part of this debate is in fact being conducted in the wrong place. Actually, this debate ought to be conducted this week in all the Parliaments of the nine Community countries; that is to say that the Governments ought to be asked with what means they are really prepared to develop this common policy further.

This Parliament, Mr President, must ask itself, however, how much longer it intends to stand at the wailing wall of Europe. Has the time not, in fact, come, and I ask this, Mr President, on behalf of the Socialist Group, when this Parliament should resolve to make a dramatic stand, even going as far as refusing to discuss Commission drafts, which, when all is said and done, only end up as waste paper in the Council's filing cabinets anyway? In such a situation this Parliament really must give serious attention to whether it should not now state in no uncertain terms that the responsibility for the Council's inability to act—which also inevitably has a paralysing effect on the Commission's

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capacity to act and on the efficient implementation of what the Commission lays before Europe—rests fairly and squarely with the Governments; it must consider whether in such a situation it must not make it abundantly clear to the citizens of Europe with a dramatic action of this kind that the guilty ones must be sought in the Governments, and I stress in all the Governments of all our Member States. It is depressing in the extreme to see how hard the Committees of the European Parliament work and how, in the Committee on Agriculture, in the Committee on Economic Affairs, in the Committee for External Economic Relations or wherever else, parliamentarians from all the countries discuss Commission drafts under the strain of their double functions, and how they try to change and improve them, only to find after a few months that the effort was, in fact, in vain, that the Commission has accepted Parliament amendments, but that what is then supposed to become a Decision, Regulation or Guideline cannot become a Regulation or Guideline or Decision because it is held up in the Council. To this extent, Mr President, I feel that we have a duty to those who have elected us and sent us via the national Parliaments to this European Parliament no longer to pretend that this Parliament has any influence. This Parliament, and recent months have proved this, is indeed standing at the wailing wall, but the Council no longer even acknowledges Parliament's voting decisions, or shows the slightest sign of moving even a little way from its state of total inertia. Quite apart from the present situation in which we are today discussing the Italian measures, I feel that no-one else can answer this question for us, especially since this is the democratic duty of this House in the interest of our Europe, in which, despite all set-backs, we still believe.

(Applause)

President. — I call Mr Scott-Hopkins to speak to his question.

Mr Scott-Hopkins. — Mr President, most certainly I can agree with the final words that Mr Fellermaier said at the end of his speech just now, that one has confidence in the future; but I am a little in a quandary, Mr President, as I put down an oral question and I was hoping to get the answer before I had to make a speech, because I wanted the information. Nevertheless, Mr Fellermaier has just pointed the broad canvas of our present problems, typified by the actions which have just been taken first by the Italian Government and then by the Danish Government. Mr Fellermaier puts the blame for our troubles fairly and squarely on the national-

istic mood throughout the Community, the lack of power of the Council of Ministers to take any effective action, and the fact that in the national governments there seems to be no European spirit moving amongst them. I think we have our share of the blame to carry as well, as parliamentarians. I don't think we can just sit back and say, 'Oh, the Council of Ministers, they have failed in their duty,' and, 'Oh, our national governments, they are all thinking of themselves and the actions to be taken in their own national interests,' and that we ourselves have not been to blame for not being more forthright, more forthcoming and indeed more active in promoting what in his final words were the inspiration of a Europe working and moving forward together.

But, Mr President, the point of my question concerns the one aspect only, really, of the problem caused by the Italian Government. It seems to me that the reasons they have given for taking these actions of high deposits needing to be paid on imports going into their country are, first, the energy crisis, which has increased their prices, and, secondly, that the main deficit seems to be in the trade of meat either on the hook or on the hoof. It would seem to me that this action will have really very dangerous results which will reverberate throughout the rest of the Community. We all know there is a very large trade in meat, either on the hook or on the hoof, between Italy and other countries within the Community, particularly Germany and Holland. Now concerning this regulation of the Italian Government, let me make it quite clear, Mr President, that it is far from my intention or, I am sure, that of the honourable gentlemen in this House to put the Italian Government in the dock today; as Mr Fellermaier has already said, it is just indicative of the state we are in in Europe; at the moment it happens to be the Italian Government's measures we are discussing. But if those measures are going to be followed up in the meat trade and if they are going to be strictly observed and not circumvented by the exporters from Germany and other countries paying the deposits, then surely the result is going to be a diminution of the trade between Germany, Holland and Italy in, particularly, beef. If this is so, Mr President, then, as we all know in this House, at the moment there is very little space available throughout Europe for beef in the cold stores; the Commission has had to intervene and has had to buy and put into cold storage a fair amount of beef and other meat within the Community, and so there is very little space left. And therefore the logical answer is this—that if there is no market in Italy for our German colleagues' meat or our Dutch friends' veal it will have to find other markets; the other

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immediate market which springs to mind is, of course, the United Kingdom, and with the MCAs and the ACAs operating so much in favour of an exporter from either France, Germany or Holland into the United Kingdom, it will seem the obvious choice for whatever surplus is left following the partial closing down of the Italian market. If this were to happen, and it will, then I think it would be highlighting a particularly difficult situation and making one worse which is already very dangerous in the United Kingdom, as it is throughout the rest of Europe. If you are going to have a hundred thousand tons of beef or veal floating around Europe, trying to find the best home that the exporter can find, you are going to depress the markets even more. I have already said there is no cold-storage space, so therefore the obvious answer is that this meat must be sold at a low reduced price. This, therefore, means either that intervention buying has to increase, with the parallel difficulty this will cause, or that there has got to be a tremendous break in the market, as might well happen in my country with no intervention buying allowed. Then, of course, our beef farmers, who are having the greatest of difficulty at the moment, will find it even worse. For, as we all know in this House, the reason the farmers are encountering difficulties is the resistance of the housewife against the higher beef prices, and this has resulted in the fact that a lot of young animals are being slaughtered at the moment, adding to the difficulties we are having. And so, Mr President, by the action the Italian Government has taken as it applies to the livestock sector you are going to have washing around the rest of the Community several thousand tons of beef and veal from Germany, particularly, and Holland, which has got to find a home. This can only have a depressing effect on the market.

The Danish Government's actions, of course, were not the same as those of the Italian Government. By their actions they have not necessarily stopped any particular imports into their country because they have put on an extra tax over the whole import and home production of specified products. That may slow down consumption, but no more. So one has to ask the Commission: what are you going to do? It seems to me there are only two solutions. Either you stop all third-country imports of beef and veal into the Community for a limited space of time—if you do that you are, of course, asking Member States to break their contracts with third supplying countries, but this is a possibility—or you are going to have to find some method within the Community of disposing of fairly large quantities of spare meat and meat products at lower prices—maybe to the

armed services, maybe to old people, hospitals, and so on. But this is going to have to be done quickly, and the cost will not be inconsiderable. And so I hope, though I have been concentrating, Mr President, on only one side of this problem, that of livestock and of the meat trade, that the Commission and indeed the Council—one is gratified to see that they have stayed and the Chairman of the Council of Ministers is still here—will take action; they must realize what the urgency of the situation is, in this one small sector, though it is an extremely important sector of our Community life. I hope that action will be taken on a Community basis to help our Italian and Danish friends and prevent yet worse repercussions from continuing throughout the Community, for if we do not, I can see grave dangers lying ahead at the turn of this year, not only in levels of production but in actions that national governments may be forced to take. Thank you.

(Applause)

President. — I call Mr Früh to speak to his question.

Mr Früh. — *(D)* Mr President, ladies and gentlemen, I shall not need to use my full ten minutes, since the questions of the Socialist Group and of Mr Scott-Hopkins largely concern the same state of affairs. My question is not intended as a criticism of any one country of our Community, and certainly not of Italy; rather is it inspired by the fear that patterns of trade in the Community may be disrupted by these measures. And though these measures may be in agreement with the letter of the Treaty—especially if one thinks of Article 109 or an amendment of the measures under Article 108—the crucial point, in my opinion, is that the spirit of the Treaty, as it is understood by the population, may suffer great harm. If this belief, this conviction that the European Community is really of great advantage to all peoples is not to be shaken, this question is in my opinion of the utmost urgency.

I have thus inquired whether the Commission thinks these measures are likely to be successful in the foreseeable future and I believe developments to date and our debates have shown that these Italian measures, unless they are supplemented by special, additional measures in Italy itself, will not be enough to put matters right.

The point is that certain branches of the economy will be particularly hard hit by these measures. Let us just briefly consider agriculture. Mr Scott-Hopkins has already mentioned this special problem. Allow me to relate it to

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our particular circumstances and outline the situation of my own country and in particular South West Germany, i.e. Bavaria and Baden Württemberg. In the early years these Länder went through hard times, as the integration of German agriculture into the European agricultural market required great sacrifices. Finally, however, these Länder learned to work within this wider market. The measures now taken will of course severely undermine the structure built up over many years and you may well imagine that it is precisely those sectors of our agricultural population which placed certain hopes in the EEC which will be disappointed in those hopes.

In order, how shall I put it, to take some of the heat out of this debate, to soften or even do away with mutual criticism altogether, I would like to ask the Commission to explain precisely how it was that such pressure came to be exerted so suddenly on the meat sector.

Is there any justification for these accusations, so often bandied about, that additional quantities of meat are admitted into the Federal Republic via imports from third countries, in particular the German Democratic Republic, and are then passed on to Italy via intra-Community trade? Are these figures genuine or just quoted at random? And most important of all, can we not establish to what extent Italy herself imports meat from East European countries? I think a plain answer from the Commission in this matter would help clear things up and remove a lot of animosity. That is the real point, and the most significant aspect of this question.

Let me just make a second observation. We must at all costs prevent the measures, which the Commission will, I trust, be able to take at Community level, from being circumvented at the national level. Again and again the odd rumour gets going—and it is hard to check the truth of these—that individual national governments, who were previously involved in these agricultural imports into Italy, are attempting or at least intend to find a way round the Italian measures. I would like to issue a warning against such plans. If one party tries to get round the measures it will immediately be followed by another and we would then be faced with the prospect of a most unfortunate escalation in this direction.

On the other hand, however, I would like to point out that we cannot simply let matters take care of themselves. The German Minister of Agriculture has—I regret to say—clearly stated that he hopes he will not be simply overwhelmed by popular pressure. Particularly in South Germany some people are wondering whether it will not be absolutely essential if

these restrictions continue—and you know how emotions can generate strong reactions—to curb or halt the flow of goods in the other direction, i.e. from Italy to Germany, for agricultural goods in particular—if you consider the situation in our vegetable and apple market you will understand—and whether, if there is really no alternative, appropriate gestures should not be made.

I think this would be the worst thing that could happen to us in the agricultural sector, in which our joint efforts have produced such great progress.

And this is why I would appeal to the Commission to devise, as soon as possible, ways and means of protecting the common agricultural market against breakdown. You all know that in recent years this market has been one of the cornerstones of the European Community, and it must remain so.

(Applause)

President. — Before calling Mr Haferkamp, I would remind the House that I have seventeen speakers listed. I urge speakers not to exceed their allotted speaking time of five minutes. I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, I must first of all apologise to the House and above all to those Members who spoke about a quarter of an hour ago for not having been able to hear them; the timetable which I was sent indicated that the debate would begin at 10.30. I arrived in fact a little earlier than that, but unfortunately not early enough to hear these speakers. However, in the meantime I have been given the gist of their contributions, so I hope to be able to discuss them.

Before I explain the Commission's attitude to the various specific questions I should like to make a few general remarks.

As has been frequently pointed out in this House and elsewhere, the situation in our Community has been very critical for some months. I only have to mention the key areas of energy policy, regional policy, lack of progress towards economic and monetary union, problems in our common external relations. The Commission has explained the risks and has made proposals on how these difficulties should be tackled. I would remind Parliament of the Commission's Memorandum on the state of the Community and the immediate action which the Commission proposed in January, a few days after the French government decided to float the franc. I should

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particularly like to draw attention to the fact that the Commission has made a series of recommendations to the Member States and the Council since the Paris Summit, laying particular stress on the need to conduct the fight against inflation on a Community basis, and to prevent the various national economies of our Member States drifting too far apart because of differences in development. We have often spoken in this House of the danger that we will be unable in the long run to prevent economic tensions making themselves felt, for example in our monetary situation, unless we succeed in bringing the economic development of the various Member States closer together. We have also expounded a similar basic idea in connection with the need to achieve a greater degree of uniformity in the structure of the Member States, in connection with regional policy for example.

I mentioned the 1973 recommendations: combatting of inflation, steps to prevent the economies of the Member States from drifting apart. These recommendations were adopted by the Council of Ministers. However, the Member States did not observe them. We made special recommendations. The Council adopted them and also gave the Commission special tasks related to budget trends in the various States, with a view to the necessary reduction of the rate of increase in the volume of money and lending in the individual Member States. In addition, reports were produced by the Monetary Committee and the Central Banks Governors' Committee. These show that the Member States did not implement the recommendations which they agreed upon together in the Council. This was already the situation in 1973. It was clear from the various initial situations of the individual Member States that an event as far-reaching as the great increase in oil prices meant that the dangers would increase, and that the struggle against inflation would be even more difficult. The balance of payments problems which existed during the previous year in the individual Member States would now become even more serious; it was clear to us, and we drew attention to this fact, that we are faced with a medium-term problem. In order to solve it, we must channel all our efforts in the same direction, and whatever happens, prevent this Community from drifting apart as a result of different actions on the part of the individual Member States.

For this reason, on 23 January we proposed the immediate measures of which I have spoken. We proposed that the Member States should engage not to use the difficulties arising from the increase in oil prices either as an excuse for competitive devaluations, or to introduce trade

restrictions which might lead to the various countries outbidding each other with protectionist measures. The Council of Ministers adopted this principle and this declaration on 18 February, at the only meeting held by the Council of Finance Ministers since the beginning of this year. The Council also discussed a number of other Commission recommendations, for example the question of gold reserves held at the central banks. The adoption of the Commission's proposal led to the agreement reached at the conference of Finance Ministers in Zeist a few weeks ago. It is therefore evident that the risks have long been recognized, that they have been given much attention, that we have not remained idle, but that we have made proposals, and that the Council has undertaken certain obligations, which, however, the individual States have not adhered to. Perhaps things were let slide too long, with the result that it became impossible to abide by the resolutions in some cases.

Against this background, it is clear that the Italian measures do not give cause for concern merely because they could give rise to legal difficulties. They do so also because they contradict the entire trend which I have just described, namely to do everything in our power to prevent us drifting apart in our development. They give cause for concern because they affect the Common Market, the customs union and the agricultural market, that is to say, things which we have assumed to be unassailable and inviolable, in spite of all the difficulties recently confronting the Community. The danger would be increased if this were to be the beginning of a return to nationalism within the Community, and if it should by any chance engender chain reactions. Such chain reactions would help no-one, least of all those who first triggered them off. I feel it must be made clear, also to the outside world that, in our view, restrictive trade measures cannot provide a solution to the balance of payments problems currently affecting the whole international economic system. I can only hope, on behalf of the Commission, that the Council of Ministers will tackle the problems in a considerably more active and positive manner.

It is to be hoped that when all the Governments of the Member States are once again able to act, this ability and will to act will also make themselves felt at Council level. This is absolutely vital. We have no time to lose. There is no lack of suggestions and proposals, but they must be adopted, taken seriously and carried out in the Member States.

I should like now to discuss a number of questions in detail.

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The Italian Government based its measures on Article 109 of the Treaty. According to this Article, where a sudden crisis in the balance of payments occurs and a decision within the meaning of Article 108 (2) is not immediately taken, that is, if mutual assistance is not immediately granted, the Member State concerned may, as a precaution, take the necessary protective measures. The Italian Government informed the Commission of its measures before they came into force.

The deterioration in the Italian balance of payments has reached considerable proportions in recent months. Whereas the average monthly trade deficit for 1973 was approximately 270 thousand million lire, provisional figures for the first four months of 1974 put it at 600 thousand million lire. The Banca d'Italia has stepped in to support the lira on the foreign exchange markets to a great extent since the beginning of the year. However, the Italian balance of payments problem has suddenly intensified in recent weeks.

One of the series of measures introduced by the Italian Government requires importers to deposit a sum amounting to 50% of the import value interest-free at the Banca d'Italia for six months. An exception is made for imports of capital goods, raw materials and certain agricultural products. According to the Italian Government, this measure is basically aimed at absorbing internal liquidity to the tune of two billion lire, and counteracting the flight of capital by means of a surcharge on imports. The Commission is very disturbed about the effect of these measures on internal trade in the Community. Whenever a Member State resorts to measures which restrict imports, it represents a serious threat to the foundations of the Community, particularly when they call into question the principles of the common market organizations. This is true even when such measures are basically aimed at solving problems of liquidity. However, in the present situation the Italian Government must be given credit for having done its utmost to take measures which did not go beyond this aim and were immediately effective in dealing with the liquidity problems.

Even if resorting to the above-mentioned protective measures is understandable in view of the continuing foreign exchange losses and the situation of the Italian economy, these measures alone cannot produce any appreciable change in the present situation. The main reasons for the deteriorating imbalance in that country's foreign trade are the great rise in overall demand and rapidly spiralling inflation. Consumer prices rose 11% in 1973. At the same

time the budget deficit rose to 7.5 billion lire, which is almost 10% of the gross national product. At present a price increase in the order of 15 to 18% and a budget shortfall of 9.2 billion lire are anticipated, unless measures are taken to depress these trends.

The Commission therefore feels that in order to restore lasting health to the Italian balance of payments a strict limitation of demand and particularly of consumer expenditure is essential. The Commission has repeatedly expressed this view in regard to the Italian economic situation. To take just one example, I would refer to the Commission's communication to the Council of 27 March 1974 on the adaptation of the economic guidelines for 1974. We shall be debating this tomorrow. In addition, on 6 May the Commission made a recommendation to the Italian Government on this matter in accordance with Article 108 (1) of the EEC Treaty.

In this recommendation the Commission declares itself in favour of measures in the fields of budget, tariff and credit policy. These measures should help to reduce the 1975 deficit on the current account of the balance of payments to 2 billion lire. As I mentioned in my introduction, the Commission is extremely disturbed at the measures taken by the Italian Government. There is a great danger that they will be contagious and will provoke counter-measures. This would lead, however, to a process of reversion to economic nationalism. We must avoid this at all costs. If such a return to nationalism were to become a reality it would result eventually in all the countries suffering, including those who began this process. The Commission feels that even in exceptional circumstances such measures can be implemented only under Community supervision and for strictly limited periods. This is why the Commission introduced the Community procedure in accordance with Article 108. It would undoubtedly be better if the Italian protective measures were rendered superfluous by an integration of Italy's internal economic policy and Community supporting measures. The Commission proposed to grant assistance, with the Italian Government itself also undertaking corresponding obligations in respect of its internal economic policies. The Council did not approve this assistance at its meeting of 7 May. Subsequent to this, and in view of the situation in Italy, the Commission authorised the Italian Government in accordance with Article 108 (3) to maintain its existing measures, albeit on the following conditions: the Italian Government must ensure that the administration of the cash deposit does not lead to additional import difficulties. Certificates of lodgement of the deposit must be issued automatically and without delay.

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Restitution of deposits must take place immediately and without formalities after six months, or on re-export of the imported goods. Difficulties arising from the application of the measures must be considered jointly by the Italian Government and the Commission. The Commission will watch the development of the Italian economy carefully. The Commission reserves the right to discontinue the measures when it establishes that they are no longer necessary, or that they are having serious consequences for the Community or a Member State. The Commission will also investigate the effects which these measures have on individual sectors. In particular it will undertake an investigation before 31 July into the overall development in Italy. If the problems are not solved by then, another similar investigation will be carried out, probably by 31 October.

With regard to agricultural products which are subject to a strict market regulation, the Commission has stated clearly that the Italian measures affect the very principles of the Common Market. For this reason the authorisation granted to the Italian Government was accompanied by a notification of the Commission's intention to fix a time limit for these measures in the near future. In the meantime the Commission will endeavour, in collaboration with Italy and the other Member States, to find solutions which do not challenge the basic principles of the common agricultural market. In addition, the Commission has submitted to the Council an alternative solution for those agricultural products which are subject to a strict common market regulation, particularly for the beef sector, which forms almost half of Italy's agricultural trade. This alternative solution includes a 7.5% devaluation of the 'green' lira and measures for the beef sector whereby compensatory amounts in Italy and in certain export countries whose currency has been revalued will be wholly or partly eliminated. In any case, the Commission will in due course make the necessary decisions within its field of responsibility.

During the debate a number of specific questions were asked on the agricultural market and the measures in the beef sector. I think it will be possible to discuss these questions further in the course of the debate. Finally, I should like to stress the Commission's view that the Community can only prevent repetition of the difficulties which Italy is going through at the moment if serious progress is made on the road to economic and monetary union, and if the necessary economic and monetary instruments are created for the Community.

(Applause)

President. — Thank you, Mr Haferkamp.

I call Mr Apel.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, I should like to begin by reading the official reply, agreed among the various Member States, and then I should like to make four personal comments, which I feel to be necessary at the present stage of the debate. The official reply reads as follows:

'By letter dated 29 April 1974, the Italian Government informed the Community authorities of the measures which it intended to take pursuant to Article 109 of the EEC Treaty to remedy the difficult economic situation in Italy, the main feature of which was a sudden and serious deterioration in the balance of payments. These measures were implemented on 7 May 1974.

In the letter, the Italian Government stated that it would be willing to discuss the matter with the Community authorities in order to keep to a minimum any disruption which the measures might cause to the functioning of the Common Market.

At its meeting on 7 May 1974 the Council discussed the subject at length. During the meeting, the Commission submitted a set of measures to be taken on the basis of Article 108 of the EEC Treaty.

As the Council decided to examine these measures further at its next meeting in June, the Commission stated that it intended to take a decision in accordance with Article 108 (3) of the EEC Treaty.'

Mr Haferkamp has also made some supplementary remarks on this.

Mr President, I should like to make four comments:

Firstly, Mr Fellermaier has put the governments of the Member States in the dock. He pointed out—and here indeed there is nothing to add—that the national governments have not always done their duty as regards their responsibility to Europe. However, Mr President, we must now look at the facts a little more closely. And a closer look at the facts—and Italy is a good example—reveals how inflationary tensions and inflationary difficulties in the Member States are increasingly due to excessive expansion of the national budgets. And, Mr President, this ballooning of the national budgets is less and less the wish of the Finance Ministers, and more and more the result of the actions of the national

Apel

parliaments. However, if this is in fact the case, the Members of the European Parliament cannot just stand up and criticize these actions in Luxembourg, and then go home and approve measures which swell their national budgets and thus lead to inflation. This is simply European schizophrenia, and I find it unacceptable.

Secondly, the Commission has rightly criticized the Council for its inaction. There is nothing to add to this either, Mr President.

I took part in this work myself and I have repeatedly spoken very frankly to this House about the state of affairs within the Council. However, Mr Haferkamp, since the Council has not as yet made a decision on the Italian question, it is now time for the European Government—that is to say, the EEC Commission—to act in accordance with Article 108 (3). You should be glad that in a temporary phase of political indecision, the Council has given you an opportunity of showing how capable you are.

(Laughter)

I expect you now to show us what the Commissioners in Brussels can do and what they can't do.

Mr Haferkamp. — *(D)* I personally have no objections.

(Laughter)

Mr Apel. — You are accustomed to my speaking frankly, and I do so here because of the depth and gravity of the European crisis, which is causing us all great anxiety and which is jeopardizing all that we have built up, and because this challenge to the economic prosperity and the political future of Western Europe is not a problem to be unloaded onto the Council of Ministers, but one which concerns all of us here. And if we begin arguing about apportioning blame, and patting our own backs because we are so virtuous, the others so wicked and the Council so pathetic, then that will be the end of this Europe. Please take seriously the responsibilities which the Treaty and your national constitutions have given you, at home in your own countries, and in Brussels. We speak as if we were at home here, with one voice. Everything is now at stake.

Thirdly, a few words on the Danish measures: may I please be permitted to state my personal opinion, namely that there is a qualitative difference between the decisions taken in Denmark and those taken in Italy.

However much the Danish measures can hurt us—and I speak now as a German politician—

they must be assessed quite differently from the legal standpoint, and that is not unimportant.

Finally, I agree with Mr Haferkamp when he stresses that the Community must be given instruments which will enable it to act. However, Mr Haferkamp, I would not really use the term "return to nationalism", which Mr Fellermaier also used, to describe what we are experiencing at the present moment. If this were really the case, I would not be unduly worried, since a real reversion to national attitudes would mean that the individual Member States would protect their medium-term national interests, and, in the medium-term, national interests are in fact identical with the interests of Western Europe. What I am worried about is the "beggar my neighbour" attitude, i.e. the policy of unloading one's difficulties onto one's neighbour.

We have experienced this once already in the history of Europe—with terrible consequences. That is what I am afraid of.

Thank you, Mr President.

(Applause)

President. — Thank you, Mr Apel. I call Mr Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Bertrand. — *(NL)* Mr President, listening to Mr Apel I get the impression that he must be a good footballer, because he knows how to send the ball back as soon as it is passed to him. When the Commission and the Council are accused of not fulfilling their European responsibility properly, I find that the President-in-Office of the Council has a bit of a nerve to pass the ball back to the national parliaments, as if the cause of the difficulty lay with them.

Mr President, in the study published by our Parliament's Directorate-General for Research and Documentation, a copy of which I have here, we can read what powers the national parliaments lost when the EEC Treaty came into force. How much of this authority has the European Parliament received in order to continue the normal democratic process? None at all. I just wanted to say this to Mr Apel before going into the question itself.

Mr President, it is clear—and the Christian Democratic Group is fully aware of this—that the Italian measures were taken under the pressure of the monetary crisis, and that this crisis arose from a lack of energy on the part of the Commission, and the absence of the necessary political will on the part of the Council. The Italian measures did not cause the crisis in the

Bertrand

Community but are a consequence of the crisis which has been developing in the Community for months. While monetary disturbances in the Community have reached large proportions, and while at the present moment internal trade within the Community is rendered extremely difficult by daily variations in internal exchange rates caused by the floating currencies, it is also true that five of our Member States, in contrast to the other four, are still perfectly able to trade under these extremely difficult conditions. It is remarkable that the five countries who are still inside the snake can trade far more easily with the Scandinavian free trade area than with the four EEC Member States with a floating currency. And my question, Mr President, is this: why have the Finance Ministers, despite the unfavourable developments in monetary relations, not once considered it necessary since France left the snake to meet in the Council to study the financial consequences of the measures in question?

I repeat: the Finance Ministers have not once met to examine this problem. They have simply let the situation develop, with the result that we now have a monetary crisis in a particular country, which is thereby forced to take the necessary measures.

At its meeting on 7 May last the Council did not take a single decision, it did not even manage to adopt a resolution or to come to an agreement, and now the President-in-Office says that the Members of the Commission should be glad that they are regarded as such capable fellows that they have been given the complete political responsibility for reaching agreement on these measures with the government in question. I hope, Mr President of the Council, that the Commission will indeed have the necessary cohesion and sufficient political will to settle this crisis with the Italian Government, and, moreover, in such a way that the Council will become superfluous in the coming years, and can ultimately be eliminated and replaced by a Chamber of the Member States which, together with the European Parliament possessing the necessary powers, and the Commission, as the European Government, will be able to conduct a European policy emanating from one decision-making centre, so that it will indeed be possible to speak of a common European policy. For if the Council had adopted the Commission's proposals to proceed to the second phase of the Economic and Monetary Union, Italy would not now be in the situation in which she finds herself. But since the Council, in spite of the decisions taken at the Paris and Copenhagen Summits, did not have the political will required to take the necessary measures

for the development of the Economic and Monetary Union, we now find ourselves in this situation. It is this responsibility which must now be accepted, in view of the present crisis within the Community, since—and this is my final point—Mr Haferkamp has in fact demonstrated on behalf of the Commission that these measures threaten the two main pillars on which the Community rests, namely free circulation of goods within the Community, and the efficient operation of the agricultural policy. Unless we can nip this danger in the bud with the aid of Commission measures, it will have a snowball effect in the other Member States, which will mean the end of the Common Market as such, and we will no longer be able to maintain what we have built up in more than twenty years of Community policy.

Mr President, for this reason the Christian Democratic Group asks the Commission, now that it is about to play a political role, and now that its opportunities have been increased by the application of Article 108 (3) of the Treaty, to prove that it is composed of sufficiently strong personalities, that it is a unified body, and that it has the political will to take the Community measures necessary to restore, as rapidly as possible, the normal functioning of the Common Market, as defined in the Treaties of Rome and Paris. That is the sincere wish of the Christian Democratic Group.

(Loud applause)

President. — I call Mr Scholten to speak on behalf of the Christian Democratic Group.

Mr Scholten. — *(NL)* Mr President, in our opinion, the developments in Italy are only the beginning of what we can expect in Europe this year. We must face this fact, particularly when assessing the present situation, since the consequences which the energy crisis will have in the monetary field and on the development of the balances of payments in Europe, will not be restricted to Italy but will extend to a much greater degree to other countries in the coming months, and will affect the whole of Europe. This is a very important factor in judging the present situation, and it means that both the Commission and the Council must be particularly careful in the measures that they take. This brings me to my first question to Mr Haferkamp, who said, 'Developments in Italy have been very rapid in recent months'. I should like to ask him whether these developments were really so rapid that the Commission was no longer able to make use of the authority granted to it by virtue of Article 108 to formulate specific measures itself, as well as making recommenda-

Scholten

tions? I do not feel that we have seen convincing proof that the Commission was concerned with this problem as it should have been.

Mr President, the Italian measures can certainly only be very temporary in their present form, and it is therefore extremely important to fix a terminal date. They should also be supplemented by internal measures, aimed at controlling the cash flow; the Commission's recommendations also stated quite clearly that tax measures, for example, will be needed. Everyone is convinced that these must be of a radical nature. But what can we ask the Commission itself to do, at Community level, to go further to the root of this problem? One of the great difficulties in the monetary sector is that of recycling, getting the money back from the Arab countries. I should not have thought that this in itself was the major problem, but rather to ensure that the money comes back in the right amounts to the right place. The International Monetary Fund has already been particularly active here, and without wishing to run counter to its efforts in this sector, I should nevertheless like to ask Mr Haferkamp whether the Commission is prepared to take the initiative at the European level, and try to float a loan, expressed in European units of account, through a European institution.

I should like to hear the Commission's reaction to this idea; a loan, possibly with favourable interest terms, in order to make it attractive for the Arabs to invest their money in Europe again.

The second point that I find extremely important for the development in the coming months, is an extension of the so-called exchange agreements between the European countries; there are no great difficulties between America and Europe on this point, but the relations between the European countries, in my opinion, leave much to be desired.

The Commission—and Mr Apel too has just stressed this—has been given a new chance by what has happened in the past days and weeks. The Commission will be required to show a great deal of firmness and courage in this matter. A firmness, which has sometimes been lacking in the past, to defend the Community, and to maintain completely the Community character of the measures. The Commission will need courage to propose suitable measures in the extremely difficult situation we are experiencing at the present time.

If the Commission directs its efforts to a solution at Community level, we as Christian Democrats will gladly give the Commission our political support in this direction. This will require considerable discipline on the part of the individual

Member States in solving their own problems—which will increase still further in the coming months—and it will also demand a great degree of internal solidarity within Europe as a whole. Without these two elements, discipline in the Member States and solidarity between the European countries, we shall not get out of these difficulties. However, if we include these two elements in our policy—and I urgently appeal to the Commission and the Council to do that—I believe that we shall indeed find a way out.

President. — I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — (D) Mr President, ladies and gentlemen. I am sorry that the President-in-Office of the Council is not here in the House at present. I shall therefore withhold for a few minutes the remark which concerns him, since it is only right that this kind of thing should be said in the presence of the person involved. One thing, ladies and gentlemen, can, however, be stated unequivocally: over the last few years, and particularly since 1971, the will to apply a Community policy has become weaker and weaker in the Member States and their governments, as a result of differing reactions and actions when faced by international events. This is the real cause of the difficulties now facing certain countries, and it was of course these countries which were not prepared to apply a Community-based economic and monetary policy, which would have opened the door to corresponding assistance with their monetary and balance of payments problems. On the contrary, those countries who withdrew their currencies from the agreement rejected any aid on the pretext that they cannot submit to supervision or allow their domestic policy to be dictated to them in any way.

Ladies and gentlemen, if this represented an opportunity today of getting out of this mess—as the President-in-Office of the Council has just told the Commission—it would certainly be a positive result. However, whether we call it “a return to nationalism” or a “beggar my neighbour” policy, one thing is clear: the Member States and the national governments—and hence their representatives in the Council—are either not able or not willing to follow a Community policy. And it is just not right—and I am afraid I must now make the comment I mentioned at the beginning; if the President-in-Office of the Council should come in later, I shall repeat it—it is just not right that a Member of a national parliament and a national government should stand up and accuse this House of schizophrenia, referring to calls for

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stability and budgetary measures. What the President-in-Office of the Council has come up with here is probably a more concrete example of split personality, since he says one thing on his home ground, in other words on a national level, and another thing in the European Parliament—but shows not a trace of helping to achieve a common policy. A little more cooperation might have helped to avoid some of the difficulties.

The question is whether the countries involved are prepared to cooperate in this way. Our basic premise can only be that no Member State—no matter how legitimate its actions according to the Treaty—should be allowed to take measures which cannot be justified politically. Measures such as those adopted by Italy and subsequently approved by the Commission—albeit under certain conditions—and those possibly envisaged by another Member State, Denmark, may be more or less the straw which will break the camel's back, or—to put it another way—the final blow to the common policy. We are already discussing whether or not to declare this enterprise insolvent or bankrupt.

Ladies and gentlemen, I see no alternative but for the institution with the fewest powers to take advantage of this opportunity or stage of development—and that institution is this Parliament. Parliament and its Members must join forces now—not during this session, Mr President, but in the foreseeable future—to introduce suitable proposals aimed at curbing the self-centredness of the Member States, at extending to Parliament the legislative powers which are at present held wholly by the Council, so that Parliament can exercise them jointly with the Council, and at giving the Commission a position within the institutional triangle different from that which it holds at present. The Commission, which according to the Treaty should in fact be a semi-executive body, has been more or less forced into the position—and it has itself not always taken the right steps to prevent this—of being an executive organ of the Council, instead of the executive organ of the Community. To put it another way: it has become a secretariat for the Council and no longer the Commission of the Community, intended more or less as a quasi-government.

Mr President, if we try to follow this course, we may be able to revive the public interest and discussion on the continued existence of the European Communities within the framework and on the basis of the Treaties, since there is no further point in complaining about the Council, about its inability or unwillingness to take decisions, about the Commission's yielding to certain of the Council's ideas or about the Com-

mission's non-acceptance of proposals from Parliament.

I grant the Vice-President of the Commission that a large number of activities have been undertaken and supported by Parliament, but I must also point out that, on many occasions, Parliament wished to go further than the Commission, and that the Commission made absolutely no attempt to incorporate these amendments in its proposals to the Council. Its reasoning was probably that it had to remain as pragmatic as possible, taking into account the political wishes of the Member States—and hence of the Council—and that it could not achieve more than that in any case. If we continue like this, we must one day reach the end of the road, and we need then not be surprised if Member States act as Italy has just acted, as Denmark may act tomorrow or the next day, and as other countries may also act in the future.

No Member State should be allowed to interfere with internal Community trade by taking such measures. Non-economic measures are certainly acceptable for the Community as a whole, provided that they are introduced at a time when we want to overcome certain internal difficulties. We must then ensure—and this must be tested—that those countries outside the currency agreements adhere to them again, and at the same time that there is a political willingness to take supporting measures to overcome corresponding monetary and balance of payments difficulties. If only the Member States could fully appreciate this, if only we could appreciate the fact—and in this respect I agree with the President-in-Office of the Council—that we can only solve the problems jointly, that no country can overcome its difficulties on its own! If they continue to go it alone, we shall become the plaything of others, and I don't think anyone wants this. There is no need for me to go into details about the "others". There are some powers in the world who would be only too ready to administer a European condominium if this were necessary; the Europeans, however, would then have played their last card in politics and would no longer be masters of their own fate.

I therefore feel that it is time for the Europeans to take the initiative in introducing measures such as those I have tried to describe, and for which we can probably win the Commission's support—the Council's support is another matter altogether—and in trying to put them into force by every possible means within the terms of the Treaty, even against the will of the Council and the governments of the Member States, if this should be necessary.

(Applause)

President. — I call Mr Premoli to speak on behalf of the Liberal and Allies Group.

Mr Premoli. — (I) Mr President, I also feel that the situation in Italy warrants our close attention.

As our Minister of the Treasury has said, and as the Commissioner recalled a short time ago, we have tried, when faced with the present difficulties, to keep as much as possible within the Community framework. Our measures are an attempt to reduce and stabilize the excess liquidity and to slow down the increase in consumption.

As regards consumption, France and Germany in particular might care to remember that their direct exports to Italy have risen considerably, with an extremely large jump of about 35 to 40% in 1973. If a better balance is to be achieved, it will thus be necessary for the Member States of the Community to consider this aspect as well.

We, for our part, are the first to realize that a country resorts to measures of this kind only when its economy is seriously disrupted. I was very glad to hear the remarks made by the Commissioner at the end of his speech, when he outlined the concept of a Community which is willing to participate in any measures of reorganization which may be taken to help us put our house in order. Not only do we not want to become estranged from Europe, we also want the Community to help us to become fully reinstated within the European framework.

As our Minister of the Treasury suggested, and as was again pointed out this morning, this brings us to the need for a regional policy and a regional development fund which, together, would help to put the most deprived regions back on their feet. We Liberals fully agree that Italy must re-examine the whole set of measures taken to restrict imports, with particular reference to agricultural produce. Italy must be prepared, within the space of a few weeks, to withdraw those specific measures introduced on, and effective from, 7 April, and which have only served to aggravate the situation. We feel it is of extreme importance that we should together pursue a policy of reorganization, and not a policy based on the idea of curing our ills with some form of arms or intervention completely detached from any general philosophy.

Having said this, and since there was a lot of talk this morning about the meat problem, I should like to complete my five minutes with some remarks to the Commissioner. I should be glad if the Commissioner could give me some information in reply.

I feel that the poor state of our balance of payments is due to a number of factors of which we Italians are well aware. I must, however, also point out that the situation has been aggravated by some factors which deserve an explanation. In my opinion, if trade between the stronger and weaker countries—the latter including Italy—had always been conducted on the basis of greater market transparency and less economic evasion, many of the causes of the present sad state of affairs would have been avoided. How is it, for example, that one of the items featuring highest on the list of causes for the outflow of currency is meat—and that this meat, contrary to all logic, is much dearer in Italy, at the intervention price, than in Germany at the intervention price? How is it, for instance that the market price for Italian meat was never higher than 800 lire per kilogramme in 1972, whereas meat imported during the same year—and which accounted for 52% of domestic consumption, so that it is a decisive factor in determining the domestic price level—was priced in bond at 1,100 lire per kilogramme? Either the importers are philanthropists, prepared to sell at half the price they have paid, or else, and I believe this to be the case, we are faced with a currency fraud of fair dimensions, with a resultant capital export which has served to strain our balance of payments still further.

This is a problem which I recommend to the Commission for its attention, and on which I should be glad for some information from the Commission. If it is true that, of the items listed and for which deposits have to be placed with the Banca d'Italia, agricultural products are the most difficult to examine, it is also true that the item meat is of particular importance, not least because of its volume. I should therefore appreciate a reply in this specific matter. I should, however, like to conclude by saying that we very much appreciate at the present time, the Commission's attitude, which is that, to remain together in Europe, we must ensure that the Community does not neglect a country which is currently going through an extremely difficult period, or simply regard the problem as one of tariff re-adjustment.

(Applause)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, I think we can be grateful to Mr Fellermaier and his friends for the questions they have put down and for the opportunity they have thereby given us to debate this matter today.

As explained by Mr Haferkamp in the course

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of his speech—in which, I must say, I thought he sidestepped many of the questions put to him by those opening the debate—these measures taken by Italy require the deposit by importers of 50 per cent of the value of the imports up to 6 months. These measures have the effect of reducing Italy's domestic liquidity. In so far as finance may not be readily available they will have the effect of restricting imports, and if these measures are to last any time, they will have the effect of a sizeable tariff, since the deposit will be repaid without interest. What is disturbing, of course, is that once again a problem which has arisen within the Community has been tackled not by Community action but by a Member State acting unilaterally despite the obvious dangers and implications for other Member States. Mr President, I would, if we had longer time, have wished to say something about the legal and institutional aspects of this question, but I will omit that and turn to the question of Europe's current economic and political problem.

The developed countries of Europe have now two problems. The first is to adapt their respective internal economic policies to the adverse movement in the terms of trade brought about by the rise in the price of oil. The second is to organize systems of international credit which would ensure in the meantime that even those developed countries with the weakest external payment situations are able to maintain their previous levels of economic activity.

To take the first question first, the adaptation of developed countries to the loss of wealth resulting from the rise in the price of oil should not, on the face of it, present a serious problem. The sacrifice demanded still only represents a proportion of the increase in wealth which those countries can continue to expect for the current year. The method of adaptation must be by their restraining domestic consumption. It is not necessary for them to cut consumption from previous levels. It would be sufficient to maintain consumption at previous levels. In this way resources can be released to provide the exports which, in due course, will be bought by those to whom the wealth has been and will be redistributed. Only in this way can developed countries hope to maintain their current level of imports and consequently their current level of economic activity. I said that, on the face of it, this adaptation should present no serious problem. The problem is presented not by the size of the sacrifice demanded but by the extraordinary difficulty which our political systems seem to have in departing even by a relatively small degree from the pattern of behaviour and

expectation to which they have grown accustomed.

In our democracies governments are strong if they have secured popular support for their basic task. They are weak, as generally speaking they are weak at present, if they have failed to do so. Unless the means are found of uniting our peoples in support of their governments, then it cannot be supposed that the freedoms of our present system will survive.

On the second question, Mr President, the question of an interim system of international credit to cover transitional disequilibria, it would be quite wrong for developed countries to set out to eliminate their balance-of-payments deficits so long as a situation exists where certain other countries have unusable surpluses. Therefore deficits must be lived with, but they must also be covered by loans. The problem now is that the Arabs, left to act spontaneously, would probably only lend their money to the strongest of the developed countries. In that way, of course, they would have the least fear of losing it through parity changes and so forth. But the survival of our economic system depends on the survival of the weakest as much as the strongest. If the weakest amongst the Nine or indeed amongst developed countries taken as a whole—Italy or Denmark or the United Kingdom or even France—if one or more of these is forced, or feels forced, to protect its trading position by restricting imports, then even the strongest developed countries must be made afraid of the possibility of recession. It is a curious phenomenon, Mr President, that in this dangerous situation, which can only possibly be solved at inter-governmental level, those who are most reluctant to entertain the idea of a cooperative solution are not those who would have to supply the aid but those who would have to receive it. Why did France refuse a 3 billion dollar loan from Germany in January and prefer instead to float the franc? Why did Italy act under Article 109 rather than activate Article 108 or approach, for example, Germany? Why is it that the United Kingdom, as its own economic situation appears to deteriorate month by month, should insist ever more stridently that, thank you very much, it would prefer to solve its problems on its own? This remarkable general phenomenon will have to be explained by the sensitive historian of the future. I certainly have no explanation for it.

Mr President, in conclusion, it is possible to suppose that this situation will not last. It is already no secret that the weakest of the European developed countries can expect difficulties when it comes to their trying to raise loans on

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the private international capital markets, which is their only alternative. If this development is confirmed by events, if the weaker developed countries thereby grow to realize that money from all sources, whether Arab or other sources, will move away from them rather than towards them unless they are prepared to pay the political price involved in accepting intergovernmental loans, and if meanwhile the stronger developed countries acquire an ever more vivid appreciation of their need for the survival of the weaker economies—if these things happen, then perhaps Europe, which by coincidence represents the greatest geographical concentration of developed countries in the world, may have found a new reason to unite.

(Applause)

President. — I call Mr Bousch to speak on behalf of the Group of Progressive European Democrats.

Mr Bousch. — (F) Mr President, ladies and gentlemen, the Italian Government's unilateral decision to adopt restrictive measures on imports from both Common Market and third countries seems to us to be both a symptom of economic disequilibrium and one more effective way of disrupting trade. It is the first time such a cold-blooded decision has been taken since the European Community was established and the difficulties our Italian friends have been experiencing since the autumn of 1969 have not suddenly become so acute as to warrant it. In matters of trade it is less desirable to act without warning one's partners than in monetary matters, in which speculation sometimes forces us to make snap decisions. When one country or another withdraws from the Community snake—as did Britain, Italy and, recently, France—this is obviously a setback for economic and monetary union, despite the fact that floating has proved the only possible means at the moment of dealing with capital movements in a context of international deficits arising from the oil trade.

But to create an obstacle to trade is to undermine the provisions of the Treaty. Italy's decision also violates GATT, the general agreement on trade and tariffs, which, unless special permission is obtained from the Monetary Fund, does not permit the fixing of quotas on imports as a means of solving balance of payments difficulties. For some time now, the Italian Government, more than any other, has been shrugging off its responsibilities by applying stop-gap solutions.

Italy first benefited by a 17% devaluation of her currency, which she then floated to enable her exports to counteract the present inflation

rate of 20% (as compared with 15% last year), whilst wages have risen at the very fast rate of around 21%.

As a result of this policy, gross production rose by 9.2% in 1973, but at the cost of an extremely heavy imports bill.

Let it be fully acknowledged that some minimum amount of self-discipline must be exercised. As the decisions may shut the door on a considerable proportion of Italian imports, they constitute a far more serious breach of the obligations implied in the customs union than the protective measures taken by France in July 1968, with the approval of the Council of Ministers and the Commission, to cope with the difficulties she was then experiencing as a result of the events in May.

At the time France had to cut back imports from her partners, although not to the same drastic extent, to make sure they did not increase too quickly, and that industrialists in other countries would not profit unduly from the production delays caused by the social disturbances and thus oust French firms from the market or impede their recovery.

But Italy's leaders have taken hazardous decisions which may not be so effective as they anticipate. With this deposit system the Italian authorities seem to be trying to curb imports and at the same time to freeze some of the liquid assets held by Italian firms in Italy and abroad.

What will actually happen in the present climate of crisis and mistrust is that Italian industrialists and traders will think twice before bringing home liquid assets for possible use. Rather than risk being deprived of large sums of money for six months, they will prefer wholesale cuts in imports.

This would largely eliminate external competition on Italy's home markets and might well lead to another rise in prices, which is the exact opposite of the effect desired.

Although in this matter Italy has not acted in a Community spirit, we would urge the other countries of the Community to adopt a Community strategy as soon as possible. Like the Commission, we feel that Italy should take another look at all her restrictive measures, especially those relating to agricultural products and beef. The measures should be subject to an immediate time-limit and to a check by the Community's institutions. In the same way, a programme for stabilizing the Italian economy will have to be worked out as soon as possible with the other Member Countries. If these con-

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ditions are accepted, Italy's partners should consent to grant her a credit of 1.5 million units of account on special terms and to take the necessary technical measures to protect Italian beef, without adversely affecting trade relations.

President. — I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

Mr Leonardi. — (I) I agree with Mr Fellermaier's general observations on the joint responsibility of the governments, but not with what Mr Apel said. It is the Council of Ministers which has the greatest powers and hence the greatest responsibility, even though, in democratic systems, we are all responsible in varying ways and degrees.

We have heard how essential it is that the Italian Government should adopt the proposals to be made at Community level. I am confident of the Italian Government's will to do this, but I doubt whether it can in actual fact follow these recommendations.

We regard the situation as one of extreme gravity and it is clear that when parliamentary work is reduced to a succession of five-minute speeches, it gets to the stage at which the speech itself takes on a ridiculous air. But it should not be forgotten that Italy contributes more than it gets from the only common policy achieved to date—the agricultural policy. Nor that, while the Community has been progressing, the ratio between the per capita income in the developed regions and that in the less developed regions has remained at 5 to 1. Nor that, in all Italian regions, including Lombardy which is the richest, the per capita income is below the Community average. Nor should we forget that the employment level in Italy, at 34%, is the lowest in the Community, and that Italy is the chief supplier of labour to the developed countries of the Community. Nor that Italy has the lowest per capita consumption of high-quality foodstuffs, and that when it makes a feeble effort to step up consumption, it breaks down under the strain, as we can see today. Lastly, we should also bear in mind, that Italy is not only the most underdeveloped country in the Community, but the one with the lowest ratio of investment to income.

All this goes to show that the situation is extremely grave and that its gravity is not confined to considerations of economic policy—the difficulties are structural. For years now, we have been talking in this House about monetary union, regional policy and social policy, but are still marking time, with the result that the

strong are becoming stronger and the weak still weaker. So that when at a certain stage governments are forced to take precautionary measures, we may like them or lump them but the measures are the outcome of a situation which it should be our duty to examine in detail, and not of course in a mere five minutes.

In conclusion, we are not defending the Italian Government, which in fact we have always attacked and shall continue to attack, and which we consider incapable—in the past, present or future—of defending the national interests, even within the existing economic and social structure. What we do want, however, is that the Italian Government's recent measures should be regarded as a very serious warning from the weakest member of the Community, and that this warning should oblige us to make a calm reappraisal of Community policy as a whole.

Thank you, Mr President. I hope I have not exceeded the 5 minute time limit. A speech of this length serves no good purpose, but all the same...

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, ladies and gentlemen, Italy has had recourse to Article 109. At any rate the Article does exist, so that Italy has conformed to the Treaty of Rome.

Secondly, what, in the present state of affairs, would have been the effect of resorting to Article 108? Recent events provide the answer. In its inability to take a decision, the Council turned to the Commission. If Italy had resorted to Article 108 the surprise factor would have been lost. However much one may regret it, the Italian Government's action is the direct outcome of a situation I have denounced in this House, that Community decisions are in fact no longer taken, because there is no longer a centre for Community decisions at Ministerial level. And here I would add that the President of the Council has a most misplaced sense of humour. First he places part of the responsibility on the national parliaments, to which argument I would reply that it is always the national governments which decide; they are either obeyed or replaced. According to the rules of the parliamentary game, the members of a national parliament propose and the government disposes. Either the national government disagrees with its parliament, a vote is taken and the government falls, or else it is in agreement. And so I reject this argument.

As far as the situation outside the Community is concerned, the Council was unable to take a joint attitude to, say, negotiations in the

Radoux

energy crisis, which has already become a raw materials crisis. The Council is therefore not justified in blaming the inflation crisis, which is a general one affecting Community and non-Community countries alike.

A third point about the President's reply. It is he who must take a decision. He may refer it to the Commission, whose role is to make proposals. And instead of blaming the Commission, I think the Council of Ministers should have paid rather more attention to the mass of files still gathering dust on the shelves of the Permanent Representatives Committee or the Council itself. The latter would have been in a far stronger position with regard to the Commission if these problems had already been settled. In fact, Mr President, the Council's reply proves that the part it is playing in the Community has never been so inadequate, and this is the reason for the present crisis of confidence.

To come back to the Italian problem. If any other Community country had been in the same situation as Italy, it would probably have acted in the same way and for the reasons I have already given it would have been quite right to do so. But in view of the proposals the Commission has just made under Article 108, one assumes that any Member State finding itself in the same situation for a shorter or longer period would, under this Article, turn to the Community instead of taking unilateral measures. And it seems to me that if the Community's external relations are bedevilled there must also be a crisis of confidence among ourselves.

Mr President, ladies and gentlemen, a crisis of confidence is the most serious type imaginable. Confidence must be restored. In the present state of affairs, since no-one believes that the second phase of economic and monetary union will be achieved tomorrow, possibly the best solution would be to implement a social policy and a regional policy, as practical proof that we still are a Community. We missed a chance of recovery at the Paris Summit in 1972. For various reasons we have not been able to convene the Heads of State during the first half of this year. The international situation is an alibi that readily comes to mind but is no excuse for failure to act. A Community like ours, financially and economically powerful enough to defend itself, should be able to speak out under present conditions. But its weakness is that its institutions no longer equip it to cope with this situation.

Personally, I would favour a Summit Conference during the second half of the year, but, obviously, and I stress this—on three conditions.

First it should be carefully prepared and the preparations should begin at once. Secondly, its organizers should be determined to make it a success from the word go. Thirdly, the time should be properly chosen. This time will not be far off if it is true that all our countries still wish to belong to a real Community and not a kind of alliance. Having regard to the Italian case we have debated today, but which is not without precedents, the question becomes one of immediate urgency.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, to save time, I shall not refer to the remarks already made, or even to the great difficulty of dealing with this problem in five minutes.

I should like to emphasise that, although I have risen to speak in a personal capacity, I have not done so because I am Italian or because an Italian problem is involved. We in the European Parliament are concerned essentially with Italian or French-speaking regions, or rather with a Community in process of construction in which the lack of political progress leads to situations like the present. If we are not seriously prepared to move towards political union, the best we can hope is that things will stay as they are, but they are more likely to get worse. And may I add, Mr President, that when I hear Mr Fellermaier and other speakers talking about a resurgence of nationalism I think we ought to cast our minds back to the kind of cure we are familiar with in Europe and which can be summed up by the expression: 'Hitler is just around the corner'. We should avoid such remedies like the plague.

And now I should like to stress two things: first, I am very glad that the Commission has the opportunity, through Article 108, of making proposals and of negotiating agreements with the Government of my country. In passing, I would point out that if there is any government in which practically all parties are represented at European level, with all kinds of political shades and dogmas, from the extreme left to the extreme right—it is the Italian Government. They are all Europeans in Italy, but the fact is that governments cannot be anything but national, the political parties become national, the problems likewise, and it is clear that, under these conditions, things like this happen even with the best of intentions. I should like to say to the Commission that I have no reason to rejoice when the Italian Government invokes Article 108 of the EEC Treaty. I hope, however, that it will adopt the

Cifarelli

measures provided for under this Article, and as regards my vote and that of my party in the Italian Chamber and Senate, we shall do everything to help the Italian economy out of its present difficulties. What we very much regret, however, is the Commission's lack of initiative and foresight. For too long now, the Commission has allowed itself to be misled by the Council, and its stop-gap proposals are nothing but alibis intended to justify the many postponements. But sooner or later the moment of truth must arrive, and if the Commission cannot perform a given Community duty it should resign; if it cannot perform this duty, it should make the fact known in the clearest possible terms.

We have done with bouquets and mutual back-slapping. We must realize that we, as a Parliament, are often ignored by public opinion. We do not make news, and therefore we do not give the impression of having fully understood the gravity of the crisis which Europe is at present experiencing, against an extremely troubled international backcloth.

And now, Mr President, I come to the second point. Mr Apel has been criticized for having issued, on behalf of the Council, a statement which should be obvious. You, however, come to the European Parliament and attack the governments. But when you, in your various national parliaments, follow policies inconsistent with those you should support at a European level, what else can the Council be but the expression of all national governments? Mr Apel is right, and I belong to a small party which has specifically denounced the huge increase in public spending, and the childish conception of what is incumbent on a State if it is to avoid the catastrophe of a ruinous balance of payments situation and a monetary crisis.

Mr Radoux. — (F) It's the Italian Government which should reach a decision, Mr Cifarelli. It is the Government's responsibility, as it is in any other country, and not the Parliament's.

Mr Cifarelli. — (F) But the Government has not got its head in the clouds, Mr Radoux. We live in a democracy, and if the Government is maintained by public opinion it has responsibilities. Otherwise, it would not be adhering to the principles of our constitution...

Mr Radoux. — (F) It should resign if it is not supported by Parliament.

Mr Cifarelli. — (F) But that's just what I was saying. Parliament must stand up against the Government.

For instance, if there had not been largescale democratic consultation in my country after these measures had been introduced, the Government would already have run into difficulty with Parliament.

(The speaker continues in Italian) To conclude, Mr President, I should like to stress that we also accuse the Commission of being unable to think in new terms. We cannot hope to achieve monetary union when national budgets are uncoordinated, when national economies are different and the structures of the countries remain as they are. We cannot be so foolish as to combine currencies without combining everything else. This is why I am fighting and will continue to fight, for political union—in other words for a very real objective and one which is the only means of rescuing Europe from a Hitler of the 70s.

(Applause)

IN THE CHAIR: MR ARIOSTO*Vice-President*

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, I am very glad the previous speakers have brought this debate to bear on the basic principles underlying all our utterances. Although on the face of it, we are dealing with the measures introduced by the Italian Government, what is actually involved is the basic question. Mr President, perhaps I can say, in the few minutes available to us here, that despite all the difficulties and problems into which the Italian Government's decision may have plunged the Community, this also provides us with an opportunity to emerge from the Community's overall crisis.

In justifying the Italian Government's decisions, the Treasury Minister, Mr Colombo, said that it was a question of taking domestic steps to influence and restore liquidity and to minimize the effects on the balance of payments and the flow of trade; but as the Italian Government stated, the main thing it has shown is that these measures introduced by the Italian Government its own weaknesses and troubles on its own, so that it can become a partner capable of making an effective contribution to European integration.

Mr President, I have my doubts whether the measures introduced by the Italian Government will in fact achieve their purpose. My first question to the Commission, to Mr Haferkamp,

Blumenfeld

is whether he is really content to let things slide for several months under Article 108, paragraph 3. These measures, which will have serious repercussions on other Member States in view of their effect as a precedent, will be evaded. In fact they are being evaded already. They will not achieve their purpose, as this is no way to solve the difficulties in Italy. We must all admit that each Member State has to varying degrees been living beyond its means and that this had led to a serious crisis of confidence among our peoples—more so in one country than in another. This is also one of the reasons why the flight of capital from Italy increased so sharply in recent months and years and this, together with other factors, triggered off the Italian Government's decisions to apply this emergency brake—although, as I have said, it will not work properly. If this is the case it is no use—and in this respect I agree with the previous speakers—for the President-in-Office of the Council, who it seems is unfortunately unable to attend this debate, to make a few statements to this Parliament and then go off-stage again crying: 'The Commission's finest hour has come!' This may be all right in theory, but what Mr Apel gave us here was more like an inaugural speech as a future Finance Minister of the Federal Republic of Germany than that of a President-in-Office of the Council, since—and I agree here with Mr Radoux—it is up to the governments to demonstrate in the budget proposals submitted to their parliaments their political intentions with regard to economies and the struggle against inflation. The parliaments can then vote on the measures and reject any which are too far-reaching. It is only right that the Commission and the European Parliament should now have a chance to take up the proposals and to lay them on the President's doorstep saying: 'Now show that you are prepared to follow up our suggestions'. The fact is, Mr President, that no Member State, whether or not its budget shows a surplus, will remain untouched by the problem raised by the Italian Government's decision—a decision which is also—although in a different form—being taken today by the Danish Government and the Danish Parliament, and may soon precipitate similar measures in the United Kingdom and France. The essential problem is that we should now try to push on much faster with regional and structural policies by financing the Regional Fund, or there will soon be no further opportunity of discussing economic and monetary questions, or any other problems, at Community level.

Lastly, in view of the extremely high net export of currency to the Arab oil-producing countries—estimated at 60 thousand million dollars for

this year—the monetary and balance of payments situation will become increasingly critical during the second half of 1974. The Commission must produce suitable measures to combat this state of affairs, and I hope we shall be receiving proposals to this effect.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, first of all I should like to thank the honourable colleagues who preceded me—both those who submitted the questions and those who spoke on them after the speeches from the Council of Ministers and the Commission—for the understanding they have shown of the Italian position. Perhaps Mr Bousch was the exception although he represents a country which had already taken the same road as that unfortunately forced upon us by our difficult situation, one which has already been described and which I shall not deal with further.

At this point, Mr President, may I digress for a minute and ask Mr Fellermaier—whose comments on the subject under discussion I welcomed, incidentally—what he would have said about the divorce referendum if he had really intended to get down to this problem instead of remaining aloof as he said.

To return to the main subject, only a few speakers have said that Italy took this step without consultations. In fact, it is generally known that, on 29 April, our ambassador presented Mr Ortoli with a request for adoption of the measures which subsequently came into force on 7 May. The provisions of Article 109 were therefore fully observed.

But these are mere technicalities. As regards the essence of the matter, I should like to develop an idea touched upon by Mr Lange.

Mr Lange wanted more action from the Commission. I would say, that this is self-evident, since economies—the economies of our countries—are all parts of a more complex system, a European system, and anything that happens in one part of the system is bound to set up a chain reaction and affect every other part. There is no doubt that the Council's action—and I too was rather disappointed by the statement from the representative of the Council of Ministers, so that I agree with Mr Lange's and Mr Radoux's comments—comes so late in the day and after such long intervals that it will have difficulty in managing a system of such complexity.

I feel that all the pending files are so many impediments to a system which cannot afford

Noè

to wait so long for answers. Consider, for example, the meat problem, which was given particular emphasis by Mr Scott-Hopkins and Mr Früh, and on which I submitted an oral question during question time at the last part-session in Strasbourg, in order to stress the crisis in this sector, of which everyone was already aware. This sector finally broke down because, although the legal position was correct, some Member States had for several months continued to send to the Italian market far more meat than it could absorb. This is a concrete example of the need for improved coordination between the systems.

In Italy, for instance, the difference between the market price and the intervention price is about 200 lire. Until this difference of 200 lire is abolished—as may well be the case under the measures which Commissioner Lardinois is preparing with a view to reducing or doing away with the countervailing imports—it will be difficult for us to return to a normal situation. To achieve the coordination of which I was speaking it will be necessary to work to a strict timetable; this work will involve all of us—Commission, Parliament and the Council of Ministers—and we have until 31 July to think over the whole problem.

This work will be proof of increased action on the part of all the Community institutions, and hence proof of the commitment spoken of here and to which we must respond.

(Applause)

President. — I call Mr John Hill.

Mr John Hill. — Mr President. I wish to concentrate on the agricultural implications, because they seem to me paradoxical. Against the medium- and long-term need for larger meat supplies within the Community we are faced with an immediate surplus beyond the storage capacity of the intervention agencies and meeting severe consumer resistance, at any rate in the North, where I would suppose it is not yet sufficiently appreciated that in real terms the price of meat is now likely to remain higher than formerly in comparison with other foodstuffs because of the, I suspect, permanent increase, perhaps not to such a large extent as recently, in the cost of feedingstuffs for the animals themselves.

In the case of Italy, the trend has been one of increasing consumption. But, of course, the Italian consumption of meat has been well below that of the Community as a whole. From our own statistics, I see that in 1970-71 the Community of the Six consumed in kilograms per head per year of carcass meat, 79.2, but Italy

was easily the lowest with 57.3. This rising trend of consumption is understandable, as the Italian people presumably wish to increase their nutritional standard of living and therefore are buying meat which Italy cannot pay for. But that meat pouring into Italy must undoubtedly deter Italy's own producers, which again will aggravate her balance of payments and if, as my colleague, Mr Scott-Hopkins, said, the meat is deflected towards the United Kingdom, one gets further distortions there and great injury to our own UK producers, and no doubt this could happen elsewhere.

It seems, therefore, that whatever the balance of supply and demand may be temporarily, a good deal of this distortion of trade is coming from the operation of monetary compensatory amounts, which other speakers have referred to. It seems to me that these payments in respect of meat are particularly difficult and complicated to get right. They are themselves no part of the common agricultural policy, but stem from monetary arrangements that different countries have felt themselves compelled to make. They are distorting the trade in agricultural products, and I would ask the Commission whether they could not take quicker action, through the management committees, to remedy the disparities that creep into some of the technicalities of the meat market, the schedules of coefficients and the like, all of which may be set on a pattern which becomes out of date and causes distortion once the market conditions change substantially

But, Mr President, what I want to emphasize is that the Commission, when making its proposals to assist Italy, has included among them, or will no doubt include, some alteration in the monetary compensatory amounts along with other worthwhile suggestions, which I will not refer to for lack of time. The Council have not yet decided upon these matters and they will come before the Ministers, for approval, presumably in the June meeting. Now, Mr President, the two Articles concerned, 108 and 109, specifically refer to decisions by the Council taken by a qualified majority, and therefore what I want to ask the Council and the Commission is whether these matters, soon to come up for decision, though clearly vital, at any rate in the short term, for Italy, are really of vital interest to the other Member States, who may be asked to accept some minor sacrifice for the good of the Community as a whole. What I would hope, Mr President, is that the meetings of the Council might take place in public, and we should concentrate on getting back, as my leader, Mr Peter Kirk, said at the last part-session, to the Luxembourg compromise agreement, whereby it was to be only in respect of

John Hill

matters touching their vital interests that Member States might refuse to proceed by way of the qualified majority laid down in the Treaty of Rome.

(Applause)

President. — I call Mr De Koning.

Mr De Koning. — (NL) Mr President, a number of speakers in this debate have already stressed the importance of free trade in goods and services as the cornerstone of the European Community edifice, and I should like to remind you once again that this is particularly true of agriculture and horticulture.

A well-balanced development in European agricultural and horticultural production and adequate supplies of food to the population of Europe are largely dependent on this free trade in agricultural products. And this development is clearly threatened when individual States, to avoid difficulties in their own country place such shackles on imports as Italy has just done.

The list of products subject to these import restrictions includes virtually all agricultural products, the main exceptions being cereals, sugar, oil seeds and powdered milk. But we are still left with an impressive number of products to which these provisions do apply. The importance of agriculture is clear from the fact that over a third of the entire range of products affected by these measures consists of farm produce. And of this third, meat is again the principal product, which means that the meat trade is particularly hard hit. It is not yet clear what effect the Italian measures will have on the volume of its meat imports from the various Member States. Even if the measures have less effect than is now expected, as I see it pricing will be particularly affected. The Community meat market has for months been grappling with the problem of an excessive supply and a stationary and even declining demand. As a result prices have fallen to a very low level—this is true of all types of meat—and large quantities of meat, particularly beef and veal, have had to be withdrawn from the market. In such a situation the Italian measures hit doubly hard.

So what now?

The Commission previously proposed a series of measures to rationalize the situation in the meat market. It put forward measures to protect the market more effectively, expand export opportunities and increase meat consumption within the Community. And the entire package was intended to establish a balance between supply

and demand. But owing to the new situation that arose on 7 May it becomes more vital than ever to enforce these measures. I should like to ask the Commission whether it intends to take further measures for the areas I have just named, and whether it considers that it should or can protect the market even better? Whether it will take further special measures to stimulate consumption and whether it means to take special measures to boost exports even more than it had originally intended. The latter point is particularly important, since measures of this kind can afford some short-term relief. An adjustment of the export refunds to the conditions currently prevailing in the Community would have a very rapid effect.

Secondly, I think measures should be taken to encourage Italian meat production. In the longer term especially, it is a bad thing that Italy should have to import so much of her meat, with all the now familiar consequences for the balance of payments. Nor is it a healthy situation for Community meat producers if the sale of their production is so overwhelmingly dependent on one part of the Community market. The Commission now has a chance to do something by revaluing the green lira so that meat production in Italy becomes a more attractive proposition to Italian producers, and by structural measures which may also help to increase meat production in Italy.

My question to the Commission is: does it intend to adopt these two measures, and if so, when and to what extent?

Two last remarks. First of all, I am very glad to hear that the Commission will continue to put pressure on Italy so that full freedom of trade in agricultural products is restored as soon as possible. My second comment concerns the specific effects of the Italian measures on agricultural products. This has to be seen in the light of the much more comprehensive explanation as given, for example, by Mr Scholten and which culminated in a call for solidarity and discipline. Without such solidarity and discipline it will also be impossible to restore the Community agricultural market.

President. — I call Mr Brewis.

Mr Brewis. — Mr President, when the British balance of payments came under strain ten years ago, our Government introduced a surcharge, albeit of only 10 per cent, but it was in regard of our obligations under EFTA and, I think, also under GATT. We therefore are in no position to lecture our Italian friends, nor do I intend to do so.

Brewis

That being said, there is no doubt that the enormous surety Italy has imposed will seriously affect trade in industrial goods and is a blow at the very foundation of a common market itself. These temporary measures have a habit of being prolonged, and therefore, my first question is: will the Commission, as a condition of giving help under Article 108, seek an undertaking that the level is reduced by a set percentage month by month so that its effects are rapidly alleviated? Then what about those importers who had goods ordered or in transit before the surety was announced? Will they be entitled to interest on the amount deposited?—Because after all they have to deliver the goods in order to fulfil their contracts.

I would like to turn now very briefly to the agriculture trade, where the situation in the beef market has already been well described and, of course, is very vulnerable, perhaps more vulnerable in the UK than in Italy. There is a danger that supplies from other Member States will be flooded onto the British market with a subsidy in the form of an MCA. Now my first question is: could we not use the EAGGF funds in a much more flexible way, perhaps as a temporary loan to pay the surety so that the normal flow of the meat trade to Italy is not disrupted more than necessary? My second point is that the proposal made by Mr Lardinois, that importers should have to buy 50 per cent of intervention store beef before importing, may possibly work the other way. Because a trader, who would normally have bought all his requirements from intervention, may now only buy half and import half, something which he normally would not have done. If this should happen, the scheme would be self-defeating. Personally, I am not in favour of a complete cut-off of all meat imports. The effect on third countries would be lamentable, and I think it would bely all our professions of being an outward-looking Community wanting to help the less favoured parts of the world. I agree with a proposal to benefit certain categories of consumers by selling cheap beef out of intervention to hospitals, for example, and old people's homes. This, of course, will cost money, but I believe that in these difficult times we should go further and give a temporary individual carcass subsidy paid out of EAGGF funds. This would assist our Community farmers and at the same time encourage consumption of beef and thus relieve the market. Lastly, I would ask Mr Gundelach, from the point of view of consumer protection, whether it is possible to look carefully at traders' profit margins. We note in our country that the price of the end product does not seem to come down in relation to the price of the primary product. I wonder if he would be able to look into this point.

Thank you very much.

(*Applause*)

President. — I call Mr Bersani.

Mr Bersani. — (*I*) Mr President, I too should like to endorse the comments of my colleague Mr Noè and express my appreciation of the objectivity and tolerant understanding shown by this House and by the Council and Commission representatives having regard to the critical situation we have been discussing.

In the debate we have examined two aspects of the matter: the actual measures themselves and their possible effects on the currently unfavourable climate within the Community.

In effect, the conclusions expressed by the Council of Ministers' representative, the Commission representative and most of our colleagues in this House are that our institutions, at this difficult time for the Community, have not taken the steps required to deal with the situation. If we look at Articles 108 and 109 again, we find a series not only of possible measures but of precise responsibilities. When a given situation arises the institutions have a duty and the power to intervene. They have not done so. We have too often allowed the situation to get the better of us. The fact that the finance ministers of the Community have met only once in four months during such a critical period for the whole Community is to me a clear indication that something is basically wrong in our Community. This failure on the part of our institutions endangers the outcome of matters essential to the development of the EEC. The first political conclusion to be drawn thus seems to me—and many of my colleagues have said the same thing—that it is vital for our three institutions to assume their responsibilities more positively and decisively.

The Commission has outlined its course of action in the conclusions presented here by Commissioner Haferkamp: whilst formally speaking the communications and dialogue between the Italian Government and the institutions of the Community are in conformity with the provisions of Article 108 and 109 of the Treaty, the Commission, under Article 108, has granted a temporary and conditional authorization which is based on extremely precise criteria and subject to verification of the consequences of the measure.

I think everybody is agreed on the usefulness of recommendations and decisions of this kind if they are applied strictly and in a completely coherent way, but there is no doubt that the Council of Ministers must shoulder its responsibilities more resolutely.

Bersani

If on the one hand we agree that the Commission must fulfil its tasks in a decisive manner and make use of all its powers, it is evident on the other hand, since the question is basically one of policy, that the Council of Ministers is also directly involved.

How can we ignore what has already been stressed by many of our colleagues, that we cannot confine ourselves to examining the facts, but should first investigate their causes? The reasons for the present situation are in fact many and complex, among them the lack of a regional policy, and a whole series of policies which have constantly been put off, each of which has had specific inflationary effects or has altered essential features of the Community's economic position.

The country whose present position is particularly shaky is thus the first to have been caught by a whirlwind which, we have good reason to fear, may gradually spread to the other Member States. Hence the need not only to invoke Articles 108 and 109, but to use them with exceptional determination given the exceptional nature of the situation, and without applying the restrictive interpretation followed in other earlier situations and which appears to have been followed in this situation also.

Of course, I am also of the opinion that positive measures count more than negative ones. I too find it somewhat difficult to assess the measures recently adopted by my country's Government: for example, I do not approve of measures which hit imports of agricultural products from developing countries, particularly at the moment, when important negotiations are being held with the associated and "associable" countries. As regards the question of meat, reference is made to the distortions mentioned by my colleague Mr John Hill: in two or three weeks, as a result of these distortions, meat prices have fallen in Italy by 30%. Whilst Italian producers in areas able to produce at competitive prices were in distress with no better prospect than to sell off their livestock, others just across the boundary were in a privileged position.

And all this because of Community measures. But in this case it is the market itself which is not working properly. Certain quarters abused the fact, abused it seriously, and remained unmoved by the protests, demonstrations by producers, occupation of the Brenner Pass and the debate held in this House: no specific measures have been taken at the right time to correct the impact of provisions which though not wrong in theory have proved harmful in practice.

There is no denying that there have been delays and shortcomings on the part of the Italian Government but on the whole the situation is satisfactory. I should now like, Mr President, to reply to a number of comments by Mr Fellermaier. After first saying that he did not propose to interfere in Italian domestic politics, he claimed to see a progressive victory in certain results of the Italian referendum on divorce. I would advise Mr Fellermaier to be fairly cautious in voicing his opinion on this delicate question of legislation on morality.

With every respect for his views and those of his colleagues, but at the same time demanding the same respect for my own, I would take the liberty of saying, for example, that I certainly do not regard the recent Bundestag vote on abortion as a sign of progress or humanity. I think, however, we should try to respect our various points of view in this matter and should be both moderate and responsible in our examination of such difficult and delicate problems.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President, it is rather late in this debate, and I think it is quite obvious at this stage that there is very little that one might add to it except by way of reinforcing much of what has been said.

The economic situation in the Community should, I believe, be likened to a large and powerful car, the Community economic car. It has nine engines with huge and massive power, but only if all of them are tuned to give maximum performance. But this Community car has not only nine engines, but it has nine different drivers and they are all behind the same wheel. At best they are all trying to drive and at worst, from time to time, there are no drivers at all. I suggest to this Parliament that that is the way to disaster. It should not therefore be surprising, I suggest, if the course followed by the Community is erratic and unpredictable. I suggest that the drivers, if we have any, have clearly been given a route card for the course to be followed, but that card only spells out the destination, which is monetary and economic union, while the road leading to it is a blank. It is therefore quite surprising to me, indeed I regard it as a miracle, that the Community car still runs at all and has not lost a wheel, had its engine seized up or crashed off the road. The moral, as I see it, is very clear. We should not blame the drivers of this European Community car, whether they be Italian, Danish or British. They are doing their best, but unfortunately

Normanton

they are doing their best with their eyes not on the road before them but on their electorate, on their own particular sectors of interest. We should blame ourselves, the elected representatives of the peoples of Europe. That is where the blame centres and should remain. The Community can have nine or more power units—and the more the better—but it can only have one driver, one Community government. We can only have one route card, one Community policy. And if the drivers, whoever is appointed to carry out that operation, cannot drive effectively, then we, the representatives of the peoples of Europe, must be in a position to sack and replace the drivers—the leaders, the government of this Community.

This brings me to the main point which, surely, the debate this morning is centred on. It is centred not on meat prices, the production of meat, inflation, currency and matters of this kind; it is centred on the fundamental question how and when we should establish a parliament with power, authority and responsibility. Until we as parliamentarians, as members of the Commission individually and collectively, recognize this and can drive this message home in the Parliament, in the Commission, in the Council and in our own national parliaments, so long will the European Economic Community, whether this be seen as the Community car or as a political entity, continue to rock from one crisis to another. Nothing less than that, the establishment of the Parliament with power, authority and responsibility, can deal with the manifold and almost untold number of crises and problems which have been spelt out here in this session this morning.

(Applause)

President. — I call Mr Concas.

Mr Concas. — *(I)* I shall be very brief, Mr President, because otherwise I would be going over the same ground as others and particularly because it is not possible, in just a few minutes, even to attempt to cover this entire problem adequately. So all I will say is that the measures adopted by the Italian Government do not contravene Article 109 of the Treaty of Rome, since the balance of payments crisis hit us unexpectedly and with great force and was gathering a dangerous momentum. Since the Member States had not agreed to provide the mutual assistance specified in Article 108 (2), or at least that this mutual assistance was not forthcoming, the Italian Government had no other choice but that provided for in Article 109. This does not mean we do not realize that the Italian measures must cause the least possible disturbance to the Common Market and only be temporary. The

economic crisis in my country is due to a variety of reasons which I shall not rehearse here but which include the distorting phenomenon of the compensatory amounts paid to exporters of agricultural products in the other Member States of the Community, which has dealt a severe blow to Italian agriculture, particularly to milk and cheese products and beef and veal. The agricultural crisis has led to a depression in the domestic economy affecting all sectors, including industry.

The category which is today most threatened by the rising cost of living is that of the working man, and it is to this category that we Socialists must pay special attention. Even though we Italian Socialists understand that the economic problems affect the whole of our society, this argument will hardly impress the workers, most of whom today suffer from the affects of an over-drastic deflationary policy, since they can see the purchasing power of their wages fall and risk losing their jobs.

One criticism we Italian Socialists make of the measures our Government has been forced to adopt is that its choice favours the deflationary trend which hampers exports and thus production as well.

In reply to the questions asked of the Commission and Council regarding the possible repercussions of the Italian measures on the other Member States, it seems to me there will not be any since a number of Member States have already decided to give financial assistance to exports to Italy, thus giving practical application to Article 108, for both interstate transactions and those between private concerns.

Nor do I think that the Italian measures have had the slightest influence on the British Labour Government's request for renegotiation of the Treaty of Accession.

Lastly, I think bold action is needed in view of the Italian situation, in particular, and the situation of the Community as a whole, in general. Bold action in the form of a critical review of what has been achieved to date and what still has to be done in the future. If the intention, as we expressed it in our proposal, is to achieve real political unity, and before that to achieve economic and monetary union, it must be made quite clear that this kind of unity will only be possible provided those less affected by the crisis have the political willingness and responsibility to take definite action, in the form of mutual assistance, to help other Member States of the Community in times of trouble, rather than adopting attitudes which have all the appearance of reprisals.

(Applause)

President. — I call Mr Apel.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, first of all I would ask Parliament to forgive my temporary absence, but as President-in-Office I find that the little time I have for European matters has constantly to be stretched to include other things too. I also note that some of those who have taken me to task are themselves absent at present. This too, of course, is part of the reality of Europe.

Allow me to make a second comment. This debate has made it clear to me that we are all in agreement in that we realize that the Italian Government is in an extremely difficult position and has felt obliged to take measures which we in turn must note and which cause us difficulties, displeasure and harm. What we have to do is absorb these measures into the European scene in such a way that the reality of Europe, our common achievement, is not jeopardized and destroyed, something which has not so far happened. The Commission has shouldered its responsibilities—I have already said how glad I am that the Commission has rescued us from this difficult position. President Ortolì ultimately saved the situation at the last Council of Ministers meeting—let us be quite clear on this—after the national Ministers had reached deadlock. Nor is it by any means impossible that the Council of Ministers may in due course decide to provide monetary assistance. At the last Council of Ministers meeting, no request to this effect was made by the Italian Government. The short-term monetary aid is still in force; it may be renewed once more and only then can the matter be usefully discussed.

My third point: you accuse me, gentlemen, of being rather too eager to pass the ball back to you. Perhaps this is so, I know myself and my style of debate. But I would ask you not to forget this: difficulties at national level are due to the differing economic and social structures of the Member States and their differing budgetary policies. But in parliamentary democracies—and each of our countries is that—the Parliaments have the final say in deciding policy in these areas. The Parliaments have a fundamental responsibility here. And I cannot accept—even after your critical observations—that anyone should try to shrug off this responsibility. If we all agree on this, well and good. European policy is not pursued in this House alone, but at home too. Anyone who presses for a European regional fund here without campaigning for it at home needs to be told that this is not good enough.

My fourth comment: if I am supposed to have criticized the Commission, I must have been completely misunderstood. On the contrary, I see this phase as one of the Commission's essential, perhaps one of its decisive and last chances to achieve European integration. And I am glad that the authors of the EEC Treaty formulated Article 108 in such a way as to provide the Commission with opportunities to act, and to act in situations where other bodies are unable or unwilling to take decisions.

My last remark: no-one here needs to tell me that the work done by the Council of Ministers is inadequate. I have said that myself often enough. I know it. But the Council of Ministers is as good as the national interests of the national representatives in the Council permit it to be. In other words, charity begins at home. In this critical situation, anyone who wants to work for Europe must do so above all in the parliament and the government of his own country. Insofar as this can be done, decisions can also be reached at European level.

We have reached a difficult phase in European integration. I remain convinced that the upheavals currently experienced by some Member States owing to changes of government or forthcoming elections, which make them more reluctant to take decisions than they should be, will pass. I think the process of concentration on Europe will necessarily follow because the alternative facing Europe—to use Mr Bertrand's figure of speech—is similar to that in a game of football. Either we are the ball or we are the players. Either we are kicked around or we have a chance of winning the game by teamwork.

I prefer the second alternative.

(Applause)

President. — Thank you, Mr Apel. I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, first of all I should like to answer a number of concrete questions which have been put to me, that is to the Commission.

I should like to state here that the questions regarding agriculture and the Commission's authorization to Italy will be answered presently by my colleague Mr Gundelach.

Mr Scholten has asked whether the Commission's recommendation regarding Italy's domestic economic policy could not have been made earlier than it in fact was. As regards this. I would say

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that the recommendation under Article 108 (1) could only be made once the situation had come about, that is once the measures under Article 109 had been taken. This does not mean that the Commission or the Council had not previously made recommendations in another form. I have already pointed out in my introduction that for over two years there have been guidelines and recommendations on economic and budgetary policy, short-term economic trends and credit and money supplies, though these have not been followed. True, these recommendations were previously different in character. Their character can and should change, if the Council Decision of 18 February regarding greater uniformity of economic policy in the Member States is taken seriously. This will be particularly significant for our work in the future. Mr Scholten then asked whether we could not suggest better ways of dealing with the credit and liquidity problems we all have to face, by the recycling of capital through European bond loans. In its January proposals to the Council for immediate measures the Commission pressed for systematic measures—as we called them—on the international capital markets, to ensure that in the longer term Member States would not outbid each other when borrowing money, and also to ensure an even supply of funds to meet the various requirements of the individual Community States.

We did not indicate these measures in detail. This is currently being done by the governors of the central banks, the Monetary Committee, and by us too, for we do not think we have much time left to wait for reports. Funds could certainly be raised by borrowing at the national level, but it would be necessary to have a consultation and harmonization procedure to stop the various countries from outbidding each other on terms. The second possibility would be for the Community to issue loans, and in this connection it would be important to reactivate the proposals which the Commission made some time ago, if not those regarding the European Monetary Fund. This brings us back to the discussion, previously postponed, on pooling our currency reserves. But quite apart from this rather contentious question of currency reserve, it would certainly be useful to resume discussions on activating the European unit of account in this connection also. We shall probably be putting a number of these questions to the Council shortly.

Mr Blumenfeld asks whether, in the light of the Italian measures, we could agree to having Article 108 (3) applied for a period of several months. My answer to this is quite clear: no. The only thing permissible here is to authorize Italy, in its present particularly difficult situa-

tion, to take a number of protective measures. I have already said earlier, and it is implicit in our authorization, that in addition to the current measures we must take action to cope with the situation thoroughly, and this will require a particular speeding-up of procedures in the agricultural market. In addition to this operation, then, we are busy preparing measures which will enable Italy to abolish the special exceptional measures as quickly as possible. But we must realize here that we are not talking simply about cash deposits for imports and special protective measures which affect certain special types of goods to a greater or lesser degree. And this is precisely a welcome feature of this debate, the fact that we have seen beyond these practical matters and have been made aware of the fundamental significance of this problem and of the fundamental significance of the Italian measures. The Commission based its proposals to the Council, i.e. its recommendation under Article 108 (1), mutual assistance under Article 108 (2) and the authorizations granted to Italy, on the following premise: Italy must make efforts to put its own economic house in order. At the same time Italy must be backed up by solidarity, by mutual assistance from the Community and the other Member States.

This, I think, is not only true in the case of Italy but should be enshrined as a principle in view of the situation confronting us all, in view of the difficulties which one State may face today and another State tomorrow.

In principle, each of us must make every possible effort to help ourselves and the Community solidarity must be mobilized at the same time. This is something which assumes a particular importance when we consider the economic situation facing us. A few months ago in this House we discussed at length the repercussions of the increases in oil prices. This morning I again raised the question of inflationary effects and other matters. We have again discussed today the current monetary difficulties and shortage of capital. I think it should be made quite clear here that the developments set in motion by the increase in oil prices mean in the last analysis that we shall have to pay more from our national economic resources for the oil we obtain than we used to; in other words, it is not simply a phenomenon which affects credit and money, but one which requires us to draw on our national economic resources. This again means that we shall have to accept and get accustomed, as fast as possible, to the fact that growth rates in the private consumer sector will no longer be those we have been used to in the past. There is no doubt that these growth rates will slacken in future: growth will continue, but at a slower rate.

Haferkamp

This brings us to the point where Mr Blumenfeld said that we have all been living beyond our means. In the situation we now find ourselves, we can no longer afford this. These effects will quite certainly be further aggravated by the fact that we must make new investments in the energy sector if we wish for a greater degree of independence. The problem of lower growth rates, in areas of consumption which concern us all, is thus very serious. It is also one which faces anyone making claims on the national budgets; and this realization shows us quite simply that we must tighten our belts and make sacrifices. The great political problem, in my view, is this: can we, in conjunction with the governments, or the parliaments and political groups, persuade our peoples that this sacrifice must be made, and secondly, can we find formulae which will guarantee that this is done in a socially equitable manner? In my view these are the major problems which will be facing us all in the immediate future.

Obviously these problems appear differently to the individual Member States, depending on their economic structure and immediate balance of payments position when these events first make themselves felt. The initial positions vary, but here too we must have recourse firstly to our own efforts and secondly to help from the Community. We have spoken in this House of the application of Article 108 and what the Council and Commission can now do. You may be sure that the Commission will do all it can under the terms of Article 108; we have done so in accordance with President Ortoli's announcement in the Council and also in accordance with our decisions taken in the meantime. But this is not enough. We can, of course, grant authorizations in this special case, but I think—and I address myself to the President of the Council here—that it is extremely important that the Council of Ministers should, as soon as possible, discuss these fundamental questions, a few of which I have tried to outline just now. What economic tasks await us in the light of the situation on oil prices, not only balance of payments problems, but real questions of economic resources etc? We need to tackle these problems and consider jointly ways in which this or that Member State's own efforts can be combined with Community measures. And it is also extremely important to realize that relying on Article 108 (3) and trusting that the Commission will step into the breach every time will not get us out of our difficulties. It would perhaps be quite a good idea if there were something similar to Article 108 (3) for other matters too, so that if one Community body fails to take a decision, the other is automatically obliged to.

And now to my final remark on these questions as a whole: if we are to tackle and cope with this difficult situation, if we are to solve it by joint action and steer towards the goal we have set ourselves, we must quite frankly consider the following question: what can be achieved by the governments of the Member States at home? This question too must be raised openly. The Danish Government has undoubtedly suggested measures which are extremely unpalatable and which will be very hard to put across to its electors and public. The tax increases entailed for the individual citizen are an extremely courageous move. I wonder how many governments in Europe would currently be able to imitate it. This question will have to be asked again and again: this aspect too must be recognized and we, in the Commission, recognize it. In the same way all the institutions ought really to act on the premise that we want to help, not hinder, the Community bodies, national governments and national parliaments, all of which have to overcome this difficult situation together.

(Applause)

President. — Thank you, Mr Haferkamp. I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — Mr Chairman, even if the debate quite understandably and quite rightly has been concentrated on important questions of political principle and general economic issues, nevertheless a number of specific questions have been put to the Commission by Mr Scott-Hopkins, Mr Premoli, Mr Brewis, Mr Hill, Mr De Koning and others, and despite the fact that the time is very far advanced I should nevertheless like on behalf of the Commission to give at least some reply to the questions that have been raised this morning before this debate is concluded.

Most of these specific remarks have been concentrated on the question of agriculture and in particular, on the question of meat. Before addressing myself to this, I would, however, like to point out, as one or two previous speakers have already done, that the Italian trade measures, as a deposit scheme, cover a wide range of commodities, i.e., many commodities outside the field of agriculture, and are therefore also of considerable importance in the industrial field and from the point of view of the internal market of the Community as such. I should like to underline this in order that the debate, owing to the emphasis on the admittedly particularly difficult aspects of agriculture, shall not be too lopsided.

Gundelach

My second comment is this. In so far as the Commission has taken responsibility and passed a Decision under Article 108 (3) of the Treaty, these measures have ceased to be purely unilateral. They have been subjected, with the agreement of the Italian Government, to Community control exercised by the Commission working in the closest possible cooperation with the Italian authorities, in order to ensure that these measures are administered in a way which is the least harmful for trade possible, that a continuing examination is being carried out in order that no more commodities are covered than is necessary. This does not apply in particular to the agricultural field; I am now speaking about the industrial field. This exercise is of a continuing nature and not only one exercise in connection with the review date to which Mr Haferkamp referred. It is very important to underline, when all the matters of principle have been stated, that we have moved from a unilateral system to one which is subjected to Community control, and I can assure you that that control, in full cooperation with the Italian authorities, will be continuous and effective and will be used to ensure that the least possible harm to trade will come from these measures.

Now to agriculture. Here I have first a remark of a general nature to make which to a considerable extent is an answer to nearly all of the questions which have been put to me—namely, that the Commission, like most Member States, does not feel that a deposit scheme is the right answer for those agricultural items which have been included in it. That is why the Commission, in its Decision under Article 108 (3), quite irrespective of the other time-limits we have talked about, have made it clear that in a very short while a terminal date will be fixed by the Commission for the application of a deposit scheme to these agricultural items and that terminal date will be out in the not very distant future. The period until that terminal date will be used by the Commission, in consultation with other Member States and with Italy, to find an alternative solution to these problems more in conformity with the common agricultural policy and so avoid upsetting the common agricultural policy and help bring about a better balance in the meat market. If we do not, as we hope, arrive at an agreed solution before that date, it follows from what has been stated that the Commission will face its responsibility and take whatever decisions are necessary. This means, in other words, that in the agricultural field, the deposit scheme is really of a very short-term and temporary nature. That is, by the way, one of the reasons why we have not been willing, and will not be

willing, to consider, as suggested by one of the speakers, using EAGGF means to pay for the deposits for exports from other member countries to Italy.

Mr President, it is true that the measures taken by Italy, for reasons which have been discussed here again this morning, particularly in the meat field, have hit us at a particularly bad time, because the meat market in the Community as a whole is somewhat out of balance. That is an additional reason why the Commission must take its responsibility to find another solution in this field in a very short while. Italy is an important importer of meat in the Community. It imports about 58 per cent of its consumption of beef, and 60 per cent of this comes from the European Community. Without Italy, the Community would in the field of meat be a net exporting area. Obviously, Mr President, we cannot completely isolate the question of meat in regard to Italy from the overall meat situation in the Community area. It would take up too much time if I were to go into the various measures which have been proposed by the Commission, have been adopted or are still being considered by the Community organs or which we are still to propose in order to bring the meat market more under control. I only wish to assure you that this work is seriously in hand, that a number of measures have been taken to increase export restitutions, to remove certain anomalies in regard to the import regime, that certain temporary reliefs from the levy system granted to certain types of meat in a different supply situation, have been removed. But that does not mean that we will fall back on a general safeguard clause or close off the Community market from the outside world. That is not our intention at all. What we have been removing have been earlier temporary measures taken in order to put some brake on the increasing imports, in particular from the East European countries. In this particular regard, I should like to give a specific answer that meat imports from the German Democratic Republic are subjected to tariffs and levies. Steps will also be taken shortly to increase meat consumption within the Community—the so-called Social Actions and other measures are being considered—and it is our hope and belief—price movements have already indicated this—that we are on the way to bringing about a better overall balance on the Community meat market. This is a necessity; the problem cannot be solved solely within the framework of the Italian case, and an overall solution, or movement towards an overall solution, will, on the other hand, help solve the problems with which we are confronted with regard to Italy.

Gundelach

Several speakers have referred to the monetary compensatory system, which obviously is in the centre of our deliberations in this particular regard. I must confirm to the Italian speakers that meat is being sold in Italy 200 or 300 lire under the intervention price for meat. This is true, but at the same time these prices in Italy have been somewhat higher than, for instance, in Germany. In the meat sector the problems are doubled. Firstly, meat is a commodity which is very difficult to store. Therefore intervention is very difficult. Secondly, we must admit—and do so because we have never been fond of these monetary compensatory schemes—that the system of monetary compensatory schemes in this area and in regard to Italy has not, without any bad will from anybody's side, been operated in a neutral fashion. That is one of the main reasons why the proposals we put to the Council, which will again be a centrepiece in our future deliberations, were concentrated on a changing of the green lira and the consequent possibilities of scaling down the use of monetary compensatory amounts, be it the negative ones used by a country like Italy which has devaluated or the ones used by, for instance, Germany, that is, a country which has previously revalued its currency. The monetary compensatory system is one that will live with us, at least to a certain extent, as long as we fail to achieve further progress in the monetary field. But that cannot prevent us from continually trying to rationalize the system, to diminish its importance and, in particular with regard to the case of Italy, to replace it with something of a simpler nature and with more balanced effects.

Thank you.
(Applause)

President. — Thank you, Mr Gundelach. Does anyone else wish to speak? I declare the debate, which seems to me to have covered sufficient ground, closed.

At the end of the debate on the Oral Question with debate to the Commission of the European Communities, I have no motion for a resolution.

I declare this item closed.

I call Mr Scott-Hopkins for a procedural motion

Mr Scott-Hopkins. — I don't wish to continue the discussion in any way whatever, Mr President. You have closed the discussion on our morning's debate. I merely rise on a point of order to suggest to you that we should reconvene the House not at 2.30 but at 3 o'clock this afternoon, looking at the time: it is now 1.19.

Thank you.

President. — I put to the vote the proposal by Mr Scott-Hopkins to reconvene the House half an hour later this afternoon.

The proposal is adopted.

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR McDONALD

Vice-president

President. — The session is resumed.

5. *Seventh General Report by the Commission on the activities of the Communities in 1973*

President. — The next item on the agenda is a debate on the report drawn up by Mr Rossi on the Seventh General Report from the Commission of the European Communities on the Activities of the Communities in 1973 (Doc. 73/74).

I call Mr Durieux, deputizing for the general rapporteur, who has asked to present the report.

Mr Durieux, deputy rapporteur. — (F) Mr President, ladies and gentlemen, I must begin by apologizing on behalf of the general rapporteur, Mr André Rossi, who has been prevented from attending by the domestic political developments in our country.

The debate on the General Report on the activities of the Communities is this year taking place at a moment of particular difficulty for the European Community.

When the Commission submitted this report to this Parliament, on 12 February last, it had no scruples about pointing out the critical situation and the extent of the responsibilities which each institution, each Member State, must face. Since then, other events have contributed their impact on the consolidation of the Community, and today even the freedom of trade among Member States, the very foundation of the Common Market, is threatened.

It would be pointless to ignore the gravity of the present situation and the dangers entailed by a return to national egoism and autarky, which would not only imperil the Community, but would soon be seen as extremely harmful for each one of our countries and for all the peoples we represent. The gravity of this crisis is enhanced by the fact that it is bound to have

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obvious repercussions upon public opinion in the member countries. This public opinion has been too often ignored and disappointed; and yet the only real possibility of surmounting our present difficulties lies precisely in a revival, a new *élan*, of our political will, whose credibility is contingent upon the participation of the peoples of our countries, particularly of the younger generation. Mr President, ladies and gentlemen, I do not believe that our present difficulties result solely from the upheaval that has taken place in the world economic and monetary situation as a consequence of the energy crisis. In all the countries of the world and, therefore, also in the Community, this upheaval has obviously produced negative effects which it is very difficult to control and to overcome. But it must be recognized that, while the crisis was precipitated by external events, its roots lie, among other things, in the, now evident, setback that we have chosen to impose on European construction by reducing it to a system of economic agreements, concluded in individual sectors, without any overall coordination and, above all, without any political cohesion.

This House has repeatedly declared that there will never be true economic union without a parallel unification on the political plane, and that it is futile to imagine that this political union could automatically be achieved without a real determination to satisfy the individual interests of Member States in the higher interests of the Community. Unfortunately, the Community has degenerated in the course of the years: lacking, as it has done, the necessary political will, it has become the framework for a sterile confrontation of national interests. The year 1973 showed to what extent an enterprise founded solely on economic cooperation was vulnerable and exposed to external dangers, for, Mr President, ladies and gentlemen, the roots of the present crisis lie not in the Community as such, but in the international situation and in the situation of each of our Member States. The Community is feeling this crisis at its weakest spot, which is its political cohesion and political coherence, without which all Community actions are bereft of any true force. In the face of developments which are having such a profound effect upon the construction of the Community, your rapporteur nevertheless considers that this is not a moment for pessimism. Europe is capable of defying the challenge of the present situation by virtue of its economic strength, the amplitude of its international relations and the rights which it derives from its history and from the fact of its belonging to the democratic world. Recognizing the fact of a crisis is not, and must not, be the same thing as submitting to it. Quite

the contrary: this crisis must enable us, now that the illusory euphoria of the sixties has passed, to develop a new *élan* on the basis of the aims laid down at the Conferences of Paris and Copenhagen. Despite the psychosis we find ourselves in today, the European Community is a living reality, and fifteen years of Community life cannot be wiped out by events whose importance is frequently exaggerated by their simultaneous occurrence and by the chain reactions they have unleashed. At a moment when many are on the point of giving way to discouragement and even to disarray, we must bear in mind the importance and the scale of the Community achievement and all the facilities that the 250 million inhabitants of the Community virtually have at their disposal. Even if the energy crisis has affected Europe's productive capacity, the level of activity and employment of its workers and its competitive capacity, it is still true that the Community can resist economic recession.

The Community has the means to do this, provided all its component parts are consolidated and provided we avoid a free-for-all. Uncoordinated action would undermine the solidarity of the Community and have harmful effects on each Member State. It would be a complete mistake to imagine that a solution to our present problems could be found by each Member State acting outside the Community or against it. On the contrary, the mutual dependence of our economies conjures us to tighten the bonds that link us and seek in concert the new place that the European Community must occupy in a world whose traditional features have undergone a sudden change.

Mr President, ladies and gentlemen, the importance of discussing the General Report on the activities of the Communities does not lie in the appreciation of individual steps taken during the course of the past year. The important thing is to form an overall assessment of this year in the life of the Community, and, above all, of the prospects which open up on the basis of the results achieved. This is not a moment for sharing out blame or responsibilities or for criticizing decisions that have been taken. Today, this House, by virtue of the political function that belongs to a parliamentary institution, must point out the possible solution to the present situation.

For my part, I believe our Parliament should, today, reaffirm three principles.

First, the European Community must move forward in parallel fashion on the levels of economic and political integration. Economic integration does not lead automatically to poli-

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tical integration; on the contrary, the results achieved by the Economic Community will always be in danger if there is no political will enabling Europe to achieve the true point of no return. Economic union and political union are two aspects of the same thing, for in the world as we know it, there are no economic interests devoid of political significance. The corollary of this is that the consideration of the European economy, in its turn, cannot be broken down into isolated sectors: inflation, money, competition, employment and living standards are different aspects of a single reality.

Secondly, we must reaffirm that for all the nine Member States, whether taken together or individually, there is no real alternative to European integration and European solidarity. Today, the European Community is not solely a chance for the future, a means by which the peoples of Europe can recover the rôle that they have hitherto played in the world. It provides the only real possibility of overcoming the present crisis, and it would be a mistake to look to action in isolation, even under the pretext of dealing with an exceptional situation, for a solution to problems whose scale exceeds the means of any single state.

Thirdly, the sphere in which the European Community must seek to recover its proper place in the world context is international cooperation. By virtue of its history, Europe is in a position to offer all the peoples of the world, more particularly the countries that are economically less developed, a real alternative to the policy of egoism. The European Community was conceived as an economic organization that should be both open and liberal. The intention was not that it should reproduce on a continental scale the errors and the egoisms of the national states. In a world that is undergoing profound changes, the Community may even recover the strength and the moral force that it once had. To this end, the Member States must, on all accounts, refrain from outbidding one another, otherwise each of them will lose the advantages conferred upon a united Europe by the fact of its being a great commercial power. The countries producing petroleum and primary commodities have both needs and resources. Europe, which is a big importer, can place its technological resources and its experience at the service of the common good.

Mr President, ladies and gentlemen, the motion for a resolution that I have the honour to submit to the House concludes with a solemn appeal to all the parliaments of the Member States, and, through them, to all the peoples of the European Community. Only if all collaborate will Europe be able to start moving again

towards the goal of achieving a real European union by 1980. European union will not be achieved by technocratic activities or by agreements at the summit. Since it will have to reflect the united interests of 250 million inhabitants belonging to nine countries of a free and democratic world, it must represent not only a unity of resources but also a unity of will. To achieve this union, all the living forces of our continent must unite in a common effort, centred on those priority measures that are indispensable if Europe is to overcome the crisis and resume the work of integration which it undertook after the bloody experience of the Second World War.

For my part, I would suggest that this new upsurge of effort be concentrated on three courses of action.

First, democratizing the Community and improving its efficiency. The events of 1973 showed that the institutional structure of the Communities is inadequate to deal with exceptional circumstances. In particular, the Commission has lost much of its powers of initiative and of its rôle of motive force and arbiter, and instead has lapsed into denunciations of the general impotence while confining its own activities to those of an unduly technocratic nature bereft of all political *élan*.

The weakening of the Community institutions, the diminishing importance of their political rôle, and the growing paralysis of the Council are at one and the same time the effects and the causes of the disarray within the Community.

Unless the Member States restore to the Community structure those functions and prerogatives conferred upon it by the Treaties, we must fear a new wave of nationalism, which will be all the more dangerous in as much as no national measures are capable of dealing effectively with the profound economic and political changes which are taking place throughout the world.

It would be vain to think that the cohesion and concerted action of Member States of the Community can be enhanced without a parallel strengthening of the institutions called upon to manage that great potential force which is the Community. A common denominator for the united interests of the peoples of the free democratic world will not be found in intergovernmental conferences, whose impotence has been condemned by recent history and by the events of today.

In this situation, urgent decisions will have to be taken concerning the rôle of the European Parliament. When criticizing this institution,

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one might well ask oneself where the Communities would be, particularly in moments of crisis, without the existence of the Parliament. The powers of the European Parliament must be strengthened, not only because this is the logical consequence of the democratic systems to which all our countries are so attached, but also because the European Community, without a Parliament, would run the danger of accentuating its purely economic character and so lose all hope of evolving towards that European union which alone will enable our continent to assert itself in the world as a force working for peace and progress.

Secondly, we must consider enhancing the significance of economic and monetary union. Until the obligations solemnly signed and unanimously reaffirmed by the Heads of State or Government of our Member countries are translated into reality, it would be foolish to think that any real progress can be made in other spheres. In view of the grave danger of inflation and the consequences which this entails for our standard of living and level of employment, we must return to a disciplined Community régime in monetary matters and to an effective coordination of national economic policies. Enhancing the significance of economic and monetary union implies the adoption of a number of measures that are mutually related: on the one hand, the achievement of a true regional policy, based not only solidarity but also on the prospects of a coordinated development of all economic factors and, on the other, the pooling of energy resources for the sake of a common policy capable of assuring the European Community of a greater degree of autonomy in the medium and long term.

Finally, we must assert Europe's solidarity and identity. The European Community must be able to speak with a single voice in the economic as well as the political sphere and in the international arena. Europe can respect its moral obligations towards the rest of the world only by virtue of its unity and solidarity with other countries of the free world to which it belongs.

Mr President, ladies and gentlemen, our Parliament is today confronted with one of the most important tasks it has had since its creation. It is for the European Parliament to appeal to the solidarity of all the representative forces in our member countries. A simultaneous debate in all the national parliaments on the gravity of existing problems might make possible that upsurge of consolidated effort that is called for at this moment. It is unthinkable that the disruptive forces of national egoism should win the day against the real desires of our peoples. In face of our strong conviction and the duty

incumbent upon us as representatives of the united peoples of the Community, the appeal of this Parliament cannot fail to find an echo. *(Applause)*

President. — I call Mr Van der Sanden to speak on behalf of the Christian-Democratic Group.

Mr Van der Sanden. — *(NL)* Mr President, I should first like to thank Mr Durieux and especially Mr Rossi for all his work in completing the report on the Seventh General Report. I believe that an excellent job has been done, and I believe too that the factual and apposite remarks which Mr Durieux has just made in fact highlight the difficulties which we in the European Community have to resolve at this time.

Mr President, this is the first time that I have taken part in a debate on the General Report as a member of this Parliament, and since I am speaking on behalf of the Christian-Democratic Group I felt it necessary to read again what has been said on similar occasions in the past in the plenary assembly. I was struck by the fact that a great many speakers made procedural comments. Mr Bertrand, who spoke on behalf of our group last year, said that the procedure must be changed before the end of 1973, because, as he put it, things could not be left as they were. Last year the general rapporteur's resolution had no fewer than 94 paragraphs; this year there are 'only' 69. Mr President, once again the general rapporteur has compiled a report; but he has not integrated the reports of the individual committees in order to produce a General Report. I therefore wish to repeat the criticism made last year, because the procedure has not in fact changed since then. I have been struck by two things—but I must stress again that I am taking part in a debate of this kind for the first time. In the first place, Mr Dalsager made an interesting point last year when he was speaking on behalf of the Socialist Group and referred to Article 18 of the merger treaty. Mr President, I wish to make two marginal comments here. Firstly, the merger treaty merely stipulates that a General Report must be published and the time at which it must appear. I would add that as far as the policy to be pursued by the European Institutions is concerned, the situation is still the same as last year. Once again the Parliament's debate on the Commission's programme has already taken place. Moreover—and this seems particularly important to me—we have repeatedly considered in reports and resolutions practically every significant development in the Community and outside the Community in 1973. Without going into detail, there were the ques-

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tions of the European Parliament's budgetary powers, the problems created by the energy crisis, the Copenhagen Summit Conference and much else besides. Secondly, the question as to how the General Report should be dealt with was again considered in the Political Affairs Committee this year. Some Members felt that the Political Affairs Committee's opinion should be devoted exclusively to the present situation in the Community. Others believed that Parliament should approach the General Report for 1973 in the spirit of a topical debate, taking in all the developments which have occurred in the first few months of 1974. However, in my view both ideas are impossible in practice. We cannot close our eyes to developments which have been of such vital importance to the Community just because they have occurred in the new year, but at the same time there is little point in reporting on them because—as we have seen again in recent weeks—under the present circumstances events always overtake us. New things are happening every day which affect the Community's very existence, and Parliament—this is my last marginal comment—already reacts quickly, and I hope effectively, to great events; that was the case, for example, at our last part-session when the Political Affairs Committee, acting on a proposal by Mr Bertrand, forced a full-scale debate on the general situation in the Community. Now that I am personally involved in the procedure for considering the General Report, I have reached the following conclusion: Article 18 of the merger treaty merely states that, at least one month before the opening of the session of the Assembly each year, the Commission shall publish a general report on the activities of the Communities. Our own Rules of Procedure—I refer to Rule 20—stipulate that this report must be duplicated and distributed as soon as it appears. Rule 20(2) also states that the various sections of the report shall be forwarded to the appropriate committees. That is all. I cannot find any passage stipulating that a general rapporteur must be appointed and a political debate held on the report.

Mr President, this time the situation is even more curious than last year. If our discussion of the General Report were to be more topical, we should, for instance, have to consider the pressing question of the measures taken by Italy, which have, of course, been discussed in the Council and Commission. But as it turns out our Parliament has reacted quickly—as it always does—and dealt with this particular subject exhaustively this morning in a separate debate. Similarly, other urgent matters which have arisen since 1 January 1974 have already been considered by the plenary assembly. And

so I would ask, on behalf of my group, what is the real point of our debate today? I would also stress what we said last year—namely, that the consideration of the General Report should be linked with the discussion of the Commission's annual programme and should take place in the presence of the Council as well as of the Commission. I believe our position on this is clear enough.

But I have a few observations to make on the content of the motion for a resolution submitted by Mr Rossi to Parliament. I am struck first of all by the fact that practically no criticism is directed at the Commission. Its President, Mr Ortoli, will no doubt be pleased. But there is a notable exception in Paragraph 13, where the rapporteur draws attention to serious shortcomings in the Commission's revised proposals on the strengthening of Parliament's budgetary powers, and in paragraph 14, which notes that the Commission itself is partly to blame for the delay on this point. What is there to add on behalf of my group? Nothing in fact, since we agree with the rapporteur. We have already told the Commission how much we regret that it departed from the proposals made by Parliament last October at the end of a gripping debate, and we have repeatedly said how unacceptable we consider it that the Council has taken no decision in the spirit of Parliament's resolution. Let me add one thing on behalf of my group. We have the distinct impression that the Commission does not generally adopt a firm enough attitude to the Council. The Commission is too indulgent. It aims all the time at what it considers feasible, forgetting that it has an independent rôle and function as a separate Community institution. In the play of forces between the Council and Commission it must never lose sight of the fact that it is the executive power of the Community. Mr Lange drew attention to the same point this morning in the debate about Italy. But it has seemed—and I wish to stress this once again, because the President of the Commission, who was not with us this morning, is now present—that the executive powers rested more with the Council than with the Commission. As a result a situation has arisen in which the political inaction of the Council is matched by the executive inaction of the Commission. Mr President, the Christian-Democratic Group attaches great importance to this point and, in the interests of Europe, we should be very pleased if the President of the Commission would today give the Parliament a specific assurance that the Commission will now make full use of all the rights given to it by the Treaties.

Mr President, after that reference to the Commission, I come now to the substance of the

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Rossi report. All my further comments which are not directed at the Commission, with whom we are discussing this report today, are intended for the Council, which is once again conspicuous by its absence. The shadow of the Council will always be present behind this debate, but it will not answer our questions and demands. The Council will not be able to tell us that the Regional Fund is to be introduced, that a common energy policy has been adopted, that the budgetary powers of the European Parliament are to be increased by the Council in conformity with our wishes, that the Council has decided to abandon the unanimity rule, that the important decisions of the Paris Summit Conference on economic and monetary union are now at long last to be implemented, so that the first phase can be completed and the second phase begun, that the Social Fund is to be equipped with sufficient administrative and financial resources, that the mutual recognition of diplomas has been settled and that professional people can benefit from the freedom of movement laid down in the Treaty. In the opinion of our group, that is the central core of the mock debate we are holding today. In 1973, and equally in the first five months of this year, we have seen that the Community is no stronger than its weakest link—and its weakest link is the Council.

Mr President, what remedy does the general rapporteur propose to Parliament to escape from the situation in which the Community now finds itself?

In my group's view, what he proposes is really all that can be done, although it seems little against the background of the important problems now facing us in Europe. He wants the European Parliament to make an urgent appeal to the parliaments of the Member States, inviting the national governments to breathe new life into the Community, and he would like all the parliaments to meet on the same day to debate this matter. I have great sympathy for this idea, Mr President, and the Christian-Democratic Group warmly endorses it. But in the meantime the situation has grown more serious again, and the future is less certain than ever.

Mr President, last week we celebrated the 25th anniversary of the official foundation of the Council of Europe. Many of us remember the words of Churchill and Schumann, Adenauer, de Gasperi and Spaak: "This is the beginning of a united Europe." But while we were celebrating in our own countries and while our colleagues in the Council of Europe were holding their commemorative meeting in Strasbourg, the central core of the 17—namely, the Nine—was

wavering. Little over a year since Britain's accession, a British Government in Westminster does not exclude the possibility of withdrawal—although it is not seeking withdrawal—if the new negotiations do not bring the results it hopes for; we shall have to await the results of the French Presidential Elections to see what effect they will have on the political will of the new French leaders in Europe; in the space of fourteen days two leaders have disappeared from the political scene in the Federal Republic of Germany—Brandt and Scheel, who had given us repeated evidence of their European convictions; meanwhile the fourth major power, Italy, has been driven by serious economic difficulties to take the steps which we discussed in detail this morning. After several governments had adopted a strongly nationalistic line on the monetary crisis we have lived through and on the energy crisis which is still with us, the Community is now faced with uncertainty as to the course which will be taken by some of the great nations of the Community. Let me stress once again the sharp contrast between European public opinion, by which I mean the political will of the peoples of Europe, and the political will of a number of their principal leaders; I wonder, Mr President, whether it is enough to make an urgent appeal to the Member States' parliaments?

One last remark, as the time allotted to me is almost over. Should we not go one step further as a Parliament? Should we not be able to cause the Council as a whole—and not merely its President—to appear before the European Parliament so that we can debate the present and the future of Europe for one or if necessary two days?

Mr President, that is the proposal I wanted to make to you. I realize, and my group realizes, that this cannot be done next week and perhaps not even next month, but within a few months it should be possible. The Council is a collective body in the eyes of the authors of the Treaties. I am aware of that fact. But as the legally elected representatives of the European peoples, we see it as our duty to seek an answer in this Assembly to our question: Where is Europe heading, where are we all heading together? I am not asking this for the sake of the institutions, but for the sake of the welfare, wellbeing and future of all those citizens who have sent us to this chamber, perhaps indirectly but no less compellingly for that.

(Applause)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — Mr President, this—as I think—excellent report was, of course, considered and accepted in principle by the Political Affairs Committee, who nevertheless believed that it would not be in order for them to vote on any amendments. Various views were, however, expressed, of most of which the rapporteur took due notice.

Perhaps I might say at the outset that I believe there is a case for the Parliament's receiving a rather less mountainous report from the Commission covering every detail of its activities. Seeing that we are now in constant touch with the Commission and interrogate them in all sections of their work whenever we meet, might it not be possible for the Annual Report to be much shorter and to concentrate solely on major problems and developments? I wonder if the Commission would care to comment on this particular suggestion.

Mr President, Mr Rossi's report in itself represents in any case a valuable commentary on what in America is always called 'the state of the Union'. My colleagues will, however, note that of the sixty-six paragraphs in sections A and B, namely the state of the Community and the activities of the Community in 1973, no fewer than twenty are condemnatory, sixteen are what might be called hortatory, nineteen more or less take note of something and only ten express any satisfaction with the way things are going. There is no disguising the fact that things are not going well in the Community, which is certainly undergoing the most critical phase of its existence, not excluding the period in 1965 when the French effectively withdrew. So what are we to do? Various speakers this afternoon have asked this question. Evidently the first objective, so far as we can achieve it, is to persuade the governments of the fact that none of our ills will in any way be cured or avoided by individual action on their part, but only by concerted action. This means, of course, action taken by Community means. At the moment there is a sort of *sauve qui peut* mentality which results in the Germans, who are the richest members, being reluctant, as it seems, to part with any of their riches or at any rate to see their riches distributed among the other members, who show no signs at the moment of wanting to abide by Community discipline. It results in the French floating the franc rather than accept a loan from the Germans, in the Italians believing that they are forced to violate the basic principles even of the customs union, and in the British declaring that they must withdraw altogether, so it seems, unless they are to pay less into the central agricultural fund. Nor can the Nine even agree on a common policy to meet the greatest threat of all to their individual and

collective standard of living—namely, the quadrupling of the cost of oil and the large increase in the cost of other essential raw materials. Coupled with these disasters—all of which have struck us, it might be noted, in the space of nine months—there are at the moment no strongly-based governments in any of the member countries. Practically all the signatories of the famous communiqué of the Paris Summit Meeting of some eighteen months ago—I speak subject to correction, but I think this is true—have either vanished or are in opposition. Small wonder that many people in the United States—and indeed, as I must confess, the United Kingdom—are beginning to think that the European Economic Community hardly exists, and that, regrettable though this may be, the only sensible thing is to take to the boats rather than go down with the ship! It will need tremendous leadership on the part at any rate of those in power in the larger Member States to get the Community going again, and, as we all know here, they can only save it by sticking to its rules. There is no other way. This is what Mr Rossi proposes in Section C of his admirable paper and notably in paragraph 67, with which, as I should hope, no one here present would disagree. But he also suggests in paragraph 68 that the Parliament should, as he says, solemnly appeal to the parliaments of all the Member States to join with it in its attempt to induce national governments to make a new community effort towards European Union.

How can this best be done? Well, no doubt, by seeing to it in the first place that every member of our national parliaments receives a copy of the Rossi report from the President himself, drawing attention especially to paragraph 67 and 68. I assume, and I hope I am right in assuming, that this will be done. Whether it will be possible, as Mr Rossi suggests, to arrange a simultaneous debate on the abiding necessity of European Union—that I very much doubt, given the complexities of parliamentary procedures, if for no other reason. But that each parliament should stage a major debate on this subject before the summer holidays seems to me, and I think it seems to all of us here, to be essential, and so far as lies in our power I hope that we can all arrange for that to be done.

There may now, it is true, be very different views among committed Europeans on how exactly European Union should be approached and on the general form which it should take—very different, perhaps, from the views and forms of twenty years ago—and such views should be publicly expressed and debated. It is also, surely, important that those who cannot accept any element of supra-nationalism should say so and be asked in public how, in such

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circumstances, they imagine that any kind of European union can ever come about at all. What would be intolerable is that the ministers should simply go on meeting for the purpose of disagreeing while the Community to all intents and purposes dissolves under their feet.

Mr President, hope nevertheless persists. In the first place, it must be obvious that the greater the external economic pressures on the small and medium states of the Community the greater the inducement, in all logic, for them to come together on some kind of supra-national basis. The second reason for hope is that there is at the moment a new but—we can all say, I think, with truth—extremely intelligent man in command in Bonn who, even if not ideologically committed, will no doubt be impressed, I'm sure he *will* be impressed on purely practical grounds, by the necessity of European unity. And we can confidently expect a statesman of rather similar characteristics to emerge from the coming Presidential Elections in France. If Britain, as a result of fresh elections—which, I think, can hardly be delayed for very long—should likewise emerge from a kind of paralysis so far as Europe is concerned, then we might all start off on a new track. If we don't, the prospects are really rather appalling.

If I may sum up the situation, and if I am not abusing my Latin—in which case I am sure I shall be corrected by some of my Tory friends on my right—it may be said, as it was said centuries ago in another connection and perhaps with less evident truth, that *extra Ecclesia salus nulla*—‘there is no salvation outside the Church’.
(Applause)

President. — I call Mr Peter Kirk to speak on behalf of the European Conservative Group.

Mr Kirk. — I suppose that, speaking as the son of a bishop, I should begin by welcoming the last remark made by Lord Gladwyn. His conversion is late in years and in time, but none the less to be welcomed for that.

(Smiles)

There would be many people in Italy today who would wish that the same feelings had prevailed there over the last two days. Nevertheless, I do not wish to get involved in theological argument with my noble friend, much though I would enjoy it.

This has been, as this debate was last year, a debate in which, I think, we all feel we don't quite know what we're doing. Technically, of course, we are debating the report of the Commission of the European Communities for 1973—as Lord Gladwyn has said, a voluminous

document and one which repays a great deal of study, both for its factual content and for the trust which the Commission always puts behind its views on this occasion. But in fact, of course, we are not debating that at all, and we know perfectly well we are not debating that. Lord Gladwyn pointed out in his speech that in Mr Rossi's resolution, the condemnatory passages, what he called, in nice old-fashioned English, I thought, the hortatory or we might even say laudatory passages, if we're vying with each other in Latin words, and the non-committal passages just about balance out. What he didn't point out was that the condemnatory passages all refer, I think with one exception, to the activities of the Council, the laudatory passages all refer, with one exception, to the activities of the Commission, and the non-committal passages refer to things that don't really seem to fall within the province of either. This is a significant point to make: in this debate, we are making virtually no criticism of the Commission at all, indeed we are hardly talking about the Commission at all. We are talking, as we always do, about the Council and the paralysis which the activities of the Council have put upon the Community as a whole. In fact, the debate, in the strict terms of the House of Commons, at any rate—the House of Lords may be slightly wider in its views—is totally out of order, but none the less welcome for that. And so I think this is an important point which should be marked: we are not, as a Parliament, here attacking the Commission. We are in one respect, and one only, and that is the failure of the Commission to put forward our views on the way in which Parliament should control the budget last year. This is the only point, I think, at which the Commission comes under serious attack in this resolution, and the only point in which the Commission comes under serious attack in the committees of this Parliament. Of course, we have minor criticism. This is inevitable. Our roles are not the same and our viewpoints are not the same, and they are unlikely to be the same, but in general, it is fair to say, and the Conservative Group feels that it should be said, and has therefore put down an amendment to say it, that, in general, with the work that the Commission does within its mandate, we are highly satisfied.

But we have to realize, as I'm sure the President of the Commission realizes, that the ambit of the Commission's activities is strictly limited. They have the power of initiative, which is of very considerable importance, they have the right to carry out decisions taken by the Council after the Council have taken them, but within those limits they are highly circumscribed. They may not be as circumscribed as we are—in a

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sense, I suppose one could say we are less circumscribed than they in that we can talk about anything we like and do, but nevertheless, in terms of what we can actually do, we are very much more limited than they are. However, they are very much more limited, I think, than public opinion imagines them to be, and very much more limited, if I may say so than many members of this House appear to think that they are, and this, indeed, may be something that is wrong with the Community at the moment. From that point of view, then, Sir, if this debate is not a debate about the report of the Commission—and though formally it is, I would submit that it is not, but a debate about the state of the Union, as Lord Gladwyn said, and we had one of those only a month ago in Strasbourg—it becomes important to make this distinction when loading upon the shoulders of the unfortunate President of the Commission the responsibility for replying for the Community as a whole, because he cannot do it, and we should not expect him to do it. His responsibility does not cover that and should not cover that under the set-up that we have.

Of course, the failing—and we all know the failing—is twofold. It is partly due, as Lord Gladwyn has pointed out, to the fact that there is scarcely a stable government left in Western Europe. This may be coincidental, it may be that we are moving into a phase where democracy is coming under very heavy attack, in which case it is up to us, as Members of Parliament, and particularly as members of the only effective international parliament in the world, to raise a cry of alarm in that respect. It is partly due, too, I think, to another factor which we tend to overlook. In the life of any man or any institution, there comes a point where, if I may use a Marxist phrase, a great leap forward has to be taken. There comes a point where you reach, as it were, the barrier between just carrying on as you were before, perhaps making things slightly more efficient, perhaps deepening things to a certain extent, and going right forward, taking a decisive step from which there can be no going back. I think it is that point we have now reached and, indeed, have reached in this Community over the last few years, and what we have been doing really for some considerable time, certainly since 1965, has been shying away from taking that decisive leap forward which would take us from international cooperation into supranational activities. And unless we are prepared to face that fact, there is, quite frankly, not much point in going on having these debates. This is really what is behind the dissatisfaction expressed in this debate, the dissatisfaction which one can read in every page of the Commission's report, in

virtually every line of Mr Rossi's excellent resolution, and, indeed, in the very fine speech which Mr Durieux made when introducing it this afternoon.

It is not necessarily a question of technique, but I think here, if I may say so, Mr Rossi has to a certain extent gone wrong. In paragraph 2 of his motion for a resolution, he refers to the 'serious difficulties suffered by the Community' and says that the Parliament considers that their 'deeper roots are to be sought in an excessively technical approach in the process of European construction'. Well now, of course, all of us, myself included, want to get away from incessant debates about olive oil and driving licences and we all want to concentrate on the wider political framework, but there is a great danger, and I have seen it certainly in the eighteen months that I have been a member of this Parliament, of retreating from reality behind a cloud of political rhetoric, to say: we want a political community, therefore don't let's bother about driving licences and lorries, because they are not part of the political community. But, of course, they are. They are the very basis of any political community. The fact that large lorries from France can drive through the villages of my constituency is, to my constituents, almost the only manifestation they have at the moment of the European Economic Community; to them it's highly political, and they say so at regular intervals, and I'm sure the same is true in every other country of the Nine. You cannot get away from the technical aspect of building Europe by saying: let's not bother about that, let's get political. Of course, we have too many technical debates in this Parliament; of course, the Commission, as I said before, spends too much of its time thinking what it can harmonize next, but nevertheless, the technical basis is the only basis on which you will be building an effective Community. Again we have reached the stage where you have to decide whether you are prepared to take a technical step forward which will commit you to supranationality, and that technical step is quite clearly economic and monetary union. This is the point at which we are shying: the absence of it is to a large extent the cause, I think, of the economic difficulties being experienced in all our countries, because Italy is by no means alone. My own country is in a parlous economic state, so are most of the other countries of the Community. And there is no point in trying to deceive ourselves that we can, as it were, nibble away at this problem and pretend that, on 1 January this year, we passed from the first to the second stage, when we haven't even reached the first stage. As I said before, we have made no progress in this

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field at all since the Paris Summit, and we have made no progress because the commitment to the type of supranational union which it involves is not there.

I think, therefore, that in this report from the Commission and the reply which it is proposed we should make today, we are faced once again with the following question: are we prepared to try and create a genuine Community, or are we happy to stop short where we are with what is, in effect, a fairly inefficient industrial free trade area? This is the problem we are faced with; this is the problem, as far as I am concerned and my group is concerned, that we have really got to study in depth and which we intend, as a group, to study so as to put proposals before our colleagues in this House. But I think it is a problem too, which the Commission ought to be studying as well, because, although they are much more committed, both as a body and as men, than the governments of the Community to this, nevertheless, they cannot go on pretending that, in some way, we are making progress when we all know we have stopped dead for so long. So I have no detailed comment other than the one I have made on the document Mr Rossi has put forward.

I think that the three basic proposals that Mr Durieux mentioned to us are essential if any progress is to be made at all. Democratization and effectiveness of the Community? Yes. Then it really is about time we heard from the Council what they are going to do about budgetary powers, and it really is about time that we ourselves made up our mind what we should do, because the tasks rest with us of drawing up plans for direct universal suffrage, strengthening of economic and monetary union, (of course this, as I have said, is absolutely essential if any progress is to be made at all), assertion of European solidarity and identity. Certainly we must develop some kind of common foreign policy. We cannot, therefore, shirk the fact, as Lord Gladwyn and my friend, Lord Chelwood, have so often stressed, that this in turn is bound to lead to consideration of a defence policy, and there is no point in trying to pretend that it doesn't.

What I think we have got to say today, and say as clearly as possible, is that we cannot unload our dissatisfaction on a Commission which is not responsible for the causes of that dissatisfaction. We can take action here only as regards the Commission, except in our right to question the Council. That, perhaps, we ought to make greater use of—we haven't been making very much use of it lately—but in so far as the report of the Commission is concerned, let us at least, in the detailed criticisms that we make, make

also the point that, within their mandate and within their limits, they discharge their duties extremely effectively and well.

(Applause)

President. — Go raibh maith agat a dhuine uasail. Glaoim anois ar an Teachta Tomás O Nualláin.

I call Mr Nolan to speak on behalf of the Group of European Progressive Democrats.

Mr Nolan. — Mr President, colleagues, the Seventh Annual Report from the Commissioner on the activities of the Communities comes, as Mr Durieux rightly said in his opening remarks, at a time of indecision and stagnation, and this is mainly due to domestic politics in the member countries. At a recent Council of Ministers meeting and perhaps for the first time, a minister from a member country referred to the political manifesto of his own political party. The introduction of domestic politics or party policies into Community affairs as a lever to gain votes in national elections is something that we should all deplore and runs counter to the principles under which the founders of this Community first launched the European ideal.

Now I have said that the main blame for stagnation and indecision comes from domestic politics, but apart from that we must leave a portion of the blame at the door of the Council of Ministers. In October 1972, the heads of state, meeting in Paris, laid down guidelines for action in the Community, and furthermore committed themselves to deadlines, in particular with regard to regional policy. This regional policy was to be introduced in January 1974. While we all are realists and we understand the difficulty about Community financing as far as regional policy is concerned and particularly because of the commitment made by the heads of state, some of the Council of Ministers appeared like a group of mathematical students plodding their way through figures instead of concentrating their efforts on Commissioner Thomson's criteria for a regional fund or at least setting up a limited regional fund on the basis of pilot areas. This would at least have given us some kind of regional fund and furthermore would have provided valuable experience for the eventual creation of a real regional fund.

One of the alleged successful areas in the Community has been the common agricultural policy. But one must ask if it is really a common agricultural policy. For example, we still do not have a common sheep policy. Is it because sheep are only reared in the poorer areas of the Community and the voice of those sheep farmers is not loud enough? Is this the reason? In my first

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intervention in this Parliament early last year, I asked the Commissioner about this, and in his reply, for which I thank him, he informed me that he hoped to put forward proposals before December of last year. To my knowledge these proposals have not been put forward, and I should like to know when they will be put forward. I very much agree with the rapporteur when he says that while certain commitments towards Third-World countries must be maintained, the basic principles of the common agricultural policy are also essential.

The initiatives taken by the Commission in the field of social policy are to be welcomed, and particularly those in respect of handicapped and migrant workers. In this social field, we have a series of realistic proposals which will go a long way to giving the Community a more human face and protecting the more vulnerable of its citizens. With the advent of the energy crisis and its likely consequences on employment, Community action in the social field has been rendered more than ever urgently necessary. During this period, the maintenance of full employment as a first priority in national and Community policies must be the very basis of a common strategy in approaching the problems caused by the energy situation.

Mr President, in conclusion, I should like to say that unless the Member States in the coming months show signs of stronger political commitment to the Community further stagnation will set in and the whole integration process which would eventually lead to European union will come to a halt. If we wish to create a European identity or personality amongst the citizens of our Community, we shall do so only if the European Economic Community is seen to have a day-to-day economic advantage, and it is only at a Community level that problems such as inflation, the energy crisis or the question of a reasonable policy can be solved.

(Applause)

President. — I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

M. Leonardi. — *(I)* Mr President, I share the views some of my colleagues have just expressed on the need to review the way in which we debate this annual report, just as I endorse their comments—many of which had already been made in previous years—to the effect that the way in which we discuss the situation of the Community, expressed and illustrated in the annual report, must be changed.

On reading this report on the activities in 1973, we certainly gain a clear picture of the facts, but there is little effort at interpretation, so

that, after our reading, it is difficult to understand why, despite its intense activity, the Community is now faced with a grave situation which is not one of progress but of regression, and why 1973, which was intended to be a period of adaptation to the new dimension, turned out instead to be a year of crisis, of the disappearance of any prospect of achieving economic and monetary union and even of an incipient break-up of the customs union.

For example, Chapter V makes no attempt to interpret the fundamental reasons why it proved impossible at the end of 1973 to make the transition to the second stage of economic and monetary union as had been planned. The report is certainly of considerable technical merit, but it does not explain the reasons for the failure of the EURATOM research policy or the background to the behaviour of the big oil companies, which, after flooding Europe with cheap oil for many years, and following a misguided policy which had no future, were then unable to assist it by granting an adequate period of adjustment to the new situation imposed by the producer countries. On the other hand, the report notes many facts; on page 326, for example, it recalls that a sum of 25 million units of account has been earmarked for Community projects in the area of technological development directly linked with activities of exploration, production, storage and transport of hydrocarbons which are of vital importance to the security of Community supplies. But the paucity of this figure when compared with the Community's real needs is not mentioned. On page 333, we find a note that 6 million units of account have been set aside for research projects in the coal sector; but this minimal amount does not even fully use up the ECSC's own resources.

Moreover, there is no reference, in the detailed outline of regional policy projects and efforts made in this area or in that of social policy, to the Community's complete inability to arrange for a transfer of resources within its territory, and we are increasingly remote from the achievement of a homogeneous Community in which the distribution of labour could effectively utilize all the regions and all the available manpower resources.

Provision for such distribution was made as long ago as 1956 by the Intergovernmental Committee set up by the Messina conference; it might not be a bad idea to distribute copies of that committee's report to the Members of our Assembly in order to give them a clearer idea of the extent of the failure and hence of the present crisis. In its Seventh General Report on the year 1973, which, as I said earlier, was the year of enlargement but also of crises in which

Leonardi

the impossibility of continuing on the present lines became manifest, the Commission confirms its limited possibility of offering political interpretation of the phenomena which it has observed with great accuracy and describes with remarkable precision.

On the other hand, the brief introduction contains a number of apposite remarks, such as the comment that in the euphoria of the substantial economic development of our continent in the sixties we did not wish to recognize that the world was changing. We continued to live in Europe on the basis of concepts and reference points which were no longer immediately relevant. That is certainly true, but it would be appropriate to draw the relevant political consequences in specific instances and on the major technical and political problems; but here, as I said earlier, we have no more than a technical description.

Many of these aspects are referred to in the Rossi report, but it then makes constant references to the Summit conferences, which we do not believe can bring any solution; and it even praises the Community's competition policy, although we know only too well that this policy was non-existent when action should have been taken on the big oil companies which caused such damage to our Community.

Faced with the present situation, we believe that this Parliament should take action without awaiting new powers and a new method of election. After 15 years the Community is facing a serious crisis, as are all the governments of the Member States, and so instead of waiting for one thing we are waiting for something else: now we are waiting for the end of the crisis in France, Italy or Germany—and so it goes on. While we are waiting for the crisis to end in one country a new crisis begins in another, and one might be tempted to attribute the crisis in the Community to these crises of government. But in reality the opposite is the case: the governments are in crisis because they have not been able to find within the Community the solution to important problems for which there can no longer be a solution at national level. And so we are caught in a vicious circle which, if affecting the whole process of Community construction, and a way out will certainly not be found by having recourse to external initiatives such as Summit conferences, whose decisions are subsequently not applied by the very governments which contributed to their adoption. What is needed, then, is a real breakthrough, and that, I think, is also what Mr Kirk was getting at earlier. Once again, as we have done in the past, we urge this Parliament—using and expanding on the many Community docu-

ments supplied by the Commission—to make a critical appraisal of the impact of Community policy on the development of our countries and on the Community as a whole, in order to create the objective bases for political choices to be made. Our request has already been put forward in earlier years, for the first time in 1969, when Mr Rey was President of the Commission. And we were assured that action would be taken.

In that sense I can endorse the proposal of my Christian-Democratic colleague who called for a discussion in the presence of the entire Council of Ministers. We must be able to answer certain questions which are fundamental to our future development, such as whether the customs union pursued up to now has created the basis for an economic and monetary union, or whether the opposite is the case; and whether the division of labour as it now stands within the Community is such as to make for a better utilization of the available resources, or whether the opposite is true. Is there in fact an objective basis to arrive at solutions to the Community objectives which each of us interprets differently? If not, why should we go on talking in circles here?

In our opinion, the present crisis should encourage us to re-examine the validity of the principles set down in the Spaak report of 1956, which provided the starting point for the treaty which now exists, and to make a similar effort of analysis and put forward political proposals in the light of the new situation and our experience up to now. We must cease to await solutions from institutions which are even less well adapted to the reality of the Community than this Parliament.

President. — I call Mr Johnston.

May I remind the House that speakers now have ten minutes each? I would ask them to speak within the time allotted.

Mr Johnston. — Europe, it seems to me, is in the grip of political schizophrenia. At all levels people are saying one thing and doing another; they applaud the dream, but they do not face the reality. Nowhere, perhaps, is this split-mindedness more evident than here in this Parliament. We shall undoubtedly applaud the Rossi report later this afternoon or evening, we shall deplore what he deplores, we shall condemn what he condemns, we shall regret what he regrets and we shall commit ourselves anew to the high ideals of political union and economic and monetary union and effective regional policy and fair competition and the like. We shall then return to our various national parliaments—who sent us here in the first place

Johnston

—and watch them render these aspirations null and void and sometimes even help in the process.

The short-term actions conceived by national governments to overcome domestic pressures have already been listed by other speakers. We were speaking about Italy and about Denmark this morning; we have gone over the problems of France, currency and oil and Germany and her contribution to the regional fund and Britain and oil and the *juste retour* and the common agricultural policy and the like. These are the things we go back to discuss in our own countries, and these are the things that we can, as individual members of parliament in our own national circumstances, so often find special, immediate circumstances to excuse.

I think we ought to face this fact that we sometimes behave in different ways when we are here from the way we behave when we go back home. It is something that can't go on much longer, because it reflects itself very much in our own electorate. How in fact does our electorate—the peoples of our countries, the peoples of Europe—how do they behave now? They are faced with raging inflation, in practically every single one of our countries, and they have little time for anything but the short-term; wages chase prices, and in the absence of European answers they increasingly turn back into themselves and clutch at nationalist solutions, solutions which we may know to be escapist but which we are ineffectively combating.

Two and a half months ago I took part in an election in my home district in Inverness, in Northern Scotland. While the electorate did entrust me with a further period as their representative, I was very struck by the extent to which I had all the time to defend the Community—defend, defend, defend all the time. The ordinary Scotsman blamed the Community for rising food prices, feared for his fishing grounds, suspected the Coal and Steel Community, didn't believe the regional fund would ever come about. There was a lack of faith, a lack of trust, a lack of confidence. Some indeed took the straightforward selfish attitude that, after all, we had discovered oil in the North Sea, so all the Europeans could go hang anyway. And that is very depressing.

So how, then, do we reinvigorate Europe? Why is it, as so many speakers have already said, that we in the Parliament so often appear to be in accord with the Commission? We agree with the Commission again and again, we find it very difficult to criticize the Commission, and indeed this is shown very clearly in the

Rossi report and in the remarks made by my colleague Mr Durieux when introducing it. Why? Because, you see, the Commission and ourselves in this Parliament are in many ways similar: we are at one in being removed by at least one stage, in some cases two stages, from the pressures of persuasion and justification which the vote imposes. There is no doubt that this Parliament, being not directly elected, behaves in a very different way from the way in which it would behave if there were direct elections. And the Commission too, you know, is quite remarkable when you think about it. Here you take so many men—it's remarkable that they're all men, incidentally: I'm surprised that no one has drawn attention to this before—you take so many men representing national interests on the one hand, appointed by the national governments and representing political interests as well—you have Gaullist and you have Conservatives and you have Socialists and you have Liberals—and behold, they sit down and they manage to agree, and they develop a collegiate loyalty which is quite admirable and quite unique, I would imagine, in all the world. Why is it that the Community through the Council can never succeed in doing quite the same thing?

What, then, can we do?

It seems to me that the Commission and the Parliament have a common interest in saying to the Council after the various elections are over, after the French elections are over, after the German elections are settled—possibly we must even wait until the next British election is settled as well, but at any rate until there is a stable situation ahead of us—that there is a necessity in the first place for a new Summit meeting involving all the new governments and possibly, in some way or other,—a point which, perhaps, one hasn't thought about fully—the major opposition parties as well. Because it is a factor of reality within this Community that a situation is emerging in which a change of government takes place suddenly and unexpectedly as, for example, now in Denmark, with the result that Denmark's voice in the Community is the voice of a party of 22 Members of Parliament, which is a very, very strange situation. While the immediate situation may demand a change of administration within a country, the long-term European solution demands that certain policies be maintained consistently through changes of administration within different countries; and I don't think that the sort of position which has arisen in Britain should be allowed to happen elsewhere. There might therefore, be some justification in associating opposition major parties in such a Summit meeting.

Johnston

Secondly, it seems to me that a need is now quite clearly demonstrated for a standing political committee of the Council, a committee of European ministers representing each of the countries, which is in permanent session and able to deal with the changing economic and political situation and respond to these changing circumstances and maintain political impetus.

One thing for sure, as my colleague Lord Gladwyn said: we are essentially engaging here today—in a practically empty chamber for the very real reason that Members place their own domestic political demands before the demands of this Parliament, which is another reality one has to face—we are engaging in a state-of-the-Union debate, and the state of the Union is grave. With the economic circumstances as grim as they are, we really cannot allow political drift in Europe to continue very much longer. If we do indeed do that, we shall one day—perhaps a day not far distant from now—be entitled to suggest that Nero would be a suitable figure for our patron saint. You will recall that he fiddled while Rome burned.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* During the debate on the General Report, it has been our custom for the past two years not only to consider what our colleagues have quite rightly called the 'state of the Union'—in other words, the general situation as it has developed and matured in the past twelve months—but also to assess the future prospects and the best way, criteria and approach to face the present situation.

Our debate is being held at a time when all of us, as has been made abundantly clear today, share the same feeling of anxiety. There is a phenomenon of stagnation, as Mr Kirk has pointed out, we are at a standstill, but certain processes seem even to be jeopardizing the major principles underlying the construction of the Community.

At the same time, a whole set of external and internal situations give us reason to move forward, because outside this Community, its principles and its fundamental criteria we have no alternative: there is no other way for us not only to resolve our internal problems but also to assume those collective international responsibilities which we cannot refuse as Europeans.

We are living through a period of grave and profound crisis. At this time we must be aware not only of the dangers but also of the difficulties and of all the points on which there can be no compromise without jeopardizing all

we have achieved. We often hear talk of a review of the fundamental provisions of the Treaty, a review of the essentials of the common agricultural policy and a rethinking of the main principles of economic and political integration. For my part, I firmly reject any talk of this kind: on the day when we cease to make that effort which we have constantly made up to now to lay, gradually, the foundations and basis of our Community, on that day we shall embark upon a process of disintegration of the utmost gravity.

I therefore endorse the reasoning put forward in the General Report to the effect that while we must look closely at the present crisis and consider how best to face the future, we must do nothing to jeopardize the foundations and cornerstones of our conception, of our legal and political structure.

As to the three main headings of Mr Rossi's report—namely, democratic evolution, the progressive construction of economic and monetary union and the acquisition of a real capacity to open a dialogue and take political action to settle our relations with the outside world—I agree broadly not only with the main outline but also with the content.

I should like to dwell for a moment on one particular subject—namely, the developing countries. We are passing through an extremely delicate phase in which the Community's patient efforts to achieve a wider association, to improve it and make progress by overcoming the initial difficulties so that it can become a living and convincing example of our ability to answer the problems of the world and of international co-operation with a new vision, must move ahead to new successes.

The associated countries have now been joined by an increasing number of associable countries, and they are all engaged in common negotiations. The next few months will be decisive for these negotiations: we know that there are deadlines to be met at the end of the year, that these deadlines are of exceptional political importance and that the fundamental obstacles at present are in Europe rather than in the Member States.

We must face this situation squarely. I believe it would be really serious if these great negotiations were to encounter insurmountable difficulties because we cannot agree on the amount of aid to be granted, on the most equitable means of administering this aid and on other vital aspects of the association policy such as freer access for tropical products to the European markets.

Bersani

This morning I already dissociated myself from certain intentions and measures of the Italian Government, because it seems to me unjust and politically negative at this time to restrict exports from these countries to the European market. I believe that in this great enterprise we must make whatever sacrifices may be necessary and find internal solutions to our balance-of-payments problems; we must certainly show a clearer resolve to achieve the aims we have set ourselves.

I think the time has come to address an urgent appeal to the Member States' governments, calling upon them to find a rapid and equitable solution to their differences of opinion on these matters. There is no time to be lost; time is working against us in a most dangerous manner and, let me repeat, a success for the Community in this area would be very important from many angles.

President Ortoli, we all know how aware you are of this problem, and we would give you all our encouragement in the efforts you propose to make during your next journey to Africa in order to clear away the remaining difficulties. We must break out from the situation which has been dragging on dangerously for several weeks and is resulting in a dangerous deadlock between the two parties.

As regards a number of special measures, I believe we should support the initiatives taken by the Commission lately in favour of the 25 poorest countries, those vast areas of the world which are more dramatically threatened by the present situation of shortage, difficulty, hunger and drought. For the first time the Community has offered the basis for widened cooperation, taking in all the international institutions, and placing itself as the reference point for a vast programme of specific initiatives in this sector. I believe this is a new aspect of Community policy, an aspect we must encourage and support, just as we must encourage and support the specific measures aimed at the tormented area of the Sahel, from which we continue to hear extremely alarming and disturbing reports.

Mr President, I shall not go on. I wanted to draw Parliament's attention to this problem and call once again for solidarity in our relations with these countries, which have set high hopes in the construction and development of our Community. Working together in this sector, I believe that by changing these associated countries more and more from recipients of development aid into effective partners in development, in a spirit of equality and completely open political and economic cooperation, we shall be

able to make an increasingly valuable contribution to development and cooperation on an international scale.

(*Applause*)

President. — I call Mr James Hill.

Mr James Hill. — Mr President, I think I have seldom heard a more dismal series of speeches from the floor of this chamber. In fact, I would take issue on it. Was it all so very different on 1 January 1973, when the new Member States joined? Perhaps the older Members of the chamber can tell me: were you galloping ahead with your policies? Was the Commission forthright? Was the Council of Ministers passing the directives as fast as they were churned out? Perhaps there are Members here who see this chamber before 1 January 1973 in this position. I very much doubt it. We have had a series of very unfortunate events—the death of a President, the resignation of a Chancellor, the defeat of a Prime Minister, an oil crisis, the difficulties of trying to move into a new evolution in a commercial world which was completely changed almost overnight. So we have had a series of unfortunate events. If we are not too clear on this, there is a danger that we shall become not only a chamber of natterers to each other, but a chamber of grumblers, and there will be no policy really too small for the dogs of the chamber to tear to pieces in front of our very eyes. Of course there is going to be frustration in this chamber. We were told long before the United Kingdom joined that this was an opinion-making body. Are we so surprised sometimes when our opinions are not taken as gospel, when the Council of Ministers cannot agree on our opinions? Even the Commission themselves on regional policy refuse to accept our amendments, at any rate seven out of the ten amendments on the regional policy document. Of course it is frustrating. Of course our opinions are ignored. Of course the Commission is doing good work. Of course the Council of Ministers won't agree on certain policies. But is this so very different from any other parliament? I can remember many debates in the House of Commons where the attendance was not as large as this, and certainly the policies that go through the House of Commons are not always accepted, at any rate by the present Government. Are we, the British delegation, any freer to give opinions than we were on 1 January 1973? We as a delegation are at the moment particularly hamstrung. We are, by protocol, bound not to criticize our own ministers. That is enough to hamstring us, and we are, as a delegation, fighting a rearguard action of great criticism within our two Houses, so we are here, possibly, on

James Hill

borrowed time. But if we do have these tendencies to denigrate this chamber, then the chamber will gradually lose more and more force. We have the publicity media ready to denigrate it: they will take down every word you have said today and use it to the greatest possible effect. There are nationalistic tendencies in every delegation: we are aware of them—we have them ourselves. But unless we get out of trying to talk ourselves into a trough of despair, we shall get into a position from which we shall be unable to escape.

Consequently, I am going to speak on two matters on which I think we have made considerable progress.

I certainly think of regional policy. On 1 January 1973, there was no regional policy programme—there was a recollection that the Summit had said in 1972 that you chaps ought to get together and draw up a few documents. The Commission, in May of last year, produced documents which were particularly heartless at the time, but these have been humanized in the committee. And the transport policy! We have now a new Commissioner, who, I think, is certainly on the right track: the transport policy has indeed picked up and has far greater impetus than it had on 1 January 1973. It is exactly the same with regional policy. Two items from *The Times* only last week: 'Strategic plan for the North-West of England seeks EEC aid', 'EEC seen as a ray of hope for Northern Ireland'. They are all talking about our Regional Policy Fund, and the documents are good, and the surveys that are being carried out are good: the visit that we have just made to the Republic of Ireland and Northern Ireland—very, very good. You have to see these basic trouble spots actually there and talk to the people that have the local searching out, the local consultations, to the regional development organizations on the ground. Certainly the Commission should, I think, have talks with every region on its policies as soon as possible. Don't let us sit back and think that we shall not be receiving a Regional Policy Fund! We all know we shall get a Regional Policy Fund in time, once the Council of Ministers have sorted out their own difficulties; it may not be as much as we want, but it may be an ever-increasing fund, over the years. So, with that, I would think that the regional policy side is hopeful. It just requires that the Council of Ministers get together to decide the amount of the fund.

With regard to transport, of course, we've got problems, inasmuch as the Council of Ministers do tend to look at transport as something that really doesn't affect economic and monetary union. Of course it affects it. It affects it as

much as the regional policy programme. Transport, which is 6 per cent of the gross national product of the Community, is of vital importance. It earns and uses more money than the agricultural policy that we hear so much about, and indeed, these are the things I think the new Commissioner, Mr Scarascia Mugnozza, will be attacking. We do want regulations, we want them approved; we've heard that heavy lorry weights are something we can't agree on. No, we can't agree on these things immediately, but I think we are getting to a stage now, after the desperate events of the last few months, where we realize that this self-criticism must cease, that this progress that we make will be made in the Council of Ministers. The documentation and the work done by the committees will not be wasted. I think we've got to put a rather higher gloss on the work we do here and, as a chamber, remember that we can talk ourselves into a standstill. And with that, Mr President, I hope I haven't been too forceful. I think we are going on the right lines, both on regional policy and transport. I can't speak for the others, because I don't have much to do with their committees, but I am hopeful. I realize the difficulties, I congratulate the Commission on the work they do, I congratulate the Council of Ministers on what little they get through, because I know what tremendous pressure they are under. Mr President, today is not a day, I think, for despair, because if we despair here, then the whole Community will grind to a halt. *(Applause)*

President. — I call Mr Maigaard to speak on behalf of the Communist and Allies Group.

Mr Maigaard. — *(DK)* Mr President, I should like to compliment the Commission on its report.

If we believe it is important for the public to have the possibility of following the work that goes on here, then I feel it must be stressed that the Commission's reports, both this year and in previous years, are an invaluable source of information, and provide an insight into the problems that are dealt with in the Communities. Gratitude is therefore due to the Commission, even from those of us who are critical of the Communities, for the very thorough report it has submitted. I should like to oppose the view that a shorter report should be submitted, since it is precisely the very full General Report which makes it possible to obtain information on so many subjects, and this is valuable for the public and for us too.

Looking critically at the General Report, and also Mr Rossi's report, I find two points of interest.

Maigaard

The first is that it has now been recognized that there is a crisis in the Community and one should not be ungrateful for that, since realism is a good thing. It is good to base one's policy on reality. One should take things as they actually stand as the starting point for discussions. Therefore I believe that Mr Rossi's motion—which I do not agree with and shall not vote in favour of—is worthy of appreciation in that it publicly announces the crisis facing the Community today.

That is one interesting aspect which should be raised in connection with Mr Rossi's motion for a resolution and the General Report.

The second point which deserves attention is the policy which Mr Rossi and others suggest in order to overcome the crisis. There is a realization that a crisis exists and so the question is raised, how can we overcome this crisis? In my view, and this is important, Mr Rossi and a number of other speakers here have repeated what they have always said. The new situation, the crisis in the Community, has not led to any new attitudes, it has not led to a review of policy, it has not led to a critical reappraisal of things that have been said over so many years, which are still considered correct; there is simply a repetition of what has been said up to now.

I found this interesting, and it was well summed up by Mr Peter Kirk, who had to turn to Karl Marx to explain what was really needed. There should be a qualitative change, and Peter Kirk explained to us in the words of Chairman Mao that what the Common Market needed was a great leap forward. I find it characteristic that Mr Peter Kirk should take his examples from Marx and Mao. In a moment I shall explain why I feel that the position taken by Peter Kirk and others is surprisingly reminiscent of classical Trotskyism, but I shall talk about that later.

In my view the most important fact is that, despite the recognition of the crisis, we are still hearing what has been said ever since 1958. The supranational element must be strengthened, the European Parliament must be strengthened, the Commission must be strengthened, there must be widespread harmonization, economic and monetary union must be created—a magnificent instrument—and we are told that before 1980 we must sort ourselves out into a political union. People are still saying these things, and people are still actually taking the communiqués from the Paris Summit and the Copenhagen Summit seriously instead of recognizing that both those historical documents are of little relevance today. I think it is astounding that in this debate, regardless of the

situation, regardless of the crisis, people are repeating what has been said since 1958. This is what reminds me of the Trotskyists, who regardless of what happens insist that next year there will be world revolution. This is more or less the same as what the majority of those here in the Assembly have been saying—that next year we shall get started with economic and monetary union, and next year we shall achieve some of the goals laid down in the communiqué of the Copenhagen Summit, etc.

There is an interesting inconsistency, I think, in the fact that the situation has so completely changed and yet the arguments about the crisis are so very much the same old arguments. I cannot believe that the crisis will be dealt with along these lines. In my opinion, a new and critical situation demands new lines of thought; we need a policy for the crisis.

I shall therefore say in conclusion that it seems to me the wrong attitude when various colleagues today, both this morning and now, say that the alternative to a supranational harmonized Europe, a political union, is what is referred to as pure nationalism. So we either accept the *ex cathedra* doctrine pronounced in Copenhagen, or we fall back on national egoism. I do not believe that this is the right attitude to the problem; I think this is the wrong way to see the situation. I believe we must be quite clear that if we wish to get through this very difficult period, the very difficult economic situation facing the whole of Western Europe, then we must think critically and aim at renewing first of all the geographical framework of the Community of today. Is it the right framework? Is Europe really the nine countries represented here? Geographically, it is surely something rather different and far larger. Secondly, we must take a critical attitude to the social content of the Community as it stands. Is it such that problems can be solved in the way they have always been tackled—an approach which has now landed us in the crisis which faces both the Community and the Western economy as a whole—or are there other ways of governing a society, are there other ways of creating international cooperation than those followed here?

I believe that both questions must be raised—both the question of the geographical situation, whether the Nine really represent Europe, and the question of social cooperation. I certainly reject the view that the alternative to a supranational Europe is a regression towards national egoism: there are other and better possibilities.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — I was not quite sure what Mr Maigaard was advocating. I am not myself an expert on Marxism, but my visits to the Soviet Union and China showed me that when they talked about a 'great leap forward' they were starting from pretty far back, and I am sure Mr Maigaard is not advocating that we in the Community should take a great leap backwards into authoritarian methods, either of the Right or of the Left; on the contrary, I am sure that he, although he has strange allies in these affairs, supports the pragmatic and democratic approach which the great mass of members of the Community believe in.

I am going to make very few comments, because most of the things I should have liked to say have already been said. I should like to congratulate my colleague Mr James Hill on what he said. Of course, when he said, 'just requires the Council of Ministers to get together and decide the fund'—'just', that is the nub of the problem. They get together all right, but they don't decide, and that is what we in this Parliament are trying to get them to do. I think few of us underestimate the difficulty that the Ministers all face, but we are urging them to get on and do a bit more about it.

Mr Rossi's very interesting report and the admirable speech that Mr Durieux made when presenting it to the Assembly cover, of course, the first year of enlargement of the Community, when the United Kingdom and our Irish and Danish colleagues became Members for the first time. If some of this report has been overtaken by events, it is nevertheless for all of us who joined in 1973 a very interesting document. There is, throughout it and throughout the speeches that have been made this afternoon, a recurrent theme about the need for political will, for greater political decision, and this is covered in paragraph 2 of the resolution, where they talk at the end about 'the attendant weakening of the political role of the Community's institutions'. I raised this this morning in my question to the Minister and described his reply as unsatisfactory. I don't, of course, blame the Minister, because he has been very helpful in a great number of his replies, and I appreciate, as I think the whole Parliament does, the difficulty that he and others are up against in the Council of Ministers. However, I for one, like a number of my colleagues, refuse to be pessimistic, although we recognize the gravity of the crisis that faces the Community as a whole—indeed, faces the whole of the free world. We have faced worse situations in the past 40 years, and, as Mr Durieux said and Mr Van der Sanden, I think, too, very considerable progress has been made since the Council of Europe met

as a forerunner of the European Parliament 25 years ago last week.

I recall the aims of the Community's 'political integration' mentioned in paragraph 6 of the motion: only closer political integration will enable the Community to achieve its aims. This is something which we have got to recognize and which I think we are increasingly recognizing in this Parliament. The Six made, we believe—we newcomers—, considerable progress in the 15 years that they were working before we joined; and when in 1973 the United Kingdom and the other two Members belatedly joined, we saluted the progress which had already been made and of which we could take advantage. And I accept what it says in paragraph 7 that 'there is no alternative to the path of European integration'. I believe that, although a number of individuals and communities have looked elsewhere, for us in Europe, there is, in fact no alternative.

At the end of the paragraph it goes on to say that integration is 'essential... for world equilibrium and for the safeguarding of peace'. I should like, myself, to add there the words 'and freedom' or 'a free society', because I believe that that is the object that we all set out to achieve in this Parliament and in this Community. Our friends in Eastern Europe have peace but they have not yet found the freedom which they look forward to and, I believe, are entitled to—the freedom of a free society with free institutions, a sphere where we believe, I hope without arrogance, in the United Kingdom that we have had some success in the 700 years that we have been trying to establish the safeguards to support our parliamentary democracy. There is still much to be done in the Community to safeguard ourselves against both external (military and economic) and internal threats to this parliamentary democracy.

In the meantime, I believe that in this Parliament we can do a great deal by working along basic lines such as Mr James Hill has spoken about, by putting plans forward with the Commission to the Council of Ministers. I believe that the Parliament could make more rapid decisions with the Commission, for instance, for the finalization of some of the reports. Some of the opinions asked for by one committee from another take months if not years to get; here is one possibility of expediting our work. I believe also that the proposals put forward by our leader Mr Kirk on budgetary control have been held up unnecessarily now for nearly half a year. As Mr Haferkamp said earlier today, we should mobilize solidarity, we should go back to our parliaments and try to see whether through them, if through no other way, we cannot get

Dodds-Parker

ministers to take action on such points as the Kirk proposal.

For myself, I should like to say how much I learned in 1973 from the methods and the content of the work, particularly in committee, and from the combination of the members of the Commission at all levels—those who work there and the politicians. That, I think, has for me been one of the most interesting and satisfactory activities that I have carried out in my political life. I hope in this that the European Conservative Group have made some contribution not only to the ideas but to the practicalities of the situation on the lines that Mr James Hill spoke about just now. As Mr Kirk said, we have certainly found very much encouragement in the cooperation between the Commission and the Parliament.

And now very briefly, Mr President, for the future. On the basis of this report, what can we do, what is within our powers? First of all, I believe we can continue to urge all who are involved to carry out the three points mentioned in paragraph 69. Secondly, speaking more practically as an ordinary backbencher and with great respect for the Presidency and the Bureau, I believe that Parliament should meet as scheduled and keep to its agenda, especially when the meeting is here in Luxembourg. I hope that the exceptional circumstances of this part-session and the last will not occur again, but in any case I believe that if we are going to get ourselves taken seriously we must stick to our work and carry it through. The events of these two part-sessions, I believe, strengthen the case for direct elections, when the members of this Parliament will have the one mandate and not the two that we all hold at the moment. I believe again that committees should expedite their work in conjunction with the Commission and jointly put the proposals to the Ministers and then follow them up, as I said, in our national parliaments. Measures of very considerable detail and practicality have been taken—the regional committee, the social affairs committee, the cooperation committee—a great deal of work has been achieved and I don't think we need be unduly pessimistic about what is being done, even though some of the great issues are still hanging fire. I think also that we should remember the past when Europe was not united and the dangers and difficulties that we faced at that time. And I believe we must always keep in view the aim of political unity, however ill-defined it may be at present—and I think it is a dangerous and difficult thing to try to define it too closely at this moment: this political unity must be supported by economic and military resources, as our leader Mr Kirk said, which are

necessary to maintain our economic progress and culture within a free society.

Thank you.

(Applause)

IN THE CHAIR: MR DALSAGER

Vice-President

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, ladies and gentlemen, I shall not repeat an argument already put forward by other speakers—namely, that this debate on the report on the activities of the Commission in 1973 is open to criticism and deals with our problems at one and the same time too extensively and in too little depth. I should just like to remind you of the words of a great Italian philosopher, Benedetto Croce, who said that heroism was honesty in exceptional circumstances. Under the exceptional circumstances now facing the Community, Europe and the world—and it is impossible to deny that they are exceptional—we still go on discussing our problems as though nothing had changed.

To find an example similar to our own, I have to look back to the Parliament of the Roman Republic in 1849, which sat and debated the constitution of the Republic while the French army was bombarding Rome to restore the temporal dominion of the popes.

In my opinion it is good that this debate is taking place. It is not an empty ritual. But we must try to analyse these exceptional circumstances.

Of course I do not have the time to examine the aspects which have already been mentioned: the energy and monetary crises, the crisis of our relations with the world around us, the world of *détente* which could still be based on an agreement between the two super-powers reached over our heads, over a Europe which would be subject to limitations on its sovereignty. I would simply stress that our entire pattern of development is in a state of crisis, and it would be a very serious matter if the Commission failed to look into these problems. In all honesty, I must concede that the Commission has tried to make its own voice heard on certain developments in the crisis, but it must do much more.

I come, then, to what seems to me the central problem to have emerged from the debate. It is referred to in the rapporteur's conclusions,

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where he calls for greater effectiveness of the Community, partly by the Commission returning to its true functions. We parliamentarians do not wish to engage in unjustified polemics; but we are holding a debate with the Commission. This morning, bowing to practical difficulties, we held a separate debate on the problems in Italy; but basically they are simply part of the same problem. I shall not repeat what I already said this morning, but there is no doubt that the Treaty provides for specific relations between the Parliament and Commission. We may censure the Commission directly and compel it to resign. Perhaps one day we shall do so, not out of hatred for it, especially as we recognize the evidence it has given of good will and its achievements, but to create a traumatic break and oblige the Member States to take note of this 'problem of problems', the problem of Europe.

I have heard that President Ortoli is proposing to visit the African countries in order to make progress on the agreements with them. Perfect! But I would advise President Ortoli also to meet the political leaders of our countries who are not with us in this chamber. We are a body of respectable parliamentarians. Some of us—I refer for example to my Italian colleagues—have held positions of great responsibility in our governments, but the political forces today are the parties and it is with the leaders of those parties that you must talk. We shall not be violating their ivory towers if we say that Europe is now the central argument. In the intense debates which continued until yesterday in Italy, constant references were made to Europe, to the European context and to the need for close links with Europe. In France the political debate hinges on Europe; anxieties, illusions and hopes are anchored in Europe, the great British unknown is based on the problem of Europe; the victory or near-victory of the Labour Party which compelled Heath to resign was decided by the European question. And incidentally, while we are on the subject of the Labour Party, I should like to know what will happen in September when the British parliamentarians may no longer be able to participate in our debates if the Labour Party has not in the meantime taken up its seats with the Conservatives and Liberals in our Assembly.

I have deliberately raised this question, Mr President, because it is time for us to stop talking in this Assembly like a group of second-rate ambassadors, bypassing the real arguments and not calling things by their true name. Let us say, for example, that years have been wasted, but let us not blame everything on French policy. Let us say that we may now have to begin all over again, but do not let us blame

that on the policy of the Labour Party. Let us say that we have lost many opportunities, but do not let us claim it is the fault of the hesitations and weaknesses of Italian policy. Let us admit that we are facing great unknowns, but do not let us try to make German policy responsible for this fact.

All this needed saying. We are in fact the Parliament of the whole Community. I myself am not speaking as a representative of the Italian State. I do not have the political stature to do so and, whatever might be said, the Italian State has its own institutions, ministers, ambassadors and representatives in Parliament. Here we are speaking on behalf of the Community, and I, personally, am speaking in the name of that region of the European Community in which Italian is spoken. That is how I see my position in this Parliament.

Having said that, I would add that we are also aware of certain shortcomings on the part of the Commission, a certain deterioration in its functions; it should not accept this degradation but draw the appropriate conclusions. At the same time I am also aware of our hesitations over some matters and, to put it bluntly, our lack of imagination.

Too often we are an Assembly which talks about carp and trout instead of facing the major political issues. Too often we have to define such things as the angle of the rearview mirror on motor vehicles on our highways; these are at one and the same time important and laughable matters. We travel from our countries to hold meetings which cost the Community taxpayer a great deal, while the matters under discussion could be solved at inter-state level and do not warrant meetings at our level. On the other hand, we do not have time to consider the essential problems, such as the common agricultural policy, which we shall have to rediscuss with our English friends and with other European colleagues, face to face as in the televised encounters in France; this matter should be examined in connection with the new approach referred to by the Communist Group.

Before ending, I wish to make two remarks, Mr President. First I would stress, as I have already had occasion to do, that we must be consistent with ourselves outside this Assembly. I never tire of repeating to the secretary of my party, to my friends in my political group and to the Senate and Chamber in Italy, that the number-one problem is Europe. Here we shall stand or fall. We shall either fall in despair, losing a historic opportunity, or stand with the possibility of reconstructing our future. If Italy loses the historic opportunity of Europe it will be lost in the Balkans of the twentieth century,

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in the Mediterranean world, torn between dictatorships and adventures. I think the meaning of my words will also be perfectly clear to the other countries.

Unlike my colleague who spoke previously, I am not quick in quoting the ideas of Trotsky. My training and views have made me a democrat and I believe only in democratic methods. But let us remember that we live in an age in which formidable passions and terrible violence are unleashed about matters of little substance. But when it comes to the idea of Europe, we shall not even manage to move a hundred young people and induce them to protest to this or that minister who is only too happy to make fine speeches about Europe here in this Assembly or outside to the journalists, but then goes on his way as if nothing had happened. Today, only our colleague Lord Gladwyn has mentioned the subject of supranationality. We have not made all these efforts simply to create a political union, so dear to President Pompidou and on which an undertaking was given at the Paris Summit, but to build the United States of Europe. We have not made all these efforts merely to ensure the existence of a social fund or a regional fund. That will come later.

As an Italian, as a southern Italian—I expect you will have realized this from my way of speaking—I must say that whenever I hear references in European circles to the south of Italy, to the *mezzogiorno* and the depressed south, I have a feeling of great impatience. Why? Because this problem is either used as an alibi or exploited for the benefit of empty rhetoric. The *mezzogiorno* must be considered in the context of Italy as a whole, because it forms part of the Italian State. But if the south of Italy is a problem of another state I do not see why close attention should be given to it by the English, Germans, French, Belgians, Dutch or the people of Luxembourg where we are meeting today. There is, then, a need for political union, and in that sense I would like my speech today to have a twofold significance: we must return to the principles and jealously safeguard the commitments given at the Summit Conferences, but at the same time we must remember what we want to do and decide to do it by exerting the maximum possible pressure on public opinion and using our moral and political energies to the full. Nothing can be built in this world without great ideas. The rest is little more than idle talk.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President and honourable members, the report which we have before us

refers very clearly to a period, namely, the calendar year 1973. And here we are almost in the middle of 1974! The report, in fact, a sad tale of deterioration in many aspects of Community life, and here in 1974, mid-74, the evidence is clear before us of still greater deterioration. The deterioration is both external and internal. It is external as far as the influence of the energy crisis is concerned, external by virtue of the ever-accelerating rate of inflation in the world, external as far as our markets are concerned and external in so far as we are dependent for raw materials upon sources from the wider parts of the world. But it is also deteriorating internally when we consider the way in which Member States have in this period progressively taken under their own control decisions which, according to all the dictates of common sense, should have been rightly and justifiably taken by the Community on behalf of all the Member States—decisions on currency, measures to deal with inflation, regional policies on energy supplies and consumption, but above all, decisions having a bearing on the political will of the Community. The report spells all this out and spells it out well, and Mr Rossi richly deserves, in my judgment, approbation for his work on our behalf.

But, and here I am going to be critical, the more I study this report, the more certain I am that either I need glasses, which may well be true, or else there is not a single reference to industry to be found in the report, to industry as far as the Community is concerned. And yet it is only through the expansion and development of industry in all our Member States that the prosperity of the Community both in its parts and as a whole can possibly be assured. We have a future for the citizens of our Community no greater than that which our industrial capacity can cater for. While making this judgment, not in a destructive sense but pointing it out to Mr Rossi, may I draw briefly and humbly on my own personal experience in the field of industry in particular and in the broader field of British industry in general. And I should like to do so by offering a balanced presentation of a view of British industry before the United Kingdom's entry into the Community as opposed to the condition and view after that date. Ever since this whole question of whether Britain should or should not join the Community has arisen, British industry has consistently pressed forward its claim that, not only on behalf of Britain as such but on behalf of the interests of the wider Community, the best interests of Britain lie within that Economic Community. That was the view strongly held, strongly pressed in all quarters by British industry prior to the date of entry, and I want to confirm without any question whatsoever, that the evidence still

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shows that the judgment then made and the basis of this judgment is as valid today as it was when it was formulated as long as ten or more years ago. Industry has a firm belief in the concept of the Community, the creation of a vast and ever widening and ever richer market for its products. This belief was helped and stimulated, in the first instance, by the liberalization of trade within the Member States and, secondly, by the growing freedom fundamentally spelt out in the Treaty of Rome, freedom of the right to establish and operate in the wider territory of the Community. And once into the Community the role and the dominant idea of industry is to eliminate progressively all the manifold obstacles in the path of the full realization of the ultimate objective of a completely free and unfettered commercial and industrial market of Europe, the elimination of non-tariff barriers and the establishment of public purchasing on an equal basis. All of these are referred to in the Rossi report, but without a single reference to the implication for, and the contribution from, industry throughout the Community. By late 1973, however, not only inside British industry, but also throughout industry in the Community, there has been growing evidence of anxiety, an anxiety arising largely from the impact of the currency and monetary problems besetting Europe in particular and the world in general, and aggravated by the prices which arose at the latter end of the year as a result of the oil developments.

But more particularly blame must be laid at the door of the political crisis, which is not identified with any particular date, but is an incipient and growing shadow causing deep-down anxiety on the part of industry—concern as to whether investment is right and where it should take place, concern as to the continuity and certainty of outlets for markets, not in the immediate future, but the future which lies farther ahead and for which industry must inevitably plan its capacity. And thirdly, there is anxiety as to the nature of, and the wisdom of, the restructuring of the very productive and organizational capacity of each and every industry inside the Community. I said that 1973 saw three crises at least, currency, energy and political, but the problems created by the currency and energy crises can, in my judgment and in the judgment of industry, be solved. They can be solved by industry as the sole and the single source of all man-made wealth inside the Community. They can be solved, but only by the efforts of Community industry, and if the Community succeeds in this, it will, I assure the House, not be because of the politicians, it will be despite the politicians of the Member States. If the Community fails to win the battle of currency and energy, the res-

ponsibility will not lie with industry, however it might be identified. The responsibility will lie with the politicians. And I say this quite frankly as a public indictment of the parochial, the selfish, the narrow-minded, the myopic and the partisan opportunistic stand being taken by the different political leaders of the Member States. This report, in my judgment, provides the written evidence for the prosecution.

I should like, if I may, Mr President, to take up briefly the question posed by Mr Cifarelli: what will England do if, later this year or early next, Britain pulls out of the European Economic Community? I confess unreservedly to being biased and partisan here, and perhaps those who criticize what I have to say will indict me personally for having made a wrong judgment. But I personally believe, and I think it is a sound judgment, that the British Government wishes to stay inside the Community. But the policy is not being decided by those who are concerned with negotiation, fundamental or otherwise, but may well be decided by those who are more interested in termination. And if the United Kingdom does eventually, as a result of a governmental decision or a referendum, withdraw from the European Economic Community it will be a disaster for the United Kingdom and for industry and all those who depend upon it, and it will be a victory for extremism. As a good democrat, Mr President, and a member of this Parliament, I can only hope and pray that my faith in the people's good sense at the right time under the right conditions will prevail.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — *(F)* Mr President, ladies and gentlemen, it is now my turn to thank the speakers whose compliments have done justice to the work of your general rapporteur. It is also my turn to join some of them in trying to deal with the problems of procedure that have been raised and reflecting upon the scale of the exercise on which we are launching today.

I am not the son of an archbishop, I rarely quote the Bible, but I have certain bonds with Mr Kirk and Lord Gladwyn in so far as it is my duty to be guardian of the temple. But I do not believe that the Commission's report is the Torah or the Book of Holy Writ, and, like many others here, I have my doubts as to whether, in the month of May, we should debate a voluminous report retracing the events of 1973. Of course, one can say that this debate is less important this year, because it is a year of crisis in which we have repeatedly discussed, I would say in one part-session after another, the fundamental

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concerns of Europe. One might also say that we are all preoccupied with the idea of turning towards the future and piercing its mysteries, of trying to distinguish the lines of force which it behoves the man of politics to identify and, in a manner of speaking, to bring to life before he can exploit them in the direction he thinks best for the steps that are to be taken.

Nevertheless, I take the view that a certain amount of reflection on the task is never a complete waste of time. The only question is whether it is really necessary to devote so much time to this reflection as we are doing today. In any case, this is not what we, in fact, are doing, for the essential thing is not to discuss the Report or to talk about what the Community has been able to do, what it has brought off successfully or what it has failed to do, but to see where we are and to resume our standing debate on the state of the Community. And, heaven knows, that debate has an immense importance and a tremendous scope!

In order to finish dealing with the Report itself, which has been criticized for its size and completeness, I would ask those in the House today to take a good look at it and at what accompanies it.

It is a detailed report on the activities of the Communities, furnished with information forming a basis for precise reference on the work that we have carried out. But it is accompanied by two things which, in a sense, should always be associated with it: reflections on the past, inspired by the situation in which the report was finally drawn up, and a programme of work intended for oneself, for the Community, for the Parliament, since we are working together. Hence, the real debate on this report takes place the moment we associate the past, from which we try to draw conclusions, and the future, whose mysteries we attempt to pierce and which we try to impregnate with our will, our hopes and the passionate feeling we all have for Europe. This moment occurred during our debate on the general programme of the Community.

That, I think, is the way we should look at this Report. It is neither more nor less than a source of reference accompanied by a programme and by reflections of a general nature. This is the way in which it can best be understood.

The point about procedure has been made by a number of speakers: by Lord Gladwyn, who spoke more generally about the unduly voluminous reports we submit in support of our proposals; and by Mr Kirk, Mr Leonardi and Mr Maigaard, who expressed doubts on part of the work done here, in particular whether we were

not devoting too much time to what they called details in relation to what is essential in the life of the Community.

So far as essentials are concerned, my experience of the last fifteen months—but perhaps my conclusions are mistaken—is that we are approaching them step by step. I have the feeling that in the process of dealing with topical matters and conducting a number of debates on documents of fundamental importance, we have been unceasingly engaged—you, we and at time even the Council—in a dialogue extending beyond an analysis of questions of detail, a dialogue which has brought us ever nearer to the real problems facing the Community.

It seems to me that there is nothing worse than failing to realize what one has really achieved; and on this point, though it isn't anything wonderful, some progress has been achieved.

While I have the opportunity, I should like to dwell a little on this question of detail, this matter of the work being done by the Parliament, and ask you whether we cannot have the debate which we had promised ourselves on this subject. The Commission has been criticized for the excess of detail in which it sometimes flounders, but I remember, because I myself was the author of some of the paragraphs, a document which we presented on 30 May 1973—i.e., nearly a year ago—on practical measures that might help the Parliament to function more effectively. This document we still have to debate. It was only partly original, since to a large extent it explicitly took up reflections and suggestions made by members of this House. I have tried to recall some of the things we said in it, and I would ask the House to listen attentively to the brief and by no means exhaustive list that I shall now read out, since this may help us to clarify our thoughts on the efficacy of the action we have undertaken and in which I already see some progress.

There was a suggestion—whether from the Commission or from Mr Kirk, I don't remember now—to organize debates of a political character with the other two institutions and to address a request for these to the Council. I thought I heard this suggestion being repeated a few moments ago, but I do not think that we have seriously debated it so far. That is a point worth considering. I have also spoken to several people on the problem of the colloquies, and on this subject I stated that in my view we were a little too inclined to be attracted by subjects of the most general kind instead of confining ourselves to a few important subjects on which we could have a genuine exchange of views. I remember, for example, saying ten months or a year ago: Why not discuss among ourselves, on

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the basis of a preliminary reflection put forward by the Parliament and the Commission, a subject which preoccupies us all, namely, the degree of uniformity and centralization required for the proper realization of Europe? To what extent has the past encouraged us to indulge in excesses? Shouldn't we revise our policy, which has been criticized for being unduly based on details, even at the highest level, at a time when decentralization is the rule at the level of enterprises or at the national level? That is something that I have told some people we could perhaps debate after thinking about it seriously, perhaps asking a working group or designating some of us to think about it. I mention this idea because I think it would be possible to make some progress and because proposals are already on the table which would enable us to do something.

The Commission's second suggestion: Why doesn't the Parliament hold more public hearings? I don't insist, I am merely asking. I have often heard talk of this here. Have there been many such hearings in the last few months? Why should the Parliament not organize hearings that were more restricted but capable of enhancing this House's appreciation of the quality of our work or the value of our considerations? Why, we ask, should it not be stated quite simply, with regard to some of these detailed dossiers of which you have spoken that the Parliament has no opinion to express and informs the Council that it has no remarks to make? For... *de minimis non curat praetor*, quite simply, it is pointless to ask men who are very busy to devote their attention to details. That, so far as I remember, was a suggestion coming from the Parliament itself. In the same way, it was probably the Parliament that put forward the idea that more reports should be adopted without debate, that on certain subjects one should refrain from obliging a rapporteur to come and explain to a sparse audience things which are not always of the greatest interest for the progress of Europe—to a sparse audience because they are not of tremendous importance for the parliamentarian, either, who wants to do justice to his job.

If we want to enhance the importance of all our work, should we not insist a little less often upon unanimity? For our part, we should like to see unanimity wherever it can be achieved; but sometimes, with regard to reports on which opinions are divided, is not unanimity a means, I would say, certainly of reducing the opposition, but also of reducing the problem itself and disposing of some of the questions which you, the Parliament, should raise, perhaps even without unanimity, before the Council and the Commissions?

I should like to mention one last idea of the Commission which I thought I heard echoed, with somewhat less precision, in what was said a short while ago. We suggested that, after the big debate on the General Report, there should also be a report by the Parliament, the Parliament emphasizing the problems and ideas involved and addressing the national parliaments with a request to hold simultaneous debates on the European Parliament's reflections on the subject of Europe and to persuade the governments to come and take part in a discussion in each of the national parliaments on the subject of Europe on the basis of the work done by this Parliament.

Ladies and gentlemen, I take the liberty of observing that this suggestion was not without some importance. Perhaps it is a bad one, perhaps it will not be seriously considered, perhaps it will not be accepted either by the governments, or by the national parliaments, or even by your own Parliament; but don't you think that it is a question which deserves to be discussed, even if it does entail modifying one's stand? You will appreciate that I say that not without some malice. My intention in doing so is not to engage in a discussion with you, but to point out that we are capable of rising above details and that, life being what it is, one sometimes forgets the positions taken up by the Commission, whereas they sometimes extend much farther than is imagined. And after all, I repeat once more, all this was presented in writing on a certain 30 May 1973, and now the date is 15 May 1974. Those are my first group of remarks on the observations that you have made.

The second group. With your permission, I shall not begin once more the debate on the state of Europe. That, in a way, we have had; it was conducted in thorough-going fashion—admittedly, as was pointed out this morning, in connection with a particular case, as Mr Cifarelli observed—but it extended well beyond the particular problems concerned, which are always the problems of the moment. That debate you heard this morning, but we have renewed it on various occasions during the last few weeks or the last few months. And with regard to that qualitative leap which has been asked for, I take the liberty of saying that neither the Parliament nor the Commission can be reproached with having failed to ask for it, to demand it, with great energy. It may be that our voice cannot make itself properly heard beyond the precincts of this chamber; and quite possibly, as Mr Johnston said, we should think how, while improving our work, we can keep the public better informed and give it greater understanding. However that may be, we have

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demanded this qualitative leap. Only about a month ago in Strasbourg, I said to you: no respites, but no flights into the future!

Here are some precise points on which we ask that a stand be taken without delay. First, the strengthening of the institutions—the Council, the Commission and the Assembly. I shall return to this shortly. Then, a political break-through to the national parliaments, discussions making possible a much closer association of the living forces, as Mr Durieux has already said, with the work that we have to do: this we have called for—perhaps it was the voice of one that crieth in the wilderness, your voice and mine—but we have said it, and, I think, very forcibly. I ask each one of you to refer to his own speeches and to the speeches made by the Commission. Here I do not think that we have failed in our task.

Then, although I noticed more benevolence than fundamental reproaches in the criticisms that were made, one nevertheless has one's sensibilities; and so I shall devote a few more minutes to the, as Mr Van der Sanden said, unduly complaisant attitude of the Commission, which has sometimes met approval and sometimes been the object of blame. Today I am too old not to know that no one is perfect and that doubtless the Commission has sometimes committed mistakes, has failed to understand certain situations, has failed to profit from certain opportunities. Of this I am quite sure. But it is no good just saying things: you have to believe what you say. One cannot bandy about the internal political problems of our Member States at a time when one has to keep one's head if Europe is to advance. I won't insist on this point, but to a politician it is perfectly clear. Changed circumstances and the anxieties they inspire must not be taken lightly; the world must be viewed with an open mind, the policies to be pursued must be reassessed. And if you want my opinion, few states in the world today have grasped the scope of the events that took place in October, November and December 1973 or of their implications for each one of us, in our daily lives but above all as regards our political responsibilities.

I will, if I may, remind you of something that I said here, if my memory does not deceive me, in March: When assessing this or that situation, we think it is March 1974, whereas we are still in the middle of October 1973. We have not yet experienced the effects of what has taken place, and for this reason our behaviour has not yet been substantially modified: at bottom, we still think that little has essentially changed, that after all this old body that is Europe, racked as it is, will manage to take the shock meted out to it without surrendering too much of its former

figure. These are things we have got to take into account. The Commission is faced by these internal political problems, by these economic troubles, by this changed situation, and it does the same as you do, ladies and gentlemen: it tries to understand what is going on and, because that is its responsibility, it does its best to formulate what may be adopted as our common policy. The Commission's impotence has been condemned; its technocratic activities have been condemned; sometimes, Mr Van der Sanden, it has been said: 'The Commission has the executive power'. No! It does not. Mr Kirk has drawn attention to our unfortunate limitations: we have powers, we have the capacity to act, that is true, but we are *not* the executive power.

Deep down in myself, how many times in the last fifteen months have I had to suffer, I who am accustomed to a life of responsibility and decision-making, from decisions that have been rejected? Don't you think that sometimes I should have liked to be able to say: 'We have discussed among ourselves, we have displayed that collegiate loyalty of which one of you has spoken, and now we are going to get on with the job?' We have come to talk to you, then to the Council, and whatever has been left undone, it is not we who have left it undone. I think we have done our duty.

Once more, I use moderation when appreciating the difficulties in pursuing any political action, interpreting situations, but I do not think that we can be reproached with anything.

I should like to remind you of a number of things, because I do not think it would be time wasted if the Parliament and we were to draw up a balance together and, bearing in mind that we have put forward too many proposals that were not adopted, recall those which we have put forward and which should have been followed up.

I shall not repeat what I have already said about improving cooperation and promoting your own wish to engage the national parliaments more effectively in the discussion of our problems: these were proposals of the Commission. Doubtless, they were in part taken over from this very House. Of this, the Commission is not ashamed: it's part of the game, that's the way we want to work, and we haven't attempted to disguise our sources; but some of the things we said were of our own thinking and our own proposing. Give us credit for this, and admit that if these ideas were not accepted the Commission was not entirely to blame! If they were not debated or were rejected as being bad, this was not our fault either. Leaving aside Euratom, the beginnings of a social programme, the first

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programme for the environment, the beginnings of a programme of industrial policy and the programme for technology and scientific information, which we drew up, don't you think, ladies and gentlemen, that if in March 1973 the Commission's proposal to make 10,000 million units of account of the Community's money available to support the national currencies—with the intention of imposing certain conditions, for no one gives his money without being assured of certain conditions and also of a manifest degree of solidarity—had been accepted, the behaviour of Member States and the joint handling of Community affairs might have been different? Don't you think that we deserve credit for putting forward such a bold proposal, in a period of crisis and within a few hours, even if today that proposal is as dead as the year 1973? That is a question I should like to put to you. As for the regional fund, it wasn't 500 million, it wasn't 600 million, it wasn't 1,500 million that we proposed: we proposed 2,250 million, and 1,000 million in the third year, and we did so for cogent reasons. If our idea was not followed up, I for one am profoundly sorry.

It was the Parliament's right to say if it did not entirely agree with some of our proposals. It was the Council's prerogative to change them and to adopt a unanimous decision if the course proposed was not entirely acceptable. But we, for our part, fought and, ladies and gentlemen, if you will allow me to say so, you are not always present when the President of the Commission adopts the language of a man of responsibility. I can assure you that on certain occasions, particularly when dealing with the regional fund, I stated, in the clearest possible manner and taking each State separately, what I disagreed with in everything that had been said, what would have to be changed and the contribution that would have to be made for the sake of the overriding general interest and, between ourselves, in the name of an undertaking that was not calculated to do anyone any harm whatsoever. But we were told: 'Convergence of policies, coordination of policies...'—which I agree with, but only when the conviction is born that all this convergence and coordination of policies, costly for some, forms part of a movement of solidarity which takes account of the big problems of each Member country. Well, that is what we said, that is what I said personally, with the greatest of energy—greater probably, than that I am showing today. I assure you, without beating about the bush and without exaggerating, that on this subject we have no cause to be ashamed of what we proposed.

The pooling of reserves: absurd? absurd maybe,

but creative, for if people had been prepared to examine the problem of pooling reserves seriously they would have discovered, behind the economic conditions, a need for solidarity and for approximation of policies. You can't eliminate fundamental problems by shaking off something which seems to be of no topical interest. There has been no pooling of reserves. Perhaps certain problems that we are aware of today would have been settled differently if our proposal of March 1973 on the monetary fund had been welcomed and if our proposal of May on the pooling of reserves had been seriously discussed and accepted.

That is another thing that the President of the Commission is entitled to tell you, just as he is entitled to tell you that when he proposed a real monetary cooperation fund, a real director-general, a real administrative council, a real single road for monetary negotiations, he was not talking nonsense: these things too, I think, however procedural they may appear to be, would have been creative.

In the same way, when we suggested that we should at last settle, between ourselves and in an international dialogue, the problem of gold, that we should think over the problem of recycling capital and that we should see whether or not we can try to have grouped borrowings, a concerted action in the face of this tremendous problem of the balance of payments, we were not, I think, wrong in the proposals we made. We also proposed a higher degree of concerted action, and we said a number of things which had, I repeat, nothing whatever to do with any denunciation of the Community's impotence. I have been re-reading what we said in January on the state of the Community. It was a statement containing many faults, but a number of things seem to me to be worth holding on to. When we wrote that the moment was approaching when policies would be re-nationalized against the interest of our states and against the interests of a world that needs the presence of Europe, when we said that there was some doubt, even though it be unconscious, regarding the place to be assigned to the construction of Europe, that governments, those in responsible positions, must ask themselves whether economic and monetary policies can be mutually unimportant or even conflicting, or whether the solidarity of our economies, the identity of our problems do not demand of us a profound harmonization of our objectives, we were not being particularly ambitious, because we do not believe in the possibility of jumping all our hurdles straight away.

We put the question whether, in the redefinition of international relations which is now taking

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place (only a blind man would fail to see this) and whose results will be decisive for us all, there is any European state capable, on its own, of exerting a real influence and of pulling a weight comparable to that of a united Europe. We pointed out that, on the plane of purely national policies, each of our countries, whether it wishes to or not, affects the situation of all, whether imposing or undergoing an evolution which makes the scope of its actions uncertain and precarious. We asked that it be agreed to undertake no measures by way of trade restrictions. We went even further: we demanded that each turn to the other, to those who have the same problems, and consider at least a certain degree of convergence of strategies. Surely you will agree that one of the problems that is going to confront us is that some countries may embark upon a policy of deflation, for example, which will affect the entire world, and we shall have to decide whether we cannot counteract this by seeking a compromise between expansion and the maintenance of a reasonable level of prices. Wouldn't that be enough for a full-scale economic debate? Haven't we all a strategy to build up? This we said—again a voice crying in the wilderness—but we said it and in no unambiguous terms.

At the beginning of April we submitted to Mr Scheel a document which I would also ask you to look at again. It's a businesslike document of five or six pages, and what does it say? It says that the Council of Ministers should transform itself into a political organism, that the nine Ministers should meet on their own, absolutely on their own at the beginning of each sitting, together with the President of the Commission to discuss, seriously and thoroughly, the real political problems which are on the agenda, instead of immediately burying themselves in the reports of the experts and in discussions which have already been going on for months.

That is a question that we put to Mr Scheel; I think it deserves a reply, and that this reply would be useful for the Community's politicization, in the proper sense of the term. We raised the question of the vote, and said that abstention would be an elegant way of enabling some problems to be settled. We asked that the conduct of affairs be made stricter. That isn't abandoning the Commission's responsibilities at all, and I reject that idea absolutely. The Commission is like the rest of you: it's caught up in the maelstrom, but it is fighting and it is defending itself.

Agricultural policy: we have submitted a memorandum which you have debated. We have set forth the problems, perhaps inadequately—who is perfect?—but have we, or have we not,

put the matter squarely? As regards agricultural prices, have we, or have we not, assumed our responsibilities? We have proposed a scale of price increases appreciably less pronounced than that of world prices, and that, after all, is no mean thing in a period of inflation. Well then, to put it quite plainly, we have indeed taken the necessary steps.

As for the Italian affair, which was spoken of this morning and which my colleagues, Mr Haferkamp and Mr Gundelach, dealt with at greater length, I should like to say a few brief words without launching this morning's debate all over again.

The Commission took up the matter immediately. It made the necessary recommendations and proposals. In the course of a few days it took measures, to which the Italian Government associated itself, to facilitate a re-entry into the Community framework. The Commission stated unambiguously that it also considered that a decisive effort by the Italian Government should be reciprocated by a concerted effort on the Community's part. And I told the Ministers: this is the moment of truth for economic and monetary union; it has reached a point where the policies of the Member States are in danger of diverging so profoundly as to be in the end irreconcilable. That is the problem that you, the Ministers, are confronted with, and our solution is: today, the first phase: this Community action; tomorrow, the second phase: careful consideration of the way in which the effort to be made by the Italian Government—again, I hope, a determined effort—could be fitted into a Community action on a broader scale, which, for my part, I do not expect to be confined to financial support.

Here I will add something of which I ask you to take note: this is that, at a moment when it was difficult enough for the Council of Ministers to adopt a common position, there were at least some people who did not evade the issue. In all conscience I can say—and I shall say so explicitly—that those people were the Commission. I told the Commission that we should assume our full responsibilities.

What does that mean, 'assume one's responsibilities'? It doesn't mean switching from Article 109 to Article 108 for the pleasure of being able to say that we have got back into the Community way of doing things. It means facing up to the need for action, running the risk of a setback—but not that of landing us all in a position in which we should be powerless. And allow me to say that there is at least one institution which did things thoroughly; this, in a sense, is reflected in the press's laconic report: 'In the end, the whole affair was referred to

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the Commission'. The Commission in fact anticipated its responsibilities. It did not wait for them to be given to it. Mr Apel, I think, drew attention to this point just now: we anticipated our responsibilities because we thought that with all the risks this entailed we had to do so. I shall say no more on this subject.

A great French poet who is unfortunately a little difficult in general to understand, Mallarmé, describes a voyage to a splendid and troubled India, the ship under way and a bird perched on a mast, a bird that has a message to deliver and calls monotonously, for the ship does not change course. Neither you nor I want to be like that bird. We want what we do to have a meaning, and for this certain conditions are necessary.

The first is that we should cooperate a little more beyond the narrow precincts of parliamentary institutions, that we move beyond the rather formal and stuffy framework of our debates—here I am alluding to many things that have already been said—and go out into the streets with our ideas and our suggestions, not as professional mourners, but as people who have something to offer—something to hope for, something to strive for, something that is necessary. In the many lectures I deliver to intimate audiences, what I try to put over is: hope, will, and the awareness of necessity.

The second condition is, I think, essential. We are going to witness some very important political changes. These political changes must prompt us to rethink the problems of Europe and, on the threshold of a period of uncertainty, for which none of us here is responsible, to choose the moment when men exercising new responsibilities will have to draw up a new policy and ask themselves, as men bearing responsibility, the ultimate responsibility, what they want to make of Europe. We must act, stretching our willpower to the utmost. I don't think we are doomed to be perpetual Cassandras, and, for my part, when framing replies to any of you here, I haven't the temperament of a Nero. But I think there are moments—and they must be clearly seen, and well chosen—when it is possible to launch a joint and powerful campaign—not a lamentation, but a campaign founded on a system of ideas. For this, a strong fighting spirit and intense activity are required. Let us launch this action—you on your side, we on ours! We have no illusions about the problems, but a politician's life consists in facing problems. The work of a politician is creating the future. And now, after this period of very great trouble, we are in a position to help create the future.

Since I am fond of poetry, I asked myself while listening to and reflecting on all that you were saying: Aren't we in spite of everything the bird that has a new message to deliver? Is it really true that the cause is not lost, aren't we carrying on the present struggle simply because it is our duty to do so?

Quite frankly, I don't think so. Our position resembles that of those ships which, sailing round the world, pass through storms, where men are sometimes lost, and then encounter periods of great calm, where the crew—and we are the crew—strain their eyes towards their goal, which they must reach by making up for lost time. This I think we can do. And here I come to the last poem I wish to quote. I recalled the first four lines of the *Chanson du Mal-aimé* by Apollinaire, a poet who is more immediately intelligible: 'Je chantais cette romance en 1903 sans savoir que mon amour a la semblance du beau phénix; s'il meurt un soir, le matin voit sa renaissance' ('I sang this song in 1903 without knowing that my love resembled the beautiful phoenix; if he dies one evening, the morning sees his rebirth'). I deeply believe that Europe is a beautiful phoenix, and that though we are all confronted by a terrible problem, we shall succeed in overcoming it provided there is strength in the men of Europe.

Lastly, I should like to say to Mr Normanton that I am not entirely in agreement with what I heard him saying about responsibilities shared between the governments and manufacturers, because, as a politician, one of the essential things I have learned is that we are all co-responsible, that what happens always happens as a function of what we are ourselves, deep down. This is what gives me hope; I believe that we are men engaged on a new enterprise. The nations have made this clear for the last thirty years, Europe for the last twenty years. That, essentially, is our reality, and for that reason we may hope soon to see one morning the beautiful phoenix rising from its ashes.

(Loud Applause)

President. — Thank you, Mr Ortoli.

Does any one else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 to 15, I have no amendments or speakers listed.

Does any one else wish to speak?

I put these texts to the vote.

President

The preamble and paragraphs 1 to 15 are adopted.

On paragraph 16, I have Amendment No 8, tabled by Mr Pounder on behalf of the European Conservative Group and worded as follows:

Paragraph 16

In this paragraph, replace:

"... urges the speedy adoption of these decisions in order to minimize the duration of any transitional system which will have to be introduced,"

by the following:

"... proposes that the opportunity now be taken to review the system of own resources, with a view to ensuring that the Community has a more secure form of revenue, the make-up of which is more closely related to the financial resources of each Member State;"

I call Mr Pounder to move his amendment.

Mr Pounder. — Mr President, I share the view which Mr Rossi expresses in Paragraph 16 of his admirable report, in so far as he refers to his disappointment that it has not been possible for the necessary decisions to be made which would enable the implementation of a system for financing the Community from its own resources, in time for introduction next year. The target date of 1 January next is clearly not going to be attained, and thus it may be useful, and this is the burthen of the amendment, to take the opportunity to use the additional time provided to consider whether, in fact, the value-added tax assessment principle is the most suitable and, indeed, the most equitable system available for implementing a common finance policy. There are, of course, three elements which together will make up the revenue of the Community from its own resources—food levies, other duties and value-added tax. Although I wish to concentrate my few remarks on the subject of value-added tax, nevertheless I am bound to say that I am instinctively uneasy about the idea of using a tariff barrier as a fundamental cornerstone of revenue raising. I don't wish, obviously, Mr President, to speculate on the future trends of food prices and the consequent revenue which will be derived from levies, but if, perchance, world food prices do stay high, the result is going to be a severe fall in the revenue from food levies, and thus there will be a revenue shortage for the Community. It is because I believe that it is important to seek to eliminate the problematic element in revenue raising that I favour the idea of revenue on a straightforward and reliable basis. It follows therefore, in my humble submission, Mr

President, that we should consider value-added tax or gross national product or some other similar basis as the revenue raiser. My argument, Sir, is based on general principles, and I am certainly not seeking to espouse a special pleading for the cause of any single Member State. The principle of value-added tax may provide a simple basis of assessment, but is it the best? Would another basis not only have the merit of simplicity but also produce a more equitable result? Perhaps a gross national product basis would provide this. I am reminded of the familiar dictum, 'From each according to his means'. This seems to be eminently sensible when considering the principles of revenue raising. May I give a specific example? What would a gross national product basis mean for the United Kingdom? It would mean this, that under the value-added assessment, the United Kingdom contribution would be 19 per cent, once we get to financing the Community from its own resources, whereas a GNP basis would result in an assessment of 16.5 per cent. I can't, unfortunately, give the corresponding figures for the other Member States—I tried some basic arithmetic on the back of an envelope this morning and was able to work out what the GNP basis would be for the Federal Republic. It would be somewhere in the region of 33 per cent, for France about 25 per cent, but I can't offer the value-added tax comparisons. Now, Sir, there may be very strong arguments for preferring VAT to GNP, in which case I should like to hear the arguments, but at this stage I should like to submit my amendment to this House, as I feel that all realistic avenues of revenue raising should be considered, and a decision then made in the light of a detailed examination of all the possibilities. VAT may not be found to be the best system. Well then, let's find what is the best system; let's examine all of them now that we have the opportunity and the time.

I beg to move.

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) Mr President, I wish to begin with a preliminary statement before expressing a view on this amendment of Mr Pounder's. The motion for a resolution drawn up by the general rapporteur, Mr Rossi, whom I am replacing, is based on the opinions of the Parliamentary committees. It was solely considerations concerning the need for striking a balance between these various opinions and the fact that it would have been ill-advised to submit for debate and a vote in the House a motion for a resolution containing more than 150 paragraphs that prompted Mr Rossi to condense the proposals made by the draftsmen of the opinions. At the same time,

Durieux

many of these opinions are clearly of great importance, particularly if the resolution is forwarded to the national parliaments and debates are held in each of them. I would therefore propose to the House that the opinions of the Parliamentary committees be annexed to the motion for a resolution drawn up by Mr Rossi. This procedure would enable us, on the one hand, to avoid burdening the text of the motion for a resolution, and, on the other hand, to make generally accessible, in all their various aspects, the opinions of the Parliamentary committees on the various sectors of activity.

As for Amendment No 8 by Mr Pounder, this proposes that the system of the Community's own resources be reviewed. Meanwhile, the Committee on Budgets has not yet expressed any definite desires on this subject, since this system is not due to enter into force until 1975. The discussion on the form to be given to the system of the Community's own resources and on the modifications to it that may have to be made has therefore not yet begun, and it seems to your general rapporteur that it would be premature to anticipate this discussion at a moment when it is the Report on the Community's activities in 1973 that is being discussed. On behalf of your general rapporteur, I can therefore only ask Mr Pounder to withdraw his amendment, which in any case will be the subject of an *ad hoc* report by the Committee on Budgets.

I leave the decision to the wisdom of the House.

President. — Does any one else wish to speak?

I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

On paragraphs 17 to 22, I have no amendments or speakers listed.

Does any one wish to speak?

I put these texts to the vote.

Paragraphs 17 to 22 are adopted.

On paragraph 23, I have Amendment No 7, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

'Paragraph 23

Add the following sentence to this paragraph:

"... ; believes, therefore, that the common agricultural policy should also in the future be based

on criteria that take into account the interests of producers as well as consumers under all market conditions;".'

I call Mr Scott-Hopkins to move his amendment.

Mr Scott-Hopkins. — Mr President, I will be very brief.

When this amendment was originally granted, it was drafted for paragraph 23, which at the moment is paragraph 24. Not that this is terribly important—the point that is important is that we should mention in this agricultural section the interests of the people to whom the food is sold and the people who consume that food—that is, the consumer, the housewife; and it seems to me that mention here of the housewife's interest, of the consumer's interest, is very important when we are dealing with the CAP. I just wished that in this particular section of Mr Rossi's report the consumer's interest should not be forgotten and that there should be mention made of him or her in connection with the CAP. I think the rest is self-explanatory.

I beg to move.

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) Mr President, the rapporteur is not opposed to Mr Scott-Hopkins' amendment, but, if I am correctly informed, this amendment has already been discussed by the Committee on Agriculture, which took it up in another form in its opinion. Since this opinion will be annexed to the motion for a resolution, as I proposed a short while ago, I should like to ask Mr Scott-Hopkins whether he really considers it necessary to insert this paragraph in the resolution.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is adopted.

I put paragraph 23 so amended to the vote.

Paragraph 23 so amended is adopted.

On paragraph 24, I have no amendments or speakers listed!

Does any one wish to speak?

I put paragraph 24 to the vote.

Paragraph 24 is adopted.

On paragraph 25, I have Amendment No 6, tabled by Mr Frehsee and Mr Laban and worded as follows:

'Paragraph 25 should read as follows:

President

"25. Believes that a better balance should be sought *on the one hand* between the prices of animal and plant products, *and on the other hand between the prices of grains according to their feed value*—and requests the Council to complete its procedure on the directive introducing a special system of aids for hill farming and farming in certain less favoured areas;"'

I call Mr Laban to move this amendment.

Mr Laban. — (NL) Mr President, a brief word in support of Amendment No 6. We have no objection to the formulation as such of paragraph 25, which accords with the observations made in the memorandum on the adjustment of agricultural policy and with Parliament's own general recommendations. However, the authors of the amendment believe that, apart from a better equilibrium between animal and plant products, another important point in the memorandum must be considered—namely, the gradual attempt to improve the price ratio between different types of cereals, by compensating the price difference between soft wheat for animal feed purposes on the one hand and barley and maize on the other. Ultimately this process should lead to an identical price level, taking greater account of the nutrient value of the different cereals. We have embodied this principle in our amendment, which accords with the decisions reached by Parliament in February; I therefore urge the Assembly to adopt this amendment.

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) I have no objection to this amendment, Mr President.

President. — I put Amendment No 6 to the vote. Amendment No 6 is adopted.

I put paragraph 25 so amended to the vote.

Paragraph 25 so amended is adopted.

On paragraphs 26 to 41, I have no amendments or speakers listed.

Does any one wish to speak?

I put these texts to the vote.

Paragraphs 26 to 41 are adopted.

On paragraph 42, I have Amendment No 1, tabled by Mr Jahn and worded as follows:

'Paragraph 42

This paragraph to read as follows:

"42. Stresses the *vital importance of a common policy on public health and environmental protection in order to align Community measures in this sphere on human requirements and in particular to ensure the desired quality of life for the population;*"'

I call Mr Van der Sanden to speak to this amendment.

Mr Van der Sanden. — (NL) Mr President, in the absence of Mr Jahn I signified my willingness to speak briefly to this amendment. Actually I consider it is self-explanatory. What Mr Jahn really wanted was to improve the text. He wanted to stress the fact that an attempt must be made with the aid of Community measures to ensure that quality of public health and of the environment which people in our European society need. I do not see any substantial differences of principle between the views of Mr Jahn and those of the rapporteur, and I look forward to hearing the rapporteur's opinion on this amendment.

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) Mr President, Mr Jahn has tabled a whole series of amendments to paragraphs 42, 43 and 44. I should prefer to see them discussed jointly, since they all refer to the sphere of public health and the environment. These amendments represent the opinion of the Committee on Public Health and the Environment, which will be reproduced in the annex to the General Report. Although, in my capacity as rapporteur, I am in complete agreement with the substance of these amendments, I should like them to figure in this annex rather than burden the text of the motion for a resolution. I think it would be much more sensible to proceed in this fashion. In any case, we should, in my view, decide on these amendments taken together.

President. — After paragraph 42, I have Amendment No 2, tabled by Mr Jahn and worded as follows:

'Paragraphs 42(a), 42(b), 42(c) and 42(d) (new).

The following new sub-paragraphs should be added after paragraph 42:

"42(a) Hopes that the timetable for implementation of the environmental action programme will be adhered to, and reminds the Commission particularly of its obligations under this programme to submit appropriate proposals by 31 March 1974 for maintaining clean waters in the Rhine catchment area;

President

42(b) Calls upon the Commission to submit proposals at an early date for harmonizing monitoring methods for the protection of people and the environment against radioactivity emitted from power stations and for establishing Community criteria and health standards for effective protection of the environment;

42(c) Notes that the Commission is to take account of the present energy crisis in the preparation of its proposal under the common environmental programme, but insists on being fully informed in good time of any changes in this programme, to avoid any watering down of the proposed measures for the protection of the environment in the Community;

42(d) Urges a considerable increase in the secretariat staff of the Steel Industry Safety and Health Commission and the Mines Safety and Health Commission, so that their work can be fully effective”.

I call Mr Noè to move this amendment.

Mr Noè. — (I) Mr President, on behalf of Mr Jahn I shall explain Amendment No. 2, which proposes the addition of our new paragraphs 42a to 42d, and recommend its adoption, as the new text gives specific details of actions we have discussed in recent years; to some extent it moves away from a general statement of principle and draws attention to problems which are specific and practical.

There are four actions. One concerns the waters of the Rhine, also referred to in two questions dealt with in Question Time this morning: Parliament considered this subject a good three years ago in a report drafted by Mr Jahn, according to which action by the Commission is essential. A second proposal concerns harmonization of methods for checking radiation in the vicinity of nuclear power stations or storage centres for nuclear materials; this too seems a pertinent subject to me, especially as the work done by Euratom (in recent years as well) includes activities in this area; only last week, during the Committee on Energy's visit to Ispra, the need for further study was stressed. Then there is an action which seems very important to me in that, while Mr Jahn belongs to the Committee dealing with environmental problems, he admits that in the situation determined by the crisis of energy supplies environmental problems may be viewed from a different angle. This is an important admission which must be recognized at its full value. The fourth action concerns the improvement of working conditions in the coal-and-steel industries. This, too, is an important

matter, because it is too often forgotten that while coal exists in the Community it has to be brought to the surface, and this operation is dependent on the good will of the men working in the mines; their working conditions must therefore be improved. All these arguments are of immediate topical interest, and I believe our opinion on this amendment should be favourable.

I shall not expand on the other two amendments, which merely underline the previous texts.

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) Mr President, I leave the matter to the wisdom of the House, but I think we should not burden the text of the motion for a resolution as presented. Mr Jahn's suggested additions could, I think, be published in the annex.

Consequently, I should like to ask Mr Noè to withdraw the amendments tabled by Mr Jahn.

President. — I call Mr Noè.

Mr Noè. — (I) If the text is published, I am willing to withdraw them:

President. — Amendments Nos 1 and 2 are withdrawn.

I put paragraph 42 to the vote.

Paragraph 42 is adopted.

On paragraph 43, I have Amendment No 3, tabled by Mr Jahn and worded as follows:

‘Paragraph 43

This paragraph to read as follows:

“43. Insists that the first programme on consumer protection and information should be implemented immediately, in particular by giving priority to action in such areas as consumer credit, *consumer advisory services and reform of the law on foods including labelling*.”

This amendment has already been moved.

I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put paragraph 43 so amended to the vote.

Paragraph 43 so amended is adopted.

On paragraph 44, I have Amendment No 4, tabled by Mr Jahn and worded as follows:

President**Paragraph 44**

This paragraph to read as follows:

"44. Regrets the *complete* lack of *satisfactory* progress towards the free movement of pharmaceutical preparations within the Community and demands that *harmonization in this sector should finally be achieved in 1974, so that the free market in pharmaceuticals in the Community can operate at least partially;*"

I call Mr Noè to move this amendment.

Mr Noè. — (I) I believe this amendment should be accepted, Mr President, because it does not really lengthen the text and stresses a requirement which seems obvious to me—namely, the lack of a free market in medicinal products in the Community States. It is surely an anachronism that when we travel from Rome to Brussels friends should have to ask us to buy certain medicines. I therefore believe the amendment should be adopted.

President. — What is the rapporteur's position?

Mr Durieux — (F) I leave the decision to the House.

President. — I put amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraph 44 so amended to the vote.

Paragraph 44 so amended is adopted.

On paragraphs 45 to 69, I have no amendments or speakers listed.

Does any one wish to speak?

I put these texts to the vote.

Paragraphs 45 to 69 are adopted.

After paragraph 69, I have Amendment No 5, tabled by Mr Brewis on behalf of the European Conservative Group and worded as follows:

'Paragraph 69a (new)

After paragraph 69, insert the following new paragraph:

"69a. Expresses its confidence in the Commission and in the latter's capacity to play a decisive role in the future developments of the Communities;"

I call Mr Brewis to move this amendment.

Mr Brewis. — Mr President, this amendment is something of a novelty, but I hope that, after the brilliant speech we have just heard from President Ortoli, it will get a certain amount of support. All of us in our parliaments have a procedure for votes of censure on the government and some of us, like the Danish Folketing, I believe, Sir, have a procedure for expressing confidence as well. Under Rule 21 of the Rules of Procedure, there is only power to express censure in this parliament, which at the end of this, our inquest on the events of 1973, would not be an appropriate comment on the conduct of a President and his Commission colleagues. One can only speculate, if it were competent, what support a motion of this nature against the Council of Ministers would achieve. It is, of course, not competent and, therefore, to some extent, our rapporteur is constrained to regret the omissions of the Commission, to be disappointed by their shortcomings and delays. No doubt, when the cap fits, the Commission will wear it, while accepting the praise which Mr Rossi also metes out in his report. It is paradoxical that a criticism aimed at the Commission is often intended to ricochet and hit the Council. Like a government in a national parliament, the Commission is our only target. To us in the European Parliament, it is our executive, in a sense, our government-in-exile, on whose conduct we should take a view. I want the Parliament to take a positive attitude to the Commission's work. We do not consider it to be a remote and faceless bureaucracy in Brussels.

(Murmurs of assent from the Conservative benches)

1973 was the first year of our group in this Parliament, and so, no doubt, many of its events are deeper engraved on our memory than on that of older Members. The floating of certain Member States' currencies was a severe setback to Vice-President Haferkamp's economic policy. As a result, great troubles fell on Commissioner Lardinois's back, which is broad enough to carry the world crisis in cereals and protein and now the serious situation in the beef market. Commissioner Thompson did a magnificent job in working out a Regional Fund, only to find his proposal savaged in the Council of Ministers. Commissioner Simonet was at the eye of a storm when nationalism flared up again over oil and energy policy. Some Commissioners, and their staffs, whom one must not forget, may have had an easier time, but as a college they shared in their colleagues' troubles, and here one must single out the weight which has fallen on President Ortoli. Sometimes, one feared during the year that he would fall under the burden. All of our Commissioners are good Europeans, devoted to the construc-

Brewis

tion of our Community. I hope all the political groups in this House will be able to express confidence in them by accepting this amendment and applaud their capacity to play a decisive role in the future development of the Community.

(Applause)

President. — What is the rapporteur's position?

Mr Durieux, deputy rapporteur. — (F) Mr President, I would not wish the House to think that your general rapporteur was opposed to Mr Brewis's amendment, for a vote of that kind would give the impression of a vote of no confidence in the present Commission and its capacities. Mr Brewis would therefore have to withdraw his amendment. In any case, I leave the matter to the House's decision.

President. — I call Mr Wieldraaijer.

Mr Wieldraaijer. — (NL) Mr President, I just wanted to make a few remarks about the matters which have now been raised. Looking at the resolution on the General Report, it is clear that a large number of specific points are formulated in it, on the policy both of the Council and of the Commission. There is some praise and some criticism, and I feel that the resolution as a whole sufficiently reflects the feelings of Parliament, on the policy of both the Council and Commission. Personally, I see no need for a general formulation to say something about the policy of the Commission. In my view the Commission does not need such a formulation either. What it needs is for us to encourage it to continue with the submission and critical consideration of proposals, and for us constantly to call the ministers of the Member States to account in our national parliaments in an effort to make them complete the Commission's work. That seems to me preferable to attaching a kind of vote of confidence to this resolution by including a general formulation.

President. — I call Mr Romualdi.

Mr Romualdi. — (I) Mr President, ladies and gentlemen, I should like Mr Brewis's amendment to be maintained and put to the vote. The withdrawal of this amendment, recommended by the rapporteur, would amount in practice to its moral rejection. If I had not heard President Ortoli's speech, I should have been of that opinion. Already in the past, when I have had the honour to speak in the debate on the General Report, I have said that to attribute to the Commission the responsibility for failure to take action as tantamount to adopting a hypocritical

and unrealistic position. If there has been a lack of action and if not all the programmes laid down in the spirit of the Paris and Copenhagen Summit Conferences have been implemented, the responsibility lies, forgetting the difficulties, with the governments, which do not have the political resolve but have up to now in practice held the power to determine the path taken by our united Europe.

I find it quite incredible that we should continue to disregard the basic truth of what President Ortoli stressed several times and we see in our direct experience practically every day: we are all Europeans here, all the parliamentarians and national parties are European and this has been repeated today and yesterday. But in reality we do nothing because when we are faced with problems which require practical evidence of our capacity to move towards integration we make no progress at all, precisely because our governments lack the political resolve—for an infinite variety of reasons which we cannot discuss here and because of the infinite difficulties each government encounters at home—to achieve the set objectives. However, that is how things are and in my humble opinion, disregarding even the outstanding speech we heard from President Ortoli—who through his references to the poets raised us out of the oppressive atmosphere which hangs over us all—I consider it the duty of our Parliament to show its confidence in the Commission in this way and so confirm the hopes which must unite the Commission and Parliament in an effort to make better and faster progress towards a united Europe.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I simply wish to say that I shall vote in favour of this amendment, above all because we in this Parliament have always been in favour of efforts to strengthen the Commission as the embryo of a European government.

I shall also do so because it does not conflict with our criticisms and other remarks but expresses confidence in the capacity of the Commission to play a decisive role in future developments.

Thirdly, it accords with our conviction—and especially with mine—that we must encourage the Commission to act, and if we encourage someone to act that implies confidence in him and in his abilities.

Those are the reasons why I shall vote in favour.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, we believe that the occasion of an annual report which deals with past events is not perhaps the right time to propose a motion of confidence. I should much prefer a motion of confidence to be tabled in February when the Commission presents its annual programme. But if the author of the motion does not withdraw it, I shall propose that my group support it because there is no reason whatever at present to give the impression that we do not wish to encourage the Commission in its efforts with an eye to the future development of the Communities. In future, however, I would urge that a motion of confidence be submitted, not during the discussion of an annual report which deals with the past, but rather when the annual programme is presented. Last year I proposed a different procedure on behalf of the Christian-Democratic Group—namely, that we should no longer debate the annual report and prepare our own report on it but rather publish it as a document which is quite essential and then organize a debate on the programme and the problems it raises.

If Mr Brewis does not withdraw his amendment, I shall ask my group to vote in favour, because we do not wish to give the impression of not supporting the Commission or giving it our confidence.

President. — I call Mr Kirk.

Mr Kirk. — Very briefly, Mr President, I take the point that Mr Bertrand has just made, and I think it is a very valid one, that perhaps we ought to look at the whole procedure for dealing with the annual report and for the future forecasts of the Commission. But as we didn't express any confidence in the Commission in

February, I hoped that the Parliament might now be prepared to express confidence in the Commission in May. It seems a perfectly reasonable thing to do.

President. — Does any one else wish to speak?

I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

On paragraphs 70 and 71, I have no amendments or speakers listed.

Does any one wish to speak?

I put these texts to the vote.

Paragraphs 70 and 71 are adopted.

Does any one wish to speak?

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution so amended is adopted.¹

6. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Wednesday, 15 May 1974, at 10 a.m., with the following agenda:

- Oral Question on the protection of wild birds;
- Report by Mr Bousch on the economic situation in the Community;
- Report by Mr Della Briotta on medicinal products.

The sitting is closed.

(The sitting was closed at 6.45 p.m.)

¹ OJ No C 62 of 30. 5. 74.

SITTING OF WEDNESDAY, 15 MAY 1974

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. Report of proceedings

President. — I call Mr John Hill to speak on a procedural motion.

Mr John Hill. — Mr President, with regard to the official report of yesterday's proceedings which has just been distributed, may I say that we would congratulate the Luxembourg authorities on managing to make the printing arrangements so speedy ever since we started in Luxembourg? May I, however draw your attention to their form and enquire what progress is being made in acting on the recommendation for a new-style series of reports made in Doc. PE 33.902 by Mr Peter Kirk, as rapporteur. In this document it was suggested that there should be a series of six reports, one in each of the official languages, drawn up in such a way that, to give an example, the Italian edition would give in full those speeches made in Italian and then summarize speeches made in other languages, so that each one of us could take away a report and summary in our own language, which would be of the greatest benefit, not only to ourselves and anyone interested but, I suspect, also to the press. Now I understood that it was hoped that this system would start within a matter of months from last autumn and that it was tried successfully in last week's seminar on Parliament. We should therefore be grateful to know what the situation is and whether we can hope, and when, for the new style.

Thank you.

President. — In answer to your question, I can offer the following information.

At the request of a number of Members of this Parliament, including Mr Kirk, it was decided to try and publish the reports of proceedings of our plenary sittings in two new forms, namely:

- the issue of a 'rainbow' edition during our part-sessions in Luxembourg; and
- in addition, an analytical report of the speeches, in the six languages, after the manner you have just described.

Priority was given to the Luxembourg 'rainbow' edition, since this could be realized most rapidly. This system has been operating for some time now, and although, as you know, we have no parliamentary stenographers in Luxembourg, this edition appears without delay. I think we can say that this operation may be regarded as a success.

The second task we have been set, that is, the publication, immediately after each plenary sitting, of an analytical report in the six languages, is much a more complicated affair, both technically and organizationally. The secretaries-general, to whom the execution of this project has been entrusted, have already studied the matter carefully and asked one of our directors-general to take steps for its organization in practice. These preparations are now under way. The difficulties entailed in composing, coordinating and printing such a report are considerable, and that is why it is not yet available.

I can assure you that the work of preparation is continuing and that the matter is receiving our full attention. We shall do our best to supply you as soon as possible with the report you have asked for.

Mr John Hill. — Mr President, I am sure the whole House will be very grateful for the information you have just given us and appreciate the very considerable efforts being made by the staff to bring this improvement about.

We look forward to a starting date.

Thank you.

3. Documents received

President. — I have received the following documents:

- (a) from the Council of the European Communities a request for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation to extend the list of products falling within Chapters 1 to 24 of the Common Customs Tariff in respect of which the scheme of generalized preferences in favour of developing countries is applicable under Regulation (EEC No 3506/73 of the Council of 18 December 1973 (Doc. 104/74).

This document has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on External Economic Relations and the Committee on Agriculture for their opinions;

- (b) from the committees the following reports:
 - report by Mr Luigi Rosati on behalf of the Committee on Public Health and the European Communities to the Council for a directive on the approximation of the laws of the Member States relating

President

to the sulphur content of certain liquid fuels (Doc. 103/74);

- report by Mr Jean-Eric Bousch on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 105/74).

4. *Membership of the Parliamentary Conference of the EEC-AASM Association*

President. — I have received from the political groups the following list of candidates for membership of the Parliamentary Conference of the EEC-AASM Association:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Behrendt, Mr Berkhouwer, Mr Bersani, Mr Bourdelles, Mr Bourges, Mr Broeksz, Mr Colin, Mr Corona, Mr Dewulf, Sir Douglas Dodds-Parker, Mr Durieux, Mr Fellermaier, Miss Flesch, Mr Galli, Mr Gerlach, Mr Girardin, Mrs Goutmann, Mr Harmegnies, Mr Härzschel, Mr Van der Hek, Mr James Hill, Mrs Iotti, Mr Jahn, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kollwelter, Mr Lagorce, Mr Laudrin, Mr Lautenschlager, Mr Ligios, Mr McDonald, Mr Maigaard, Mr Martens, Mr Memmel, Mr Knud Nielsen, Mr Nolan, Mr Normanton, Sir John Peel, Mr Pianta, Mr Pounder, Lord Reay, Mr Rosati, Mr Sandri, Mr Schuijt, Mr Schwörer, Mr Seefeld, Mr Spénale, Mr Thornley, Mr Vals, Mr Wohlfart and Mr Yeats.

Are there any objections?

These appointments are ratified.

5. *Oral Question without debate: Protection of wild birds*

President. — The next item on the agenda is the Oral Question, without debate, by Lord Chelwood to the Commission of the European Communities on the protection of wild birds, especially migratory birds (Doc. 12/74).

In agreement with its author, I shall now read out the question:

'In the light of the programme on the environment adopted by the Council on the 19th July 1973, whom has the Commission now appointed as an eminent expert in the ornithological field to study and report on certain malpractices relating to the netting, shooting and trapping of wild birds other than game birds, in accordance with the undertaking given on the 26th

November in answer to Written Question No 321/73¹;

what are his qualifications;

what assistance will he have;

when can the result of his investigations be expected; will there be an Interim Report; and will the evidence be published;

were the conservation bodies in the countries concerned contacted and their views taken into consideration before drafting the terms of reference, and will their help and advice be sought in carrying out the enquiry;

what are the terms of reference of this enquiry, and do they include investigating such malpractices as bird-liming and gross cruelties inflicted on caged birds as decoys, or for show or sale;

will consideration be given to the suggestion that the import of live or dead wild birds other than game birds should be prohibited or strictly controlled;

and will the Commission give an assurance that the framing of a Community directive to prevent these and similar abuses will be treated as a matter of urgency?'

I would remind the House that pursuant to Rule 46(3) of the Rules of Procedure the questioner may speak to the question for not more than ten minutes, after which a member of the institution concerned will reply briefly.

I call Lord Chelwood to speak to the question.

Lord Chelwood. — Mr President, I make no apology for turning the attention of the European Parliament briefly from the great political and economic questions that normally dominate our debates to the growing and urgent need to protect wild birds, and I am very pleased indeed that Mr Haferkamp is here to answer on behalf of the Commission.

First of all I should like to pay a warm tribute to the excellent work done by the Council of Europe where this question is concerned. They have been in the forefront of efforts to raise standards of bird protection throughout Western Europe. In 1967 the Committee of Ministers passed two important resolutions, but unfortunately they did not lead to any worthwhile action by Member Countries. In 1972, however, the Committee of Ministers decided to draw up a study on birds in need of special protection in Europe, which was undertaken by

¹ OJ No C 116, 29 December 1973, p. 10.

Chelwood

the International Council for Bird Protection, and this study was completed in 1973. As a result of this detailed study, which the Committee of Ministers examined, they did in fact adopt last October a resolution, No 31, on birds in need of special protection in Europe, a resolution which recommends member governments to reinforce legal and administrative measures, to give special attention to migratory species, and other questions as well.

I believe, Mr President, that we have two main objectives which we can all share where this question is concerned. First, to protect bird species that are rare and may well become extinct if their slaughter is allowed to continue and second, to enforce a common code that makes illegal certain malpractices which are barbarous and entirely inconsistent with the civilized standards that we claim to uphold.

I am not, of course, suggesting for a moment that this is a simple question. It is not. It is complicated. I, myself, piloted or helped to pilot through the British Parliament both our protection of Bird Acts, which I think were substantial steps forward. But even they are very much in need of improvement. I know only too well from my own experience therefore, and Mr Haferkamp will be the first to agree with this, that as in many other conservation matters, there are powerful commercial interests, some of them long established that will try to resist or evade legislation.

I am not going to specify the sort of malpractices which take place, but they are all too widespread and they are very horrid. But I will indicate broadly, as best I can, the extent and nature of the problem that arises from the trapping and shooting of wild birds, most of them song birds, most of them beautiful birds, either for food or for putting into cages. I shall make no reference to game birds, which are quite outside the framework of what I have to say. As I have said, the scale of the problem is very hard indeed to estimate; but we do know some facts and figures, although the figures are very round ones. It is estimated, for example, that in Cyprus up to 7 million birds are trapped each year on lime sticks, the use of which is illegal, and these include nightingales, willow warblers and many rare birds as well. In south-west France alone, it is estimated that last year at least 5 million birds and perhaps as many as 10 million were trapped in the autumn at 20 000 trapping stations, these birds being mainly for French consumption but a lot of them being exported for the dinner table in countries where the species concerned are in fact protected, and eaten, for instance, in the shape of *pâté de grive*, which is a song thrush, or pickled blackcaps.

In Italy it is estimated that more than a hundred million birds are killed each year. The Central Government banned the shooting of small birds in the spring, migrant birds particularly, but this ban introduced in 1972 was quickly reversed by most regional governments. I am not for a moment suggesting that where Britain is concerned everything is by any means perfect, and I have already said that I think our own legislation could be much improved, particularly as regards the netting of birds intended to be kept in captivity as cage-birds. I am sure that the Commission, Mr President, is wise to work initially on the basis of persuading Member States to adhere to existing conventions rather than framing fresh legislation straight away. However, if in the course of the next few years it seems that persuasion is not enough, I hope there will be no hesitation in bringing pressure to bear on countries that do not conform.

Finally, may I say a word about voluntary organizations. In Britain, among others, we have the Royal Society for the Protection of Birds. I was privileged to be their president for some four years, and I therefore know what an excellent job this organization with more than 150 000 members has been doing where vital research and the protection of wild birds and their habitats are concerned. But not only is this Society matched by similar organizations in other Member States but these organizations, these voluntary bodies, work very closely indeed together. I think that the knowledge they have accumulated will be invaluable to the Commission in the course of the enquiry which has been set in hand.

I believe myself that nothing less than Community-wide legislation to control the shooting and trapping of wild birds and their import from other countries will in the end suffice. Comprehensive international legislation for the protection of wild life which knows no frontiers is an ideal to which a rapidly-growing number of people are determined to strive.

Now, Mr President, if their efforts fail, the increasing pressures on our environment and on the lovely flora and fauna that it still contains will gain the day and there will be no going back. It is high time therefore, surely, that the European Community sets a far better example than it has in the past, and I warmly welcome the fact that the enquiry has been set in train. I am very pleased indeed to note from the Commission's reply on 18 March to one of several most interesting written questions put by Lord O'Hagan, that the study of this problem should be completed by July—no doubt that is July of next year, perhaps Mr Haferkamp will con-

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firm this—and that then attention will be given to the possibility of drafting the necessary directives or regulations which the European Parliament can consider. No doubt too Mr Haferkamp will tell us—I hope he will—that it is the intention of the Commission to inform Parliament of the outcome of the enquiry that is being made and also to inform public opinion. I very much look forward to the Commissioner's reply.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, may I begin by saying on behalf of the Commission that Lord Chelwood's transfer to the House of Lords is a source of great pleasure to us.

I should also like to thank him for reminding us that the world in which we live consists of something more than just economy and technology, something more than the subjects which occupy our attention so often here.

As regards the matter in hand, the Commission wishes first of all to refer to the answer it gave to Lord O'Hagan's question on the same subject. The Commission has arranged for a study to be carried out covering all the questions connected with this problem, that is, all questions connected with the protection of migratory birds, including national legislation in this sphere. This task has been entrusted to the Zoological Society in Frankfurt, which was founded in 1858 and which is now under Professor Bernard Grzimek. The results of these investigations should be available very soon, that is, in July of this year, and will, of course, be presented by the Commission to this Parliament and also made available to the public in the Community. As announced in its action programme for the environment, the Commission, after completion and examination of this study, will call together a national group of experts in order, on the basis of the results of these investigations and also of other material which is available to us, to propose measures as considered necessary.

President. — Thank you, Mr Haferkamp. This item is closed.

6. *Economic situation in the Community*

President. — The next item on the agenda is a debate on the report drawn up by Mr Bousch,

on behalf of the Committee on Economic and Monetary Affairs, on the economic situation in the Community (Doc. 105/74).

I call Mr Bousch, who has asked to present his report.

Mr Bousch, rapporteur. — (F) Mr President, ladies and gentlemen, under the terms of Article 2 of the Council Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of Member States, the Council shall, during the first quarter, adjust the economic policy guidelines for the current year as required by economic developments.

To this effect, on 27 March last the Commission submitted to the Council a Communication concerning the economic policy guidelines which it considered necessary to adapt the economies of the Member States to the new trends and prospects for the economy of our Community.

This document was examined by the Committee on Economic and Monetary Affairs in April. We found that the analysis which had been made reflected the realities of the period in question, that the Commission considered that the results achieved in the implementation of economic policy were clearly inadequate, that the growth of the money supply and of near-money had only slowed down in a few countries, whereas in the majority of the others it had accelerated, especially in those countries which do not participate in the machinery of the Community snake, with the result that the currencies of these countries had further depreciated and inflation had accelerated in the majority of countries, even assuming alarming proportions in some of them. The external balance had deteriorated, the degradation in the terms of trade had led to a pronounced deterioration in the balance of goods and services. World trade had also deteriorated, so that there were threats to employment and the rate of growth in 1972.

In the face of this somewhat bleak situation, the Commission considered that there was a danger of a weakening of the Community and a return to national policies. There, in a few words, is the situation as described in the Commission's document of 27 March last.

The Committee on Economic and Monetary Affairs then examined the general guidelines proposed for restructuring the economies to adapt them to changes in the external situation, which was dominated by problems of oil supplies, stepping up the fight against inflation to preserve the purchasing power of European consumers, and reducing the balance-of-payments deficit of countries whose situation had

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deteriorated even before the oil crisis. The Commission therefore made different proposals for different groups of countries: it considered that there were two groups of countries, those who accepted the discipline of the Community snake in the monetary field and those who had moved away from it.

Since then, the fears which were expressed have become a reality: after France left the currency snake, Italy adopted unilateral measures which this Assembly considered yesterday and which—and this is the least one can say—have disturbed the state of the Community; moreover Denmark has also proposed restrictive measures on trade and exchange. The Committee on Economic and Monetary Affairs therefore felt that it must reconsider the proposals which it had made to you in the document PE 36.900 of 30 April 1974. Yesterday morning it subjected all the proposals to a re-examination, which, I must say, was extremely critical and even severe.

At the end of its work, it instructed me to present to you a new resolution, which, I must emphasize, was drawn up together with Vice-Chairman Notenboom. This resolution reflects the attitude of the Committee on Economic and Monetary Affairs in the light of the new situation, which we deplore and which we should like to see remedied.

First of all, your committee expresses regret that in its Communication, which contains an objective analysis of the economic situation, the Commission follows its proposals by recommendations which, instead of being geared to the real needs and circumstances of the Community, reproduce more or less unchanged the policy measures and intentions of the governments of the Member States, whereas the whole Community is today confronted with a drastic restructuring of production, unemployment problems, particularly for youth, the threat of further disruptive capital movements and, finally, alarming rises in prices.

The committee therefore requests that no Member State take national measures liable to jeopardize or even compromise the free movement of goods within the Community.

It considers that the Member States which no longer participate in the machinery for maintaining limited margins of fluctuation should return without delay to this machinery and that, to facilitate the return to limited margins of fluctuation, the existing credit machinery should be extended, allowing these states to cope with their balance-of-payments problems and their monetary difficulties while making the granting of credits subject to Community economic policy conditions.

Your committee notes once again that no account has been taken of the view expressed again by Parliament on 13 March last regarding a redistribution of short-term economic policy powers between the Member States and the institutions of the Community; that the Council itself has not observed the provisions of its Decision of 18 February last on the attainment of a high degree of convergence of the economic policies of Member States, under the terms of which the Council should, as soon as possible, and in any case during the first quarter, adjust the economic policy guidelines for the current year as required by economic developments. We know that nothing has been done in this area.

Your committee also expresses the wish that borrowings on the international capital market, to which certain countries have had recourse or propose to have recourse to cover their balance-of-payments deficits, a measure which cannot be a substitute for a real transfer of income but which can facilitate the process of adjustment, will take place in a coordinated manner, and we ask the Commission to put forward specific suggestions to this effect.

If one wishes to maintain world trade at the level of liberalization already achieved, your committee considers it is essential to protect the Community against all disruptive movements of capital and, to this effect, it reminds the Commission of the need to present a draft Community regulation at an early date applicable to capital movements to or from third countries.

Your committee therefore considers that the Community's medium-term economic programme must be adapted to the new situation in order to provide the necessary framework for the recommendations referring to short-term economic policy.

Finally, your committee considers that, apart from a few worthwhile recommendations, the Communication from the Commission contains, in general, statements which are overcautious, even obscure or contradictory and which are not in keeping with the gravity of the present situation, particularly as regards the following points: on employment, we consider that the situation as presented by the European Commission seems too optimistic; on restructuring of production, the Commission wishes it to be encouraged but does not indicate the means of doing so; on monitoring of income trends, which we have discussed at great length in the Committee on Economic and Monetary Affairs, temporary controls on all incomes for the Netherlands are proposed, whereas the situation in that country does not justify more drastic measures than in the other Member States.

Bousch

The latter question is still important. As for collective measures, the Commission is in favour of extending these, but at the same time it urges that the increase in government expenditure should be contained in most of the Member States.

In conclusion, therefore, we ask the European Commission to base the Communication which it is to present to the Council during the second quarter on the points of view expressed in this resolution, and we ask the President to forward this resolution to the Council of Ministers.

That, Mr President, expresses very briefly and very rapidly the situation in the Community and the inadequacy of the measures proposed for redirecting the economies of our six countries, overcoming the inflationary situation in which we find ourselves by real and far-reaching measures and avoiding the dislocation of the Community, which is likely to occur if a stop is not put to the present trends.

President. — I call Mr Notenboom to speak on behalf of the Christian-Democratic Group.

Mr Notenboom. — (NL) Mr President, on behalf of the Christian-Democratic Group, I wish to express my warm thanks to Mr Bousch, our rapporteur, for his report, a sad report admittedly, which he had to compile under rapidly changing circumstances. In the absence of Mr Lange, the chairman of the Committee on Economic and Monetary Affairs, I also wish to thank him on behalf of that committee for the efforts he made in such an exceptional situation.

I must also express my group's gratitude to the Commission and in particular to its Vice-President, Mr Haferkamp, for this and many other excellent analyses of the economic situation in the Member States. It is always a pleasure to read these documents, and they help enormously to improve our understanding of the problems at issue.

Mr President, I am less enthusiastic about the remedies which are recommended. It is clear that yesterday's debate about Italy should really have been combined with our consideration of this report, but for procedural reasons that was not done and it preceded today's debate. As a result, today's debate has lost much of its topicality, which is a pity.

Our group supports Mr Bousch's resolution. It seems regrettable that the resolution has to begin with quite serious criticism of the guidelines. Once again, the criticism does not concern the analysis, but above all the guidelines for the Member States. It does not apply to this docu-

ment only; on the contrary, it is a criticism which very many of us would make on reading three-monthly recommendations of this kind. We are well aware that the Commission would be producing superfluous documents if it does not gain the Council's approval. We encounter instances of this every day. But what is the use of guidelines of this kind addressed to the Member States if in practice they merely cover points which are already acceptable to each Member State because they form part of the policy it is pursuing? We have a distinct impression that this is the case.

The Commission believes—quite rightly in my view—that it is above all for the national parliaments to keep a critical watching brief on their governments and their Ministers of Finance, Economic Affairs and Social Affairs, and exert pressure on them to promote Community objectives in our national assemblies. We have a special task to perform here as members of the European Parliament. At a time, above all at a time when the Council is doing little or nothing, it is for us to bring pressure to bear in our national parliaments on our ministers who belong to the Council and urge them to pursue a European policy.

But when the documents such as the one we are discussing today contain insufficient hard facts to prepare our interventions in the national parliaments, what are we to do? The governments have nothing to fear from these guidelines, since to my mind they contain too many points which are already covered by the policy those governments now pursue. I recently put questions to the Commission about the policy of the Netherlands government, which had taken certain conjunctural measures, and I asked whether these measures accorded with Community policy. The answer has not yet been published, but it has been notified to me; it is extremely vague. I should be only too happy to congratulate my minister if he took his action with the Community in mind; but I should like to exert pressure on him if he did not apply the rules of European policy and went his own way instead. I should like to do one thing or the other, but with the answer I have been given I cannot, because, if you will pardon me saying so, it is a little half-baked. I also cannot escape the impression that the situation in Italy on 27 March, the date on which the European Commission's document appeared, was already such that application of Article 108(1) of the Treaty seemed imminent or was being considered. According to the letter of the Treaty, the Commission had the right, and I think the duty, to take the initiative. According to Article 108(3) of the Treaty the Commission has an important task and an important right about which we

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spoke yesterday. But how much damage to the European cause could have been avoided if Italy had not taken its unilateral measures before consideration and announcement at the initiative of the Commission under Article 108!

I also wish to stress paragraph 2 of Mr Bousch's resolution, which underlines the importance of the free movement of goods in the Community. At a time when the development of our European Community is at a standstill and a number of our achievements seem endangered, all the Member States must guarantee that at least the customs union and the common agricultural policy remain unquestioned. I hope that under the guidance of the Commission this will soon be the case again. The enormous benefit of the snake-in-the-tunnel machinery to all the Member States cannot be over-emphasized, and the rapporteur, Mr Bousch, rightly does stress this point. Adherence to the monetary snake automatically leads to coordination of the Member States' interest policies and consequently to coordination of their policy in regard to budget deficits. Mr Zijlstra, President of the Nederlandse Bank, recently gave an important speech on this subject. The fact that several Member States have left the snake brings a great deal of misery and takes us further away than ever from economic and monetary union. However, the snake system also implies the need for countries with a strong reserve position to grant assistance, and I have the impression that they are willing to do so.

Mr President, I realize that the return of all the Member States to the monetary snake will not be able to take place as quickly as suggested in paragraph 3 of the resolution. The French version says 'sans tarder' and I hope that is possible, but I am afraid it may be rather optimistic. The Council must also—as Mr Bertrand said yesterday—give efforts in this direction number-one priority, and we do not have the impression that it is doing so.

I cannot mention all the points at issue, as my time is too short; let me simply say how much importance we attach to the paragraphs about the coordination of the capital market. How much damage and disorganization the increase in oil prices has caused to Europe! The effects will be felt for a long time to come. We shall also feel serious consequences when all the capital accumulated in the world and in Europe seeks employment—in Europe as well as elsewhere. This explains the great importance of the paragraphs of the resolution urging the introduction of a coordinated capital market policy to prevent new bilateral action making the strong countries stronger and the weak countries even weaker. It really seems that

this is how things are going and that is why the rapporteur—with our warm approval—urges the need for appropriate measures and proposals.

Mr President, Mr Bousch's report could not be an optimistic and encouraging document. It is an illustration of the simple truth that our Member States, however strong some of them may be, cannot individually achieve what is in everybody's interest, indeed in the world interest. I hope that this resolution, if it is adopted, will draw the clear attention of the Commission and above all the Council and all of us in the national parliaments once again to our duty to bring about a new distribution of powers between the Community institutions and national authorities, in other words to extend the decision-making and implementing powers of our Community institutions and to give the Community new legislative authority.

Mr President, these words may seem worn-out and rather tiresome. But I had to repeat them again because this is our responsibility, and I am convinced that the appropriate action is now more than ever necessary. Thank you.

(Applause)

President. — I call Mr Nørgaard to speak on behalf of the Socialist Group.

Mr Nørgaard. — *(DK)* Mr President, ladies and gentlemen, on behalf of the Socialist Group I should also like to thank Mr Bousch for his excellent work in accomplishing the difficult task of drawing up the report before us. I should also like on behalf of the Socialist Group to thank the Commission for the way in which it analysed the situation in its Communication to the Council. Mr Bousch, the Committee on Economic and Monetary Affairs and the Commission were all faced with the same problem: circumstances change so quickly that reports cannot keep pace with them. Mr Bousch has solved the problem by amending the report of the Committee on Economic and Monetary Affairs in a day, whereas the Commission has had to confine itself to the report forwarded a short time ago.

We in the Socialist Group find it unfortunate that Parliament works in such a way that we could not combine the question of the measures taken by the Italian Government, which we discussed yesterday, with the points to be discussed in connection with this report. I understand that there are technical reasons for this, since Parliament has certain rules of procedure which require that a report be translated and printed before it can be discussed, and that was why we could not discuss the report yesterday. All the same, there is a very close connec-

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tion between the pessimism apparent throughout the report of the Committee on Economic and Monetary Affairs—a pessimism which is shared by the Socialist Group—and the latest developments involving Italy. Denmark was also mentioned by some speakers yesterday in the same connection.

The Commission has quite rightly said that the Member States of the Community can be divided into two groups with different economic trends; one group will have a balance-of-payments deficit and can expect a greater deficit than is acceptable even with the present figures, whilst other member countries can expect a balance-of-payments surplus in 1974 in spite of the monetary problems caused by the oil crisis. Current trends in our member countries obviously create a series of problems, especially for those who want to pursue the same economic policy or even want economic policy to be centralized. It is impossible when trends are so divergent.

I think the background to the various economic trends requires a somewhat more detailed analysis. The Commission's Communication states that productivity trends are also different. In my opinion, we must accept the fact that West Germany and certain other countries have experienced a far greater increase in productivity than the other group of countries, and that some are even faced with a drop in productivity and thus in the national product measured *per capita* in actual terms. In these circumstances, it is almost impossible to maintain fixed rates. We must therefore regard what we in the Committee on Economic and Monetary Affairs agreed to include in the report as a cry of distress, as a last hope that something can be done in the Community, though hardly any members of the Committee on Economic and Monetary Affairs believe, nor indeed does the Chairman of the Christian-Democratic Group, that we can comply with the request to bring member countries into the snake. That is what we should do, but one of the main requirements is that sufficient funds should be made available for countries to do so, and most of them have grave doubts on how willing creditor countries will be to pay into such a fund the amount of money they will have to. And so the present problem remains: how the individual countries can cope with the situation.

The question is whether the Commission's proposals to the individual countries will, when implemented, adequately solve the Community's problems. I imagine that when the report was prepared, the proposals were rather conservative; in any case, they are now inadequate for solving the problems of the individual countries.

Since I myself am Danish, I will take the Danish situation as an example.

The Danish situation has been mentioned, and yesterday several speakers incorrectly equated the action proposed—but not taken and not to be taken—by the Danish Government with the action taken by the Italian Government. I should like to point out that, apart from the proposal to reduce the price tourists pay for goods when they cross the border, there is nothing in the Danish proposals, which will perhaps never be implemented, with a direct bearing on commercial policy or comparable to the Italian measures. It is taxes that are involved, and it is true that in this instance taxes are being introduced on goods not produced in Denmark such as cars, tobacco and spirits—although spirits are produced in Denmark—so that the outside world will be affected. But in addition to indirect taxes there is customs duty, and it is therefore incorrect to say, as was suggested yesterday, that member countries are being treated in the same way as third countries, since there is no change in the reduction of customs duties for member countries.

The question is whether those who want to coordinate commercial policy believe that the Commission or another Community body should have the right to decide which measures the Folketing should adopt. It is obviously quite unacceptable for a European institution to have any say in deciding which goods Denmark should levy taxes on—if it did, the Danish parties might as well be disbanded and democracy abolished. For that is precisely what the whole debate is about, and why there may well be an election in Denmark today. It is possible that the Danish Government will call an election, because the parties cannot agree on which measures should be taken and which taxes should be levied. The individual countries and parties must, however, be left to decide.

On the other hand, there must be an organ in the Community which is first consulted about the effect of the proposed measures on other countries, so that their reactions are known and can be included in national debates on the action to be taken. But here there is a lack of cooperation. Without changing the Treaties in any way or introducing new measures, countries could show much more community spirit by following the principle of consulting each other and taking account of the effect measures may have on other member countries. It was said on an earlier occasion that some such arrangements should be made, and I think that now, with these new developments, the Commission should stress the need for such cooperation and coordination. That is the minimum that can be

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required of the governments of the member countries, but it presupposes that the Ministers responsible meet frequently and discuss the matter. It is obviously unacceptable that Ministers of Finance are not meeting now, when these matters are acquiring importance for each country. By not doing so they are preventing the Commission from working in collaboration with the Council.

I should now like to turn to a question which is mentioned in the Bousch report and discussed in depth in the Communication from the Commission, namely, how the situation of the Communities has changed, with an expected deficit of 22,000 million u.a. this year because of changes in energy prices. It is absolutely essential that the Communities find an immediate solution to the problems of reaching an agreement with the new creditor countries and of investing their money in the Communities, partly as working capital and partly as dormant capital through organized credit arrangements. In my opinion, it will mean another nail in the Community's coffin if we do not find a common solution to the problem and leave Germany and other Community countries with strong currencies to provide such capital, for that will automatically result in further disadvantages for Community countries with weak currencies, and it will then be completely impossible to maintain an organized exchange system. It will certainly be impossible even for countries still in the snake to stay there, and since we are hoping on the contrary that some countries outside the snake will return to it, the least we can ask for is that there should be a Community exchange agreement.

Finally, I should like to mention the question of consultation and commercial policy. If we are to adhere to the idea of a Community, it is absolutely essential that there should at least be mutual consultation before commercial agreements are concluded with the new creditor countries, in particular the oil-producing countries. If we do not consult each other on the content of such agreements, there is no point in discussing how we should implement the common commercial policy we have committed ourselves to in the Treaty of Rome.

If we coordinate our agreements, we can ensure that the common market for goods we supply in exchange for oil is maintained. If no such agreements are concluded, the common market for many of the industrial products supplied in exchange for oil will be destroyed, and if we do not act in collaboration, we shall obstruct the Commission's excellent proposal for energy policy cooperation. As stated in the Bousch report, we should therefore consult each other

and have common arrangements in our external commercial policy with countries supplying us with capital.

Mr President, I should like to conclude by once more stressing that the Socialist Group, which may have varying opinions on the action to be taken on the development of the Communities in the distant future, unanimously agrees that it is now time to take definite action to prevent the total collapse of the Community, and that the Commission has the very difficult task and the grave responsibility of safeguarding it.

(Applause)

President. — I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

Mr Leonardi. — *(I)* Mr President, in my opinion this is not an instance, as paragraph 6 of the Bousch report suggests, in which the Council has failed to respect the provisions relating to the arrangements it should have made to bring about a high degree of convergence in the area of economic policy. There has not in my opinion been an act of negligence; however, the fact is that, in essence, the governments of the Member States do not believe in the possibility of this harmonization and are therefore seeking to evade commitments which they are not in a position to maintain, as we have already seen in the past and as the Commission has pointed out in its Communication.

This is true even if, as the first paragraph of the Bousch resolution rightly points out, the Communication from the Commission seeks to assimilate guidelines, decisions and choices already made at the level of the individual countries, since any movement towards differentiation between the economic situation of the Member States also increases the pressure for national action, a phenomenon which was dealt with at length yesterday when we were debating the situation in Italy. This situation has arisen because of Community policy based on principles—essentially the idea of harmonization through the action of market forces—which in reality have heightened the differences between the Member States or at least done nothing to lessen them.

These internal differences have been increased in recent years by external pressures caused by the monetary situation and the accompanying speculation, the events in the energy sector, the conduct of the multinational companies and so on. All this has led to a tendency towards disintegration and instability of the governments in the individual Member States, to which the impossibility of proceeding with the construc-

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tion of the Community is attributed whereas in fact the opposite is the case; in other words, the crisis of the Community is not due to the instability of the individual governments, but these governments are unstable precisely because they are unable to find Community solutions to national problems which cannot be solved at the level of the individual countries.

In this situation, the Commission refers to grave dangers. It states, for example, that the cohesion of the Community in economic and financial policy has been greatly weakened in recent months, that inflation rates have for some time differed from one country to another and that this situation presents serious dangers because there are already signs of the reappearance of protectionist measures and disorganization of world trade. But let us also remember that in its report on the activities of the Community in 1973, the document we were discussing yesterday, the Commission itself stated on page 194 that the Treaty of Rome calls for continuous and balanced expansion, although in fact while expansion has been continuous it has lacked balance. The Community has indeed achieved a high rate of expansion, but the ratio between the rich and poor regions has remained 5 to 1.

This suggests that the lack of internal harmonization existed well before the present situation arose. The differences within the Community were, however, covered by a common participation in a high and fairly constant rate of development, characteristic of the whole Western system led by the United States, and the sense of Community cohesion did not derive from especially strong internal links but rather from a common orientation towards an external force, the United States, with its currency and economic and political system. The difficulties arose when development slackened and when the common orientation and the cohesion of the European currencies in relation to the dollar had to be modified substantially, for reasons which I shall not go into here. These internal differences then led to increasing diversification of the action of the individual governments, which, at a certain stage, tried deliberately to avoid commitments for Community harmonization which they would have been obliged to break. That is why the Commission is left with its short-term guidelines and objectives for economic policy which do not result in action but can be formulated, as the Commission has itself done on page 6 of its Communication: '... the economies must be restructured to adapt them to changes in the external situation, the fight against inflation must be intensified and the deficit in the balance of payments of Member States substantially reduced.'

To achieve these aims, the Commission calls for a global control of demand, maintaining a rate of expansion of private consumption well below the development of the national product. For this purpose it urges public intervention, naturally with the agreement of the social partners, out of a respect which we all share for democratic practices. On the other hand, the Commission maintains that the restructuring of production will occur spontaneously; all we need do is to support it and above all avoid holding up the process, out of a spirit of charity. In essence, then, the Commission trusts in the so-called market forces, possibly with the backing of public intervention.

But it is this very policy which has led us into the present situation and which we must now seek to reverse, in the sense that rather than allowing the public sector to be guided by the private sector, the opposite must be brought about, after making the appropriate political choices at national and Community level. I consider it quite unrealistic to believe, for example, as stated on page 8 of the Commission's Communication, that a Community energy policy could emerge from private initiative by granting investment incentives and encouraging substitution processes deriving from the influence of prices, when we know only too well the extremely serious situation now confronting us because of our dependence on external oil supplies, for external policy reasons and so on.

Despite the evidence, the Commission wants to continue on the old road, which does not lead to Community cohesion but to the opposite. We already pointed out yesterday that to cut down a heavy and growing balance-of-payments deficit and check the rise in prices—in other words, to achieve Community recommendations—Italy was obliged to take action which is an obstacle to its relations with other members of the Community, thus creating an intrinsically contradictory situation.

A positive effect of this crisis would therefore be a recognition of the need for a radical change of Community policy and radical rethinking—as we have never tired of repeating in this chamber and to which we shall return, perhaps with more success, in the future. Perhaps we shall have to wait for the situation to become still worse before this object is achieved. For the time being we are still far removed from recognition of the facts, either in the Commission's Communication or in the Bousch resolution: the latter rightly points out how serious the situation is and emphasizes a number of points on which we agree, but it considers that a remedy can be found by urging the Member States to accept Community discipline, which,

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as I have said, the Member States do not accept, not because they do not wish to but because they cannot because of the situation which has arisen in each one of them as a result of their basic structure and not of their short-term policy.

I spoke on these matters yesterday in the debates on the Italian situation and the Commission's annual report.

President. — I call Mr Normanton to speak on behalf of the European Conservative Group.

Mr Normanton. — Mr President, honourable members, the debate today inevitably covers a large part of the area which was covered during the two important debates held here yesterday, but although I spoke on behalf of my group in those debates, I think it is not inappropriate to add to some of the points which I made in them. As far as paragraph 3 of the resolution is concerned, there can be no doubt at all that it must be the ultimate object of the Member States to return to some form of limited margins of fluctuation mechanism, to date called 'the snake'. That we would undoubtedly agree with, but we also have to recognize that to do just that is, at this point of time and in the present condition of the Community's financial and monetary policy, totally out of the question. What we have to see before that can be achieved, as far as any of the Member States who have left the snake are concerned, is, I believe, the creation of one single monetary institution in, and operating on behalf of, the Community as such. The rôle of such an institution must be manifold, but it must certainly be responsible for regulating the creation of credit internally within the economy. It certainly must be responsible for coordinating the creation and movement of credit externally, and thirdly, probably more important than any others, it must have a final overriding say about the monetary policies being pursued within and throughout all the Member States. This cannot be carried on under the *ad hoc* kind of arrangement which has operated, or which attempts have been made to operate, to date; it must be institutionalized. That requires not only imposing upon it responsibilities but endowing it with the power and authority over the Member States to exercise its responsibilities.

In addition, however, we should not ignore nor at this moment of time should we underestimate the importance of the many international monetary institutions, whether they go by the name of the Group of Ten, Twenty or any other number, or the International Monetary Fund. However important these institutions are, how-

ever much these are seen by those in trouble, financial trouble of one kind or another, to be a solution, these can only be effective if they form part of the overall machinery for the operation of a monetary system within the Community. They are not the agency which is appropriate for acting on our behalf. They are agencies to operate by way of backing up efforts made on our own behalf, within our own control.

With regard to paragraph 7 of the resolution, in which the reference is to government borrowings on the international capital markets, we should not forget four things.

Firstly, that in the short term, recourse will have to be made to these institutions, the world capital market, if the economies of certain Member States are not to collapse, knowing, as all of us do, debtor and creditor nations alike, that if one or other Member of the Community collapses economically, there will be serious repercussions for others, who, however confident they might be, would inevitably feel the impact. But borrowings we should not overlook or ignore, whether we talk of borrowings by individuals, by companies, or indeed by nations. They can operate in many ways. They can operate as a drug, which will certainly ease the pain in the short term; but at the end of the period of injection of the drug, there inevitably comes the anticlimax when the pain returns and, in almost all cases, is felt even more bitterly.

The second point about borrowings which we must not ignore is that, as a temporary relief, they should and can provide the time for corrective efforts to take effect, but only if the patient, in this case the Member State, has the will and the determination to initiate the kind of measures which are appropriate to deal with its own national monetary problems. What is required in these cases is political will. We have to recognize the political reality of the problems facing political leaders in each of our Member States when trying to grasp this particular nettle. I was particularly interested to listen to Mr Nørgaard on this point as far Denmark is concerned.

We should also recognize that borrowings, if they are not utilized in the correct manner, can provide an added stimulus to accentuate this tidal flood of inflationary pressures in the world in general and in the internal economy of the country which borrows on the international market.

And lastly, as far as borrowings are concerned, to which there is reference in paragraph 7, we should not ignore, nor indeed will borrowers be able to ignore, the current high and almost, I believe, intolerable rate of interest which will

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have to be paid. Such borrowings will place a burden upon the borrower which will last for a very considerable time and must be a very sobering factor when determining the size of loan and length of period for which the Member State borrows in the international field.

As far as paragraph 8 is concerned, the Community obviously can only prosper by the expansion of trade, expansion, that is, first and foremost in the international field. It is only by this form of expansion that the Community can continue to develop and prosper internally, with trade arising out of capital investments in an expansion of industry and out of the expansion of our peoples' ability to consume. But the ever-increasing volume of capital in the world trying to find a safe, maybe temporary, haven, forms undoubtedly the greatest single threat to the Community's ability to engage in continuous industrial activity throughout the whole length and breadth of the Community as such. Until and unless the Community can establish a powerful authority, its own authority on behalf of the whole of the Community's Member States, to coordinate the movement of international capital into and out of the Community and to stabilize on a uniformly equitable basis the impact of these capital movements on a Community currency—note that I hopefully said a Community currency—or, speaking more realistically, on the Community currencies, so long will our economies, both individually and collectively, be exposed to the whims and fancies of forces far and away beyond our reach and beyond our control. No single Member State is big enough today in financial terms to survive these ever-increasing forces of international capital and its movements. Only a Community institution has the remotest prospect of success in achieving this particular objective.

I conclude, Mr President, where I concluded yesterday. The key to our individual and collective solutions in monetary, financial, industrial, and indeed all aspects of the life and structure of the Community is political will, and until political will to achieve political union by the machinery appropriate to political unity becomes a reality, so long shall we be debating this kind of subject here in the European Parliament and doing neither more nor less than debating and doing so as if it were an academic exercise.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, at the end of yesterday's debate on the oral question about the 'Italian case', the

measures taken by the Italian Government, the President of this Assembly declared the debate closed, under the provisions of the Rules of Procedure, because no document had been submitted. But the document to be approved was in reality the one we are discussing now, and it is a strange occurrence (due perhaps to observance of the Rules of Procedure) that we should be discussing the same facts at two different times.

I am speaking in a personal capacity, and I must say that I agree fully with the observations made by my colleague Mr Nørgaard, speaking on behalf of the Socialist Group, to which I belong. Explaining the different nature of the measures his country, Denmark, will be taking, Mr Nørgaard referred to the character, the autonomy and the probable limits of these measures. This differentiation makes it clear that paragraph 2 of the motion for a resolution relates essentially to the Italian measures. I wish to recall that in the committee—the rapporteur will be able to confirm this—I maintained that an express indication should be given that paragraph 2 related to Italy. In this way nobody would have been offended. I am convinced—as I said yesterday—that this Parliament should speak clearly and not perform a kind of ballet round the problems, following a liturgy which is increasingly antiquated and meaningless. I shall make a further point: paragraph 1 of the motion for a resolution, which I fully endorse, is not, in my opinion, in conflict with the vote taken yesterday at the end of the debate in which I spoke after hearing the Commission President, Mr Ortoli. In connection with the proposal made by the European Conservative group, expressing confidence that the Commission would carry its work forward, I said, speaking of the future, that I had no objection to the approval of motions of confidence of this kind as they substantially reinforced the critical view I take and have already expressed. The Commission must give evidence not of the boldness of a Danton but of the resolve to discharge fully its own duties and to implement the treaties in order to make progress in the present situation. Gentlemen of the Commission, we would ask you for less fine oratory and a great deal more bite when showing European public opinion (I would add world opinion, because Europe does not hold a limited place in the world equilibrium) what must be done and what action must be taken; it is a weak and hypocritical solution to make the Council of Ministers the scapegoat.

Mr President, that was my introduction to a very brief statement on a few points in the motion for a resolution.

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I shall start with Mr Normanton's conclusion. He made a very apt observation: all these problems will remain insoluble and our efforts will be thwarted if we do not show the resolve to progress towards political union. I belong to a historical party and have followed these efforts in Europe from their beginnings; I maintain that it would not have been worth discussing so many other problems (starting with the Messina meetings and the Spaak report and going on from the Rome Treaties) without a firm conviction that this was the path towards political union. We made the first move with the Council of Europe and went further with the European Coal and Steel Community. There was a reason for success: we wanted to transform this Community into a political union through the instrument of defence policy; that avenue was closed by the French refusal, and we turned our attention to economic union. Since the beginning that has always been the path we chose, and unless it is realized all our speeches are idle words.

This does not mean that I shall not vote in favour of the report in which Mr Bousch has attempted with great care, clarity and force—for which the parliamentary committee and, I believe, the whole House are grateful—to indicate the problems and propose the technical instruments for their solution. No doubt this act has political value; but we must ask what the basic problem is and how it is proposed to approach it.

Although my premises are often radically different from those of Mr Leonardi, I must say that he has had the merit of widening the discussion. In essence, starting from his own viewpoint, what he said was that we must move towards a different Community in which, especially in the production sector, state control and radical renewal will dominate, and this in a situation which differs from that obtaining in the past with the world divided into two blocs and the European Community as a component of the West under the American shield. Mr Leonardi spoke clearly. Personally I do not believe in a neutral Europe in the present situation; but I must say Mr Leonardi is right when he speaks of the basic political position, of the position of the social partners and of the efforts and ability of the individual governments to control the economic situation. In the past I have deplored, in the Italian Parliament, the floating of the lira, and I would add that I was qualified to do so—not by my own modest political stature but by my party—because we had always maintained that other corrective and supporting action was needed instead of monetary measures. And so when attention is drawn in this chamber to the need for Member States

to return without delay to fixed exchange rates and the monetary snake, I must say that this is a remote ideal; unless we recognize the reality, it will be a mere escape into a dreamworld or resemble the vow of a soldier which is immediately broken when the battle begins. A currency is not the whole of an economy, and that is why I would call the Parliament's attention to paragraph 10 of the motion for a resolution concerning employment, the restructuring of production and the control of profits.

I do not wish to open a dialogue with Mr Leonardi, but he is of an amiable disposition and will allow me to tell him (he can always contradict me) that those very social forces to which he has referred, those political parties which especially in France and Italy speak for the social bodies and forces, must respect this requirement or open the battle, here and now or in the future (he would be on one side and I on the other). If our democratic countries are not to fall into economic decline, their policy must be changed, especially in respect of those precious forces which might themselves be factors of disintegration—namely local autonomist forces and the social forces represented in the unions.

Mr Leonardi. — (I) But the premise for this is a political consensus...

Mr Cifarelli. — (I) ...The premise for this, in my opinion, is the political assessment reached by placing the emphasis on certain fundamental requirements. Failure to observe these will rule out in future the possibility of asserting our own ideals or calling for the changes we want in society. We must prevent inflation, the vertiginous rise in prices and the bankruptcy of our balance of payments (I am not exaggerating the extent of these dangers) from barring the road to us.

Mr President, you have signified to me that my time is over; I wish to tell the Commission with the greatest, and as far as I am concerned the most cordial respect, that it must pay greater attention to these requirements, since we are constantly returning to the same theme in our reports: holding down public expenditure, introducing an incomes policy and so on. The policy followed in practice up to now simply consists in adopting different measures, for example those taken by the Italian Treasury and those proposed by the French Planning Minister, which apply concurrently.

We urge the Commission to take adequate action. Mr Nørgaard made similar remarks even if we have reservations on some of his points. In substance, what Mr Nørgaard said was that

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the Commission does not have the power to impose on an individual State, in this instance Denmark, certain lines of action having regard to the limitations dictated by the requirements of monetary defence; but the Commission has the duty to engage in close consultations to avoid infringements of the treaty. It is right, gentlemen of the Commission, for you to ask a great deal and sometimes to ask what might even be considered utopian; I repeat, unless we have the courage to hope, despair is inevitable. *(Applause)*

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — *(D)* Mr President, I share the concern that has just been expressed. I regret, as the Members who have just spoken and indeed as we all do, the present state of the Community, its economic situation and the conduct of the Member States. Against this background, the pessimistic note of your interpretation and your criticisms is understandable. Nevertheless, I cannot allow these criticisms to pass without some reply, more particularly those contained in some remarks of the rapporteur and in paragraphs 1 and 10 of the motion for a resolution.

I will explain myself straight away. It has been said—and that is the first point which I cannot accept—that it is an excellent analysis but that no consequences have been drawn. I would point out that the document contains four pages of analysis, six pages of general guidelines representing the Community's policy for the medium term, and ten pages of guidelines for the individual countries. I shall return later to the individual points contained therein.

It has been stated that the rapporteur had little time to prepare his report; and so I must particularly thank him for the effort he has made. But I should like to point out that the Council Decision on which this communication is based dates from 18 February. The guidelines were forwarded to the Council and to this Parliament simultaneously on 27 March. I don't think one can say that their preparation was superficial in view of the short time that was available.

Another criticism which I cannot accept is that all we did here was take over things that had already been put into practice by the national governments. I shall go into this in greater detail later. When drawing up these guidelines, we certainly did not consult the governments and their officials; on the other hand, we naturally made use of the information available to us.

These guidelines and the proposals are exclusively the work of the Commission. If they in part coincide with developments in the member countries, the reason for that is surely that we were here not launching a policy on 27 March: it was our function to determine what features must be emphasized within the framework of an overall policy, a dynamic policy, and if necessary also determine the direction we are to follow. Like several speakers in this House, I regret that today's debate is being conducted in isolation from yesterday's. I can only hope that in the future we shall have an opportunity to discuss these matters in relation to one another.

At one point, the motion says that the Commission's proposals contain 'many statements that are overcautious and even obscure or contradictory'; the rapporteur described them in similar terms. In all respect, I should like to say that the observations contained in paragraph 10 of the motion are inaccurate. I should like to express the same opinion with regard to paragraph 1. I will explain myself.

Paragraph 1 expresses disappointment at the fact that recommendations are formulated 'that are not primarily geared to the real situation and needs of the Community'. Mr President, I consider this to be a very serious criticism. The proposals we have drawn up and put forward here take account of the interests of the Community and, within these interests, those of the Member States. Since the situation is heterogeneous, these recommendations must naturally also be heterogeneous. As Mr Nørgaard has pointed out, we speak—and rightly so—of two groups of countries which are different because of their differing situations. But it is our concern and our aim to bring these two groups together. What we have said in the general guidelines—is therefore 'geared to the real needs of the Community', and what is said later on with regard to the individual Member States is, within this general framework, also 'geared to the real needs of the Community'.

I therefore cannot accept the criticism that we have failed to take account of the interests of the Community. I would point out that in the general guidelines we have stated what I said yesterday, namely, that the main difficulty does not lie in the admittedly complicated problems of monetary and credit policy. The main problem is the drain on the real resources of our economy, and this is something we shall have to solve. The approach to the problem must depend upon the differing situations in the different countries. A country without, or with only small, monetary reserves sees this problem in another

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light than a country with considerable reserves. This is analogous to the fact that someone who has a savings account and gets into difficulties can continue to live for a while on his savings account, while someone else who has no savings has to grapple with the difficulties straight away. It's very simple.

We must therefore take as our point of departure—and that we are doing here—the need to concentrate on the drain on real resources; this leads to important conclusions which in principle are the same for all. We therefore state clearly that the main problem in the coming years will be that the growth in private expenditure must be kept well under the growth in the gross national product. Is anyone prepared to tell me that that is a simple statement? The statement was not an easy one to make; it is even harder to carry out in practice.

I said yesterday how courageous are the ideas and proposals which have been put forward in Denmark. I don't want to go into the details, but what is being done consists quite simply in increasing the burden on the ordinary citizen as a result of the existing situation. All we would say is: when this is done, that is, when the growth in private consumption is considerably reduced, resources are made available so that efforts can be intensified, as they must be, in the sphere of investments and exports. For this purpose, a brake must be put on the expansion of total money income if inflation and balance-of-payments problems are not to be aggravated. This task will be no easy one especially if the two sides of industry are not prepared for a constructive dialogue. We consider this dialogue to be of particular importance. Here I would recall something else that I said yesterday: If we are to counteract the drain on resources, we shall have to consume less or at least reduce the growth in consumption. Then we shall have to demand sacrifices; and if we do that, everyone who is affected must be persuaded that the sacrifices have been fairly distributed. And here the cooperation of the social partners will be of particular importance.

Paragraph 10 of the motion says that the employment situation is 'presented in excessively optimistic terms'. I should like to know how one can arrive at this conclusion when our report states: 'The number of workers in danger of having to change their jobs will be noticeably higher than in the past'. Is that excessively optimistic? Ladies and gentlemen, if that is painting a rosy picture, I should like to know what you would call painting a grey or black picture. The statement I have just quoted is unambiguous, but we are not content with that. We go further and say that for this reason especial importance

is to be attached to the retraining of labour. We emphasize the importance of schemes for maintaining income during retraining. We call for an increase in the resources committed to the Social Fund. We don't content ourselves with merely mentioning a danger or an aim to work for; we indicate also the means—and Community means at that. And so I ask you once more: Isn't what we say here really something in the interests of the Community, or is it just a reproduction of what is going on in the member countries? It is something that we are saying in the interests of all workers in this Community, and not a compilation of catalogues taken from the individual Member States.

It is further stated in paragraph 10 that we did not indicate in detail how the restructuring of production should be done. You surely don't expect us at this stage to produce a complete programme for restructuring! We have indicated what efforts are necessary with regard to research and investments. We did this by observing—something which Mr Leonardi has criticized—that a movement towards the necessary restructuring of production will come about spontaneously. This must be encouraged, and it does not depend on our ideological position whether we leave this to private initiative and then provide state support, or vice versa. It is perfectly clear that enterprises, no matter whether they are privately run or run by the state, are already drawing the consequences from this changed situation. Whether these are energy undertakings of the most varied kind or anything else, it was our concern to point out how necessary it is for the Community as a whole to encourage these efforts as regards research and investments.

In this connection, I should like to point out that it is impossible to specify everything in detail. There is our package of energy policy proposals, with which you are familiar and which are being discussed elsewhere. Then there is the whole of our package concerning the new efforts with regard to research, and this concerns above all the question of energy, the energy crisis and its consequences. This too must be seen in this connection. Here once more I reject the criticism that we were here not taking account of the interests of the Community.

On collective measures, the last sub-paragraph of paragraph 10 says: 'the Commission wants these extended, but at the same time considers it necessary to put a brake on the increase in government expenditure in most of the Member States'.

Ladies and gentlemen, if you read our document carefully, you will see that we here differen-

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tiate and state that in this connection the development of exports and investment in the energy sector are to be given priority over expenditure on consumption by the public authorities and private households. It is therefore a matter, not of 'putting a brake on the increase in government expenditure' in general but of putting a brake on the increase of government expenditure on consumption. And no one will surely deny that such a policy is simply inevitable in view of the basic economic situation, in view of the movement of resources and the drain on them.

Our critics further maintained that we had simplified our task by merely taking over the intentions of Member States.

Let us begin with Denmark. The chief guiding principle contained in this document is that it is necessary to put a brake on the demand by private households and on the increase in government expenditure. Ladies and gentlemen, I ask you; from when does this proposal date? It dates from 27 March. And when did the Danish Government announce the measures that were discussed here yesterday? Here we were not behind events, we anticipated them, even if we didn't go into technical details such as those concerning the different kinds of tax. As regards Italy, in March of this year we anticipated a whole series of things which we have now incorporated, in a stronger, clearer and more concrete form, in our recommendation under Article 108 (1). When we state on page 17: 'to achieve this result, an increase in the fiscal burden seems inevitable', we are not simply copying from an Italian plan. I don't know whether such plans already exist in Italy. You will find this idea expressed somewhat more clearly in the recommendation, but in any case one cannot say that we here, in this document, on 27 March were repeating the ideas of the Italian Government on this point. Of course, we drew attention to the difficulties on that occasion; but, ladies and gentlemen, this development is in progress, and sometimes the progress is very rapid. Moreover, in the Italian affair an important part was played by the question of the state of the balance of payments, the need for intervention on the foreign currency market. We talked about this yesterday. In this document, the trends are referred to and the elements of a solution already anticipated. I shall not proceed with the other individual countries, although I could easily do so, Mr President. My primary concern was simply to show that in my view paragraph 10 as it stands does not correspond to the facts and to state that I must reject the suggestion that we were here failing to take account of the needs of the Community and were simply

repeating the intentions of the individual Member States.

Now to the situation in general, Mr President. Both yesterday and today we have had bitter complaints that the situation is what it is. I share this point of view. But one cannot stand up and complain of the situation and say that the Commission has failed to do its duty. The Council, the Parliament—each has failed in one respect or another. The opportunities missed in 1973 provide an interesting lesson. During that year, we had the crisis of March, the monetary crisis. In the midst of this crisis, the Commission, within an extremely short space of time, proposed a model for a European currency to solve these questions. It was the notorious block floating, the European snake. Nothing had been heard of this until 4 March, when the Commission made its proposals. This proposal we made. And we coupled the proposal, as you will remember, with the establishment of a fund of 10,000 million units of account to support these operations. Now one may well ask oneself whether the position of Italy in the monetary and balance-of-payment spheres would today have been what it is if the Government had then decided to join this monetary alliance with the big support fund we proposed in the background, also the compulsory harmonization of policies within the snake on this or that economic situation, a procedure to which Mr Notenboom has already drawn attention. In the midst of historical developments, such questions are idle. But I should be grateful for critical discussions of this kind. If we were to consider the matter together one day, I for one should be pleased.

What course would events have pursued? I will couple this question with another: Was the Commission in a position to force the Italian Government to adopt on that occasion another decision than the one it did adopt? This was not even in the power of the Italian Parliament. We must therefore also appreciate that these things cannot simply be settled by stating in such and such a paragraph of a motion for a resolution that the Commission should ask for more authority. That is simplifying things a little too much. The fact must be recorded that in December of last year the Council of Ministers threw out a number of decisions. For example, no one in the Council of Ministers was in a hurry to discuss our proposal for pooling reserves and increasing short-term assistance.

We are all agreed on the importance of creating such an instrument. How important it would have become within only a few weeks in view of the balance-of-payments and liquidity difficulties! If the Commission's proposals on that

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occasion had been accepted instead of being postponed, we should have had a completely different situation when discussing the liquidation of gold reserves. We in Europe should have been in a much more advantageous position with regard to these matters if these proposals had not been postponed. I ask you, who can force the Council of Ministers to make a decision on 19 December 1973 and not postpone it until the end of June this year? If you could find a way of doing this, I should be very glad.

One more point, the last in this connection. On 18 December the Council of Foreign Ministers failed to make a decision with regard to regional policy, and so the entire package on economic cooperation, convergence of economic policies, etc., on which the Council of Finance Ministers had reached agreement the day before, was blocked and postponed. As a result, this package came into force only on 18 February. If this Directive on convergence had come into force on 18 December, the French Government, for example, would not have been free to make its decision of 19 January on floating its currency. And who could prevent the Italian and British delegations from doing what they did on 18 December at the meeting of the Council of Foreign Ministers? Because the question of the regional fund had not been cleared up, the other matters were blocked too. If you could offer me a solution here, I should be grateful.

And so, ladies and gentlemen, I should like to stress that we are in an extraordinarily difficult position. I understand your concern and your criticisms, I am with you all the way in the struggle to keep these matters in order, and so I trust I can count on your understanding if I have to make it very clear that in what we do we are not guilty of neglecting the Community's interests. There is no attempt to conceal or disguise faulty conduct on the part of the Member States; on the contrary, we do our best to improve the position.

The question at issue is already that of preserving the Common Market. We talked about this yesterday. The first thing we have to do now is to prevent any further disintegration. Hence our presentation of the two groups and the strategy designed to prevent them from diverging any further in order to give us a chance of bringing them together again in the sphere of economic policy. That will be a difficult and long-drawn-out process. But it must be done, taking account also of the two principles I put forward yesterday. For this purpose, each Member State must make its own efforts within the framework of a Community strategy. At the same time, we must, as a Community, take

action to promote this Community strategy and help those Member States that are in particular difficulties. I have hopes—and we shall produce proposals in this sense—that after the phase of forming new governments is over in the Community we shall be better prepared for action and have an opportunity to make progress. Partly on the basis of earlier proposals, partly proceeding from new considerations, we shall make proposals designed to help attain the strategic aim.

I should like to refer to something that I heard Mr Normanton, in particular, saying. During the last few weeks, we have heard people here and there—in countries which are somewhat better off in the circumstances—saying things such as: 'Shouldn't we simply limit ourselves to the free-trade zone and the Common Market?' This is something I have always warned against, for a free-trade zone, a Common Market without a unifying political factor, is doomed straight away. It wouldn't last. We should have no illusions about that. Naturally, we must concentrate first of all on what can be done in the economic sphere; but we must have no illusions about the fact that that is of no use unless at the same time the political will can be mustered to promote the development of Europe in other spheres as well.

(Applause)

I can only hope that the new statesmen who enter the European arena as leaders of their countries are agreed on this; we should help them, and, where necessary, keep them to this. They may rest assured that the Commission will use all its resources to keep this process under way.

(Applause)

President. — Thank you, Mr Haferkamp.

I call Mr Bousch.

Mr Bousch, rapporteur. — (F) I wish to speak very briefly, Mr President. I could not allow this debate to be closed without first thanking my colleagues who have approved the report and who worked with me yesterday to try and arrive at a resolution expressing the common will.

I must say that the only serious criticism which has been made of this resolution concerns paragraph 3, that is, the return to the limited margins of fluctuation, which, according to our wording, should take place without delay. During the discussions in committee we did not say 'without delay' but 'immediately'. Mr Notenboom will bear witness to this, and I have

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chosen a more moderate wording, knowing perfectly well that it was impossible to achieve this immediately and expressing the hope that it would be achieved 'without delay', even though many of you have expressed doubts about this matter and I myself have some doubts. In any case, in paragraph 4, we refer to the means necessary to allow those who are no longer in the Community snake to return to it.

I should like finally to say one word to the Vice-President of the Commission, who seems to have been slightly offended by the criticisms made of the Commission. Mr Haferkamp is aware of the regard which the Committee on Economic and Monetary Affairs has constantly shown for the successive representatives of the Commission who over the years have come before the Committee to explain their points of view and talk with us: Mr Marjolain, Mr Barre and today Mr Haferkamp. The cooperation between us and the Commission has always been fruitful. If, today, he has found in the terms of the resolution a greater firmness and more severe criticism, it is because in fact your committee finds that the situation in the Community is deteriorating and that, more and more, the Member States are returning to unilateral measures taken without consultation, in such a way that the Commission can only dress them up after the event and place them within a Community framework in order to disguise the realities. Without powers being granted to the Community institutions, it is impossible to prevent these erring ways, even infringements of Community decisions. Mr Haferkamp, within our committee, there was not one member who doubted that you had the interests of the Community permanently in view. When addressing ourselves to the Commission, to you who are in permanent contact with us, we are also addressing ourselves to the other Institutions of the Community, in particular, to the Council, which, it must be acknowledged, is also largely responsible for the present state of the Community.

I therefore join with Mr Haferkamp and some of our colleagues who took part in the discussion in saying that there is a lack of political resolve. We hope that, through the changes now taking place within the Community, this political resolve will develop. Otherwise, it must be accepted that within a short time this Common Market will be nothing more than a free-trade area in which not even trade takes place freely. This is why, Mr President, being aware that this resolution was adopted on 30 April and that it was revised and modified yesterday to word it more strongly in view of the decisions taken unilaterally by certain Member States, I cannot

change it. I must ask the Assembly to accept it, without in the least doubting the goodwill of the Commission, but in the knowledge that, unfortunately, things are not going as well as we should like and that it is high time the situation was remedied.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Very briefly, on a point of order, Mr President. You will have noticed that I abstained on this recent vote, not because I disagree or because I necessarily agree with the rapporteur, but because this report was only circulated this morning after a lengthy discussion in some committee of which I was not a member yesterday.

May I point out to you, Mr President, as a point of order, that this is a procedure which is highly unsatisfactory. It so happens this report is not particularly controversial, but it could have been and even the Commissioner was not happy with paragraph 10. It could have been more controversial, and it just simply will not do, in my view, to have reports discussed in a committee the night before the day they are going to be debated, because we have no time to look at them, to consider them, in groups or indeed individually, and it is most unsatisfactory.

Thank you.

(Applause)

President. — I call Mr Broeks.

Mr Broeks. — (NL) I also abstained, but had I wished to explain my vote I should have done so before the vote took place. I therefore ask you to draw the honourable Member's attention to the fact that we shall be in great difficulty if we do not explain our votes before the actual voting; perhaps you could ask our colleague to do so in future.

President. — I call Mr Notenboom.

Mr Notenboom. — (NL) I felt it my duty as the acting chairman of the Committee on Economic and Monetary Affairs to point out that everyone is aware of the unsatisfactory nature of the procedure; however, the political friends of both speakers agreed yesterday in the committee to

¹ OJ No C 62 of 30. 5. 74.

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the procedure by which the bureau of the committee and the rapporteur were entrusted with preparing the final text, which they were then to present to Parliament today. I understand that Members may not be satisfied with this, but I felt I should point out that this procedure was unanimously agreed yesterday by our committee.

President. — The Rules of Procedure, to the application of which Mr Scott-Hopkins consistently attaches such importance, oblige me to close this debate. I admit that Mr Scott-Hopkins was right in what he said just now, but I would point out in all friendliness that it would have been more in accordance with the Rules of Procedure to make his remarks before the vote was taken.

Mr Scott-Hopkins, I can only give you the floor if you raise a new point of order.

Mr Scott-Hopkins. — On a new point of order, Mr President. I was not making an explanation of vote. I was not so arrogant as to think that anybody cared how I voted, far from it. What I was doing was making a point of order to you, Mr President, that this procedure should not be adopted in future because it was an unsatisfactory procedure. I was not explaining what I was doing or not doing.

President. — About the new point of order raised by Mr Scott-Hopkins: you have the floor, Mr Broeks.

Broeks. — Mr President, I believe that if we consider the procedure unsatisfactory it is better to say so at the start instead of waiting until the debate is over. I therefore repeat my request that such procedural motions should in future be put at the beginning of the debate. Parliament can then take action on them. All we can do now is take note.

President. — The debate on this point is closed. We could perhaps bear Mr Broeks's suggestion in mind on the occasion of a later procedural motion.

7. Directive on standards and protocols for the testing of medicinal products — Directive on publicity for proprietary medicinal products and on package leaflets — Directive on the colouring of medicinal products

President. — The next item on the agenda is a vote without debate on the motion for a

resolution contained in the report drawn up by Mr Della Briotta, on behalf of the Committee on Public Health and the Environment, on the amendments to the proposals from the Commission of the European Communities to the Council for

- I. a directive on the approximation of the laws of the Member States relating to analytical, pharmacological and clinical standards and protocols in respect of the testing of proprietary medicinal products;
- II. a directive on the approximation of the laws of the Member States relating to publicity for proprietary medicinal products and to package leaflets; and
- III. a directive on the approximation of the laws of the Member States relating to matters which may be added to proprietary medicinal products for colouring purposes

(Doc. 31/74).

I call Mr Scott-Hopkins on a point of procedure.

Mr Scott-Hopkins. — I don't want to cause any difficulty here, Mr President, but I understood that the committee adopted that procedure, the rapid procedure, but when the matter came before the House, if a Member wished to make a speech on this particular subject, then he was enabled to do so and there could be a very short debate on it. If I am out of order in that, of course, I will shut up, but I understood that it was only in the committee that this happened. The committee took the decision, of course, when I wasn't there, but that is entirely their entitlement. When the matter came back to the House, as I understood it, if one wished to debate it, one could put one's name down, as I have done, and ask for a debate on this subject.

President. — Paragraph 6 of the decision of the enlarged Bureau concerning the 'simplified consultation procedure' drawn up last December prescribes 'adoption of this resolution without debate in plenary sitting pursuant to Rule 27 of the Rules of Procedure.' Then Rule 27(4) is applicable: 'If no request to speak has been entered when these texts come up for consideration, the President shall put them to the vote immediately.'

So, applying this Rule 27(4), if, even under the simplified consultation procedure, in the plenary sitting somebody asks for the floor, he shall have it.

President

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I have no wish to keep the House more than a few moments. This is a technical matter, as the House will realize, but, as sometimes happens with technical matters, it is of great importance to the people to whom it is directed and whom it concerns. There are certain anxieties that have been expressed in the pharmaceutical industry, and it is for that purpose that I thought there was objection to letting this go completely through without getting some form of assurance, if possible, from the Commission.

One would, of course, accept that the present procedure as put down in the Directive from the Commission may be necessary to enable technical amendments of a minor character to be made to a directive with reasonable speed; but there is nothing in this proposal to suggest that the procedure will be limited to these technical changes of a non-controversial or minor character. So, therefore, as the House will see, the procedure could well be applied to amendments of very much greater consequence and importance to the industry, and this is by the setting up of the Committee of Experts which the Commission are proposing in this particular Directive. As things stand at the moment, it would seem that these experts are to be consulted, but they are almost certainly to be experts on government and not from the industry and one would want to be certain that the procedures of this committee would only be used for purposes of a non-controversial and minor character — which is, after all, the intention. I think this is what the Commission intend to do and it would be right and proper for them to give that assurance now. They will appreciate that there are fears that the industry will not be included in any of these particular consultations, and if we can find from the Commission that the industry at some stage or another will be consulted, then indeed I think their anxieties will be set at rest.

These are the two points, Mr President, which are causing anxiety amongst the industry: the fact that the work of the Committee of Experts could be extended further than was intended, and the need for consultation. And there is one final, very small point: if there is disagreement between the Committee of Experts and the Commission, then, of course, it is possible for the Council of Ministers at political level to take the decision as laid down in the procedure. They won't necessarily have the advantage of having the appropriate technical or qualified advice available to them, and a wrong decision might be made which technically affected indus-

try by making them do more tests, more clinical trials or field trials, or something like that, of a new product. Clearly, therefore, one wishes to hear from the Commissioner that these safeguards will be built in and that it is not the Commission's intention to go beyond the very letter of what is written down in this Directive.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, may I first thank the Committee on Public Health and the Environment and more particularly the rapporteur, Mr Della Briotta, for the work they have done and also for the support they have given to the proposal of the Commission.

As regards Mr Scott-Hopkins' remarks, the Commission understands his concern and shares the view that questions which at first sight may appear to be of a purely technical nature may acquire political significance. That we fully understand. I can assure the House that the purpose in setting up the proposed Committee of Experts is to ensure that matters of a purely technical nature are settled without difficulty. The House may rest assured that this committee will not be asked to deal with questions of a more extensive or political nature. I should also like to say that the Commission will continue to consult the parties concerned before it makes any decisions.

President. — Thank you, Mr Haferkamp.

Does any one else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. Date and place of next sittings

President. — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 10 to 14 June 1974.

Are there any objections?

That is agreed.

¹ OJ No C 62 of 30. 5. 74.

9. *Approval of the minutes*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

10. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 12.25 p.m.)