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1976 — 1977 Session
Report of Proceedings
from 14 to 18 June 1976
Europe House, Strasbourg

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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 SPENALE

President

(The sitting was opened at 7.25 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 14 May 1976.

2. *Apologies*

President. — Apologies for absence have been received from Sir Geoffrey de Freitas, Mr Andreotti, Mr Brugger, Mr Cifarelli, Mr Girardin and Mr Scelba who regret their inability to attend this part-session.

3. *Resignation of a Member*

President. — Mr Zeller has tendered his resignation as a Member of the European Parliament. On your behalf I wish him well in his future.

4. *Appointment of Members and verification of credentials*

President. — On 27 May 1976 the National Assembly of the French Republic appointed Mr Caro as Member of the European Parliament to replace Mr Zeller, who has resigned.

On 24 May 1976 the United Kingdom House of Commons appointed Mr Molloy as Member of the European Parliament to replace Mr Barnett, who has resigned.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that these appointments comply with the provisions of the Treaties.

President

It therefore asks the House to ratify these appointments.

Are there any objections?

These appointments are ratified.

On 10 June 1976 the Bundestag appointed Mr Haase as Member of the European Parliament to replace the late Mrs Orth.

The credentials of this Member will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, he will provisionally take his seat with the same rights as other Members of Parliament.

I welcome the new Members.

5. Petitions

President. — I have received from Mr Claudio Cianca and 18 other signatories, on behalf of the Italian Federation of Emigrant Workers and their Families, a petition on measures in favour of emigrant workers.

This petition has been entered under No 4/76 in the register stipulated in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions for consideration.

At the sittings of 11 February and 8 March 1976 I informed the House that Petitions Nos 14/75 and 16/75 on *youth and the future of Europe*, and *Europe and young people* respectively, had been referred to the Committee on the Rules of Procedure and Petitions. At the request of the committee, which intends to draw up a report on these petitions, they are being referred to the Committee on Social Affairs, Employment and Education for its opinion.

6. 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 proposal from the Commission of the European Communities to the Council for a regulation extending the arrangements for imports of beef and veal originating in certain African, Carribean and Pacific States provided for in Regulation (EEC) No 3328/75 (Doc. 111/76).

This document has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

- the proposal from the Commission of the European Communities to the Council for a direc-

tive concerning surveys of pig production to be made by Member States (Doc. 112/76).

This document has been referred to the Commission on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a decision establishing a uniform procedure for the exchange of information on the quality of surface fresh water in the Community (Doc. 113/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection;

- the proposal from the Commission of the European Communities to the Council for a directive on the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities (Doc. 114/76).

This document has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

- the proposal from the Commission of the European Communities to the Council for a decision concluding the European Convention on the Protection of Farm Animals (Doc. 115/76).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a seventh directive pursuant to Article 54(3) (g) of the EEC Treaty concerning group accounts (Doc. 116/76).

This document has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1059/69 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (Doc. 117/76).

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

- the proposal from the Commission of the European Communities to the Council for a decision on the conclusion of a Convention on the protection of the Mediterranean Sea against pollution and a protocol on the prevention of the pollution of the Mediterranean Sea by dumping from ships and aircraft (Doc. 118/76).

President

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

- the proposal from the Commission of the European Communities to the Council for a Directive for a 12th amendment to the Council Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 121/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

- the proposal from the Commission of the European Communities to the Council for a Directive amending Directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture (Doc. 129/76).

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

- the proposals from the Commission of the European Communities to the Council for :
 - I. a directive on the approximation of the laws of Member States relating to veterinary medicinal products
 - II. a directive on the approximation of the laws of Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products (Doc. 132/76).

This document has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion ;

- the proposal from the Commission of the European Communities to the Council for a multiannual research programme of the Joint Research Centre 1977—1980 (Doc. 145/76).

This document has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection for their opinions ;

- the proposal for the transfer of appropriations between chapters in Section III — Commis-

sion — of the General Budget of the European Communities for the financial year 1976 (Doc. 146/76).

This document has been referred to the Committee on Budgets ;

- the second list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not carried forward automatically (Doc. 159/76) This document has been referred to the Committee on Budgets ;

- the proposal from the Commission of the European Communities to the Council for a regulation amending regulation (EEC) No 3015/75 of 17 November 1975 opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco (Doc. 161/76).

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 Klepsch on behalf of the Committee on External Economic Relations on economic and commercial relations between the European Community and Iran (Doc. 119/76) ;
- Report by Mr Ligios on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation fixing the main intervention centres for oilseeds for 1976/77 marketing year and the derived intervention prices applicable at these centres (Doc. 120/76) ;
- Report by Mr Laban on behalf of the Committee on Agriculture on 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. 123/76) ;
- Report by Mr Martens on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision on the continuation of the surveys to be carried out by Member States on bovine livestock (Doc. 124/76) ;

President

- Report by Mr Martens on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive concerning the statistical surveys to be carried out by the Member States in order to determine the production potential of plantations of certain types of fruit trees (Doc. 126/76);
- Report by Miss Boothroyd on behalf of the Committee on Development and Cooperation on the proposal from the Commission of the European Communities to the Council for a regulation extending the arrangements for imports of beef and veal originating in certain African, Caribbean and Pacific States provided for in regulation (EEC) No 3328/75 (Doc. 127/76);
- Report by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on the proposal to the Commission of the European Communities to the Council for a Directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco (Doc. 128/76);
- Report by Miss Flesch on behalf of the Committee on Budgets on the draft estimates of revenue and expenditure of the European Parliament for the financial year 1977 (Doc. 130/76).
- Report by Miss Flesch on behalf of the Committee on Development and Cooperation on the communication from the Commission of the European Communities to the Council on renewal of the Convention between the European Economic Community and the United Nations Relief Works Agency for Palestine Refugees (UNRWA) (Doc. 131/76);
- Report by Mr Springorum on behalf of the Committee on Energy and Research on the future guidelines of the Community's coal policy in the framework of the overall concept of a Community energy policy (Doc. 133/76);
- Report by Mr Pintat, on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for regulations concerning:
 - I. imports of durum wheat from Morocco
 - II. imports of wine of fresh grapes, intended for fortifying, originating in Algeria
 - III. imports from the Popular Democratic Republic of Algeria of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
 - IV. imports from the Republic of Tunisia of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
 - V. imports from the Kingdom of Morocco of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
 - VI. imports of olive oil from Algeria
 - VII. imports of olive oil from Morocco
 - VIII. imports of olive oil from Tunisia (Doc. 135/76);
- Report by Mr Pintat on behalf of the Committee on External Economic Relations 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 apricot pulp falling within sub-heading ex 20.06 B II c) 1) aa) of the Common Customs Tariff and originating in Morocco (year 1976)
 - II. a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within sub-heading ex 20.06 B II c) 1) aa) of the Common Customs Tariff and originating in Tunisia (year 1976) (Doc. 136/76);
- Report by Mr Pintat on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation on imports into the Community of prepared and preserved sardines originating in Morocco
 - II. a regulation on imports into the Community of prepared and preserved sardines originating in Tunisia (Doc. 137/76);
- Report by Mr Pintat on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin falling within sub-heading ex 22.05 of the Common Customs Tariff and originating in Algeria (1976/1977) (Doc. 138/76);
- Report by Mr Laban on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation suspending the application of the condition to which imports of certain citrus fruit originating in Morocco or Tunisia are subject under the agreements between the Community and each of those countries (Doc. 139/76);

President

- Report by Mr Cointat on behalf of the Committee on Budgets on the role and function of Parliamentary control of Community resources and expenditure (Doc. 143/76);
- Report by Mr Cointat on behalf of the Committee on Budgets on the release of the appropriations entered under certain chapters of the statement of expenditure relating to research and investment activities of the budget of the European Communities for the financial year 1976 (Doc. 144/76);
- Report by Mr Früh on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops (Doc. 156/76);
- Report by Mr Martens, on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive concerning surveys of pig production to be made by Member States (Doc. 157/76);
- Report by Mr Bourdelles on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the common organization of the market in potatoes (Doc. 158/76);
- Report by Mr Glinne on behalf of the Committee on Social Affairs, Employment and Education on

The guidelines of the Commission of the European Communities for a Community strategy for full employment and stability in preparation for the forthcoming Tripartite Conference

 - the document entitled 'Re-establishment of full employment and stability in the Community' drawn up for the Tripartite Conference on 24 June 1976
 - the motion for a resolution tabled by Mrs Goutmann and Mr Marras on the crisis in Europe and the Tripartite Conference (Doc. 160/76);
- Report by Mr Howell on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation concerning common measures to improve the conditions under which agricultural products are processed and marketed (Doc. 162/76);
- Report by Mr Meintz on behalf of the Committee on Social Affairs, Employment and Education on the report by the Commission of

the European Communities on the development of the social situation in the Community in 1975 (Doc. 164/76).

(c) the following motions for resolutions :

- motion for a resolution tabled by Lord Reay on behalf of the Committee on Development and Cooperation on the implementation of the appropriation in the 1976 Community Budget for financial and technical aid to non-associated developing countries (Doc. 126/76);
- motion for a resolution tabled by Sir Derek Walker-Smith on behalf of the Legal Affairs Committee on the division of competence between committees as regards the staff regulations of officials and other servants of the Communities (Doc. 141/76);
- motion for a resolution tabled by Sir Derek Walker-Smith on behalf of the Legal Affairs Committee on the allocation of responsibility for matters concerning competition (Doc. 142/76);

(d) the following oral questions with debate :

- oral question with debate by Mr Durieux on behalf of the Liberal and Allies Group to the Conference of Foreign Ministers of the Member States, the Council and the Commission on the Community's external relations (Doc. 147/76);
- oral question with debate by Mr Aigner, Mr Notenboom, Mr Deschamps, Mr Brugger and Mr Artzinger on behalf of the Christian-Democratic Group to the Council on the budgetary powers of the European Parliament (Doc. 148/76);
- oral question with debate by Mr Herbert and Mr de la Malène on behalf of the Group of European Progressive Democrats to the Commission on the deterioration in EEC-US trade relations (Doc. 149/76);
- oral question with debate by Lady Fisher, Mr Evans, Mr Albers, Mrs Dunwoody, Mr Albertsen, and Mr Dondelinger, to the Commission on Community action towards equal opportunities and status for women (Doc. 150/76);
- oral question with debate on behalf of the Committee on Economic and Monetary Affairs to the Commission on competition policy (Doc. 151/76);
- oral question with debate on behalf of the Committee on Economic and Monetary Affairs to the Commission on industrial policy (Doc. 152/76);

President

- oral question with debate by Mr Fellermaier, on behalf of the Socialist Group, Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, Mr Bangemann, on behalf of the Liberal and Allies Group, Mr de la Malène, on behalf of the Group of European Progressive Democrats, Lord Bessborough, on behalf of the European Conservative Group and Mr Fabbrini, on behalf of the Communist and Allies Group, to the Commission on the earthquake in the Friuli area (Doc. 153/76);
 - oral question with debate by Mr Aigner on behalf of the Christian-Democratic Group to the Commission on the implementation of the 1976 budget (Doc. 154/76);
- (e) — oral question without debate
- by Mr Früh, Mr Artzinger, Mr Memmel, Mr Klepsch and Mr Mursch, to the Commission on imports of agricultural alcohol into the Federal Republic of Germany (Doc. 155/76);
- (f) for Question Time on 16 June 1976, pursuant to Rule 47A of the Rules of Procedure, questions by Mr Hamilton, Mr Cousté, Mr Terrencire, Mr Fletcher, Mr Cointat, Mr Nolan, Mr Albertsen, Mr Berkhouwer, Mr Früh, Mr Dondelinger, Mr Spicer, Mr Kavanagh, Mr Krieg, Mr de la Malène, Lord Bethell, Miss Boothroyd, Mr McDonald, Mr Evans, Mr Rivierez, Mr Shaw, Mr Dalyell, Mr Gibbons, Mr Lenihan, Mr Herbert, Mr Nyborg, Mr Dykes and Mr Liogier (Doc. 140/76);
- (g) from the Joint Parliamentary Committee of the EEC-Greece association, the recommendations adopted in Aghios Nikolaos (Crete) on 21 May 1976.

These recommendations have been referred, for information, to the Political Affairs Committee, the Committee on External Economic Relations and the Committee on Agriculture.

7. Texts of treaties forwarded by the Council

President. — I have received from the Council of the European Communities certified true copies of the following documents :

- notice of the completion by the Community of the procedures necessary for the entry into force of the protocol laying down certain provisions relating to the agreement establishing an association between the European Economic Community and Malta ;
- commercial cooperation agreement between the European Economic Community and the Islamic Republic of Pakistan ;

- cooperation agreement between the European Economic Community and the Republic of Tunisia, together with final act ;
- cooperation agreement between the European Economic Community and Popular Democratic Republic of Algeria, together with final act ;
- cooperation agreement between the European Economic Community and the Kingdom of Morocco, together with final act ;

These documents will be placed in the archives of the European Parliament.

8. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized various committees to draw up reports on the following subjects :

- Committee on Economic and Monetary Affairs :
a report on the Fifth Report of the Commission of the European Communities on competition policy ;
- Committee on Energy and Research :
a report on the first periodical report submitted by the Commission to the Council of the European Communities on the programme for rational utilization of energy and the draft recommendations of the Council ;
the Committee on the Environment, Public Health and Consumer Protection has been asked for its opinion ;
the Committee on Regional Policy, Regional Planning and Transport has been asked to deliver an opinion on the two proposals for recommendations on means of transport contained in this first periodical report ;
- Committee on External Economic Relations :
a report on the economic and commercial relations between the Community and the People's Republic of China ;
this report will be drawn up in close cooperation with the Political Affairs Committee which is currently preparing a report on the political relations between the EEC and China ;
- Committee on Development and Cooperation :
a report on the Community's commercial relations with the countries of the African continent, excluding the Maghreb countries ;
the Political Affairs Committee and the Committee on External Economic Relations have been asked for their opinions ;
a report on the results of the constituent meeting of the ACP-EEC Consultative Assembly held in Luxembourg on 1, 2 and 3 June 1976.

9. *Statement by the President on the discharge in respect of the budgets of the Communities for 1972, 1973 and 1974*

President. — The Council of the European Communities has informed me of its decisions of 1 June 1976 giving a discharge to the Commission in respect of the implementation of the budgets of the European Communities for the financial years 1972, 1973 and 1974 (Doc. 169/76). Pursuant to the provisions of the Treaties, Parliament is now required to state its position. These decisions have therefore been referred to the Committee on Budgets.

10. *Decision on the budgetary procedure for the 1977 financial year*

President. — I can now give you some information on the examination of the general budget for the 1977 financial year.

Following an initiative taken by the Commission, and after long discussions with the Commission and the Council, the enlarged Bureau has decided in agreement with the other two Community Institutions to adopt the following time-table in order to improve the operation of the budgetary procedure :

Since the date for submitting the preliminary draft budget has been brought forward, Parliament can now consider this budget during the July 1976 part-session.

The draft budget must be forwarded to Parliament on 10 September 1976, Parliament will be able to vote this budget at the first reading in October.

For this purpose an additional part-session has been scheduled from 25 to 28 October in Luxembourg, devoted to the debate and the vote on the budget ; it will replace that provisionally scheduled for the end of November.

The modified draft budget will be forwarded by the Council to Parliament on 23 November and the vote at second reading will take place during the part-session to be held from 13 to 17 December 1976.

Are there any objections ?

That is agreed.

11. *Tabling of three motions for resolutions*

President. — I have received three motions for resolutions with requests for debate by urgent procedure :

- motion for a resolution tabled by Mr Durieux, on behalf of the Liberal and Allies Group, on the situation in Lebanon (Doc. 134/76) ;
- motion for a resolution tabled by the Socialist Group on restoration of the market equilibrium in the milk sector (Doc. 163/76) ;
- motion for a resolution tabled by Sir Derek Walker-Smith, on behalf of the European Conser-

vative Group, on the trial of mercenaries in Angola (Doc. 167/76).

I shall consult Parliament on the question of urgency at the beginning of tomorrow's sitting.

12. *Limit on speaking time*

President. — For items on the agenda other than the debate on the motion of censure I propose that speaking time be allocated as follows :

Reports :

- 15 minutes for the rapporteur and one speaker for each group ;
- 10 minutes for other speakers ;
- 5 minutes for speakers on amendments.

Oral questions with debate :

- 10 minutes for the author ;
- 5 minutes for other speakers.

Are there any objections ?

That is agreed.

13. *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 ?

I call Mr Yeats.

Mr Yeats. — I am not objecting to this procedure that you suggest, Mr President, but before we can agree to the use of urgent procedure we should be told which items are in question.

President. — Mr Yeats, this is the formula we use at the beginning of each part-session to enable us to debate reports not submitted within the normal time-limits.

14. *Organization of the debate on the motion of censure*

President. — The chairmen of the political groups have agreed to the following arrangements for tomorrow's debate on the motion of censure :

- Conservative Group, authors of the motion : no limit ;
- Socialist Group : 35 minutes ;
- Christian-Democratic Group : 30 minutes ;
- Liberal and Allies Group : 20 minutes ;
- Other groups : 15 minutes ;
- non-attached Members : 5 minutes ;
- Commission : as and when it so requests.

President

I would remind you that the vote on the motion of censure will take place on Wednesday. If the required two-thirds majority is not achieved, the motion will stand rejected.

I call Lord Bruce for a procedural motion.

Lord Bruce. — In view of the fact that you have sent us all telegrams emphasizing that there will be a vote on Wednesday, may I take it that the motion of censure will not be withdrawn without the leave of the House? I know that there are precedents for motions of censure being withdrawn, but I should like your specific ruling in this case, because it is no small matter to censure the entire Commission and such procedural courses should not be taken lightly or wantonly — and they should not be made a reason for discussion only. I would therefore hope, Mr President, that you will be able to give the House an assurance that the motion cannot be withdrawn without the leave of the House.

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, this is an extremely serious matter which has received a great deal of publicity in the United Kingdom, and no doubt elsewhere, and the situation might be abused if at the end of the debate this motion is withdrawn, as I suspect it will be, because the political group that has moved it finds itself in an extremely weak position. I hope either that the House will refuse permission to have the motion withdrawn, or that the enlarged Bureau will refer it to the Committee on the Rules of Procedure to prevent what can only be described as an extremely blatant abuse of the procedures of this House.

(Applause from certain quarters on the left)

President. — The authors of a motion tabled in a parliament are always able to maintain it or withdraw it.

I personally tabled a motion of censure once, but withdrew it before the vote; no-one was allowed to reintroduce it.

Since then the Rules of Procedure have been improved in that respect, but they do not state that when a motion of censure is tabled it may not be withdrawn. That is exclusively a matter for the authors to decide.

I call Lord Castle for a procedural motion.

Lord Castle. — I am not well versed in the rules of this Parliament. However, I draw your attention, Mr President, to the fact in the British Parliament — and, I assume, in other Parliaments — it is a serious offence to interfere with the attendance of a Member of the House seeking to perform his duties in the Parliament to which he is appointed. I draw your attention to that fact, Mr President, because 10 members of the British Labour Party delegation are absent as a result of the wilful action of Conservative Members who have put down a motion on the agenda

which will cause great debate in this Parliament. It may be — we hope not — that they may achieve a decision which would not reflect the opinion of this Parliament owing to the absence of the Labour Members of the House of Commons who are Members of this Parliament. If it is established by constitution and practice in other countries to be wrong to prevent a man from voicing his opinions and those of his party in a Parliament, that rule should apply here equally.

I raise this matter as the honourable and gallant Gentlemen — I do not use those terms in derision, as I know from my acquaintance with the Members individually that they deserve them — are collectively responsible for refusing to pair and to allow my Labour colleagues from the House of Commons to be here.

(Applause from certain quarters on the left)

President. — I call Sir Peter Kirk.

Sir Peter Kirk. — May I put the record straight, Mr President?

I made it plain to the Labour Members of the House of Commons that all 12 Conservative Members would be here and that we would be delighted to see the Labour Members here today. The Labour Members of Parliament were prevented by their own Whips from coming here. Only one had the courage to defy his own Whips.

(Applause from the European Conservative Group)

President. — These difficulties are caused by our present dual mandate and stem from the different rules in force in our various countries. I do not think the European Parliament can do anything about this situation.

15. Order of business

President. — The next item is the order of business. At its meeting of 4 June 1976 the enlarged Bureau prepared the draft agenda which has been distributed. Since then a number of proposed changes have been submitted.

The three reports by Mr Martens included in Friday's agenda will be voted without debate at the request of the appropriate committee.

The Committee on Budgets has just adopted a motion for a resolution by Mr Lange on the release of 7 posts in the Commission's establishment plan. This motion can be included in the agenda for Friday.

The Commission is to adopt supplementary budget No 1 on the Friuli region. I suggest that the debate on this report be held after the oral question on the same subject by the six political groups. The vote could be held on Friday.

Finally, I propose that the vote on the motions for resolutions tabled by Lord Reay and Mr Cointat, on which there will be a joint debate tomorrow, should

President

take place after Wednesday's debate on the two oral questions on the same subject tabled by Mr Aigner.

The order of business will therefore be as follows :

Tuesday, 15 June 1976

9 a.m., 3 p.m. and possibly in the evening :

- Commission statement on action taken on the opinions of Parliament ;
- debate on the motion of censure ;
- oral question with debate to the Commission on the earthquake in the Friuli area and debate on supplementary budget No 1 relating to the Friuli area ;
- Rivierez report on the primacy of Community law ;
- Flesch report on the draft estimates of Parliament for 1977 ;
- Walker-Smith motion for a resolution on the staff regulations ;
- Walker-Smith motion for a resolution on competition problems ;
- Cointat report on the control of Community revenue and expenditure ;
- introduction of the Cointat and Reay motions for resolutions on implementation of the Community budget for 1976.

Wednesday, 16 June 1976

10 a.m. and 4 p.m. :

- Question Time ;
- vote on the motion of censure ;
- debate on the election of the European Parliament by universal suffrage ;
- Council and Commission statements on the Nairobi Conference, followed by a debate ;
- oral question with debate to the Conference of Foreign Ministers, the Council and Commission on the Community's external relations ;
- joint debate on the oral question to the Council on the budgetary powers of Parliament, the oral question to the Commission on implementation of the 1976 budget and the Cointat and Reay motions for resolutions on implementation of the 1976 Community budget, and vote on these two motions for resolutions ;
- Klepsch report on EEC-Iran Economic relations ;
- oral question with debate to the Commission on EEC-US trade relations.

Thursday, 17 June 1976

10 a.m. and 3 p.m.

- joint debate on the Artzinger and Glinne reports on the Tripartite Conference ;
- oral question with debate to the Commission on the status of women ;

- oral question with debate to the Commission on competition policy ;
- Springorum report on the coal policy of the Community ;
- oral question with debate to the Commission on industrial policy.

Friday, 18 June, 1976

9.30 a.m. to 12 noon :

- possibly, continuation of Thursday's agenda ;
- oral question without debate to the Commission on imports of agricultural alcohol into the FRG ;
- Cointat report on the release of research appropriations ;
- Bourdelles report on the organization of the market in potatoes ;
- Howell report on the processing and marketing of agricultural products ;
- Früh report on the organization of the market in hops ;
- Martens report on surveys on bovine livestock (without debate) ;
- Ligios report on intervention centres for oil seeds ;
- Laban report on the suspension of duties on certain agricultural products ;
- Martens report on the production potential of fruit trees (without debate) ;
- Martens report on surveys on pig production (without debate) ;
- joint debate on the reports by Mr Willi Müller on the use of fuel oils and health protection standards in respect of sulphur dioxide ;
- joint debate on the four Pintat reports and one Laban report on imports of certain agricultural and fishery products from Tunisia, Algeria and Morocco ;
- Flesch report on the EEC-UNRWA Convention ;
- Boothroyd report on imports of beef and veal from certain ACP states ;
- report on Community help for the Friuli area ;
- vote on draft supplementary budget No 1 on the Friuli area.

Are there any objections ?

That is agreed.

16. Time limit for tabling amendments to the draft estimates of revenue and expenditure of the European Parliament for the 1977 financial year

President. — I would remind you that today, 14 June 1976, is the time limit I fixed for tabling amendments to the draft estimates of revenue and expenditure of the European Parliament for the 1977 financial year.

17. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 15 June at 9 a.m., 3 p.m. and possibly in the evening, with the following agenda :

- Commission statement on action taken on the opinions of Parliament ;
- debate on the motion of censure ;
- oral question with debate to the Commission on the Earthquake in the Friuli area and debate on supplementary budget No 1 relating to the Friuli area ;
- Rivierez report on the primacy of Community law ;
- Flesch report on the draft estimates of Parliament for 1977 ;
- Walker-Smith motion for a resolution on the staff regulations ;
- Walker-Smith motion for a resolution on competition problems ;
- Cointat report on the control of Community revenue and expenditure ;
- introduction of the Cointat and Reay motions for resolutions on implementation of the Community budget for 1976.

I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, I should like to raise a point concerning the report by Mr Cointat, which is to be discussed on Tuesday. Our group would like to have this report referred back to the committee for consultations with the Committee on the Rules of Procedure about paragraphs 8 and 10 of the motion for a resolution.

President. — I call Mr Aigner.

Mr Aigner. — (D) I do not agree. Mr Cointat has done a lot of work on this report, and so far as I can remember, Mr President, we in the Committee on Budgets adopted the report unanimously.

Therefore I do not see why it should be referred back. Of course I do know the reason for this — because the Rules of Procedure might possibly be affected. I must say on this, however, that you must express your doubts during the debate and of course you can table a motion accordingly. What you cannot do is demand in advance that a report that has been adopted unanimously should be suddenly struck off the agenda just because a colleague has second thoughts. If the Rules of Procedure state otherwise, then they ought to be amended by a vote of Parliament.

President. — I call Mr Behrendt.

Mr Behrendt. — (D) Mr Aigner is undoubtedly right in a formal sense, but if we want to spare ourselves

unnecessary work, I would ask you to agree to this reference back, because what this motion for a resolution contains is completely contrary to our rules and otherwise we will have a debate which would be better conducted in the committees responsible. It is therefore my sincere wish that Parliament should not burden itself with unnecessary discussions now which only have to be repeated in committee.

President. — I call Mr Lange.

Mr Lange. — (D) It is of course possible to be of two minds about whether a majority decision — in fact, Mr Aigner, one committee member did vote against and so the decision was not unanimous — about whether a majority decision on the motion for a resolution contained in Mr Cointat's report should not in fact be looked at again for reasons connected with the Rules of Procedure. We did say in committee that if the rules laid down for the sub-committee diverged from the Rules of Procedure, and if the House so decided, the Rules of Procedure ought to be altered accordingly.

One can of course take the opposite view and have this matter cleared up beforehand in the Committee on Budgets and the Committee on the Rules of Procedure with the proviso that both things are discussed and decided on at the same time. I do not think we should stand in the way of this request.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) This House set up a Committee on the Rules of Procedure because it considered that there would always be questions which would have to be settled by such a committee. Now, Mr Aigner, if this committee is not competent to deal with the role and function of parliamentary control of the finances and expenditure of the Community, which committee should it be? This concerns a number of procedures which affect the House itself. It is not enough for the Committee on Budgets to confront Parliament with the report it has adopted; the Committee on the Rules of Procedure ought to have been brought in on this too, and now we want to put this right by referring the report back. You can of course say that members of my group sitting on the Committee on Budgets also voted in favour of it. But the feeling in the groups is that remedial steps should be taken if new factors come to light during group meetings since one's colleagues on the Committee on the Rules of Procedure and Petitions may not attribute the same significance to a thing as the Committee on Budgets viewing it from a different angle. I think that when a group in the House asks for something to be referred back, the parliamentary custom is for this to be approved.

President. — I call Sir Peter Kirk.

Sir Peter Kirk. — The arguments advanced by the Socialist Group may or may not be correct. What is certain, however, is that this House would be very unwise to take a decision tonight on this matter which has arisen, I think, in the absence of the rapporteur. I gather that in fact he is now here. But I still think that we ought to have had notice of this matter earlier. It is an important matter and it is in the interests of the House to get the Control Sub-Committee going as soon as possible. If there is to be a debate, I would ask that it should take place tomorrow morning.

President. — I call Mr Yeats.

Mr Yeats. — I would suggest that it is unusual to ask us to refer a report back to the committee when the report is not before us. The most usual practice, possibly, in accordance with Rule 29, is to wait until we have discussed the report and then to refer it back to the committee. That would be a better procedure, which would enable a coherent decision to be made.

Secondly, one wonders why we have a Bureau at all. The Bureau met, discussed the agenda and decided to put the report down on the agenda. One would have thought that the right way to raise a matter of this kind was not suddenly to do so on the first day of business in the session. Certainly, as it has been raised, I think the matter should be left until the report is under discussion and all concerned can give their reasons for or against this proposal.

President. — I call Mr Aigner.

Mr Aigner. — (D) I do not consider this as a matter of principle. I would just like to make sure — in my capacity as chairman of the Control Sub-Committee — that we avoid any delay. I am naturally concerned about this. If you look at the working basis and the duties that we have, just consider that we are doing it for you. The Control Sub-Committee, made up of people from all the groups, has to submit its findings to you. It has to assume a responsibility towards the public on your behalf, on behalf of Parliament. If you fail to equip this instrument with the necessary rights and powers, you are of course weakening your own control instrument and therefore I am anxious about the possibility of us suffering a delay.

It ought to be possible for us to reach agreement. I do fully realize why a discussion is wanted on the Rules of Procedure, but there was sufficient time for that before. I think this report has been on the agenda for four weeks now, for everyone to see, and every group was brought into the discussions. My only worry, as I said, is that the thing will be held up. That would be to the detriment of Parliament, not the Control Sub-Committee.

President. — I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, I insist that this debate be stopped. The Bureau met and adopted an agenda, and this meeting began over an hour ago. This matter had not been raised and now we have suddenly become involved in a long discussion on procedure. This is hardly responsible behaviour, Mr President. We should stop this debate and adhere to the agenda which we drew up.

President. — I must point out, Mr Hougardy, that it was the group chairmen who met this evening.

Mr Hougardy. — (F) Well, Mr President, this question could have been raised then. Fair's fair!

President. — I call Mr Cointat, author of the report in question.

Mr Cointat. — (F) Mr President, I left the chamber to attend another meeting, quite confident that the order of business was cut and dried and that there would be no difficulties.

Now I am dismayed to be told that a problem has arisen in connection with the report which I am to present to Parliament.

This astonishes me, Mr President. Why? The Committee on Budgets discussed this report on control, which is vitally needed, in the course of four lengthy meetings. The problem of procedure was never raised, as Mr Hougardy has just pointed out, either by the Bureau or by the chairmen of the groups.

In my view, any delay in this matter would be extremely damaging. The first duty of any Parliament is to exercise budgetary powers and our Parliament now does so since it has the final word, but it must also exercise control over income and expenditure. It is this aspect which should prompt moves to grant Parliament these powers. Any failure to do so would seriously prejudice Parliament.

What's more, I am astonished that this matter has been raised at all. The Control Sub-Committee in fact already existed in another form. It existed under the chairmanship of Miss Flesch and also under that of Mr Gerlach. Admittedly, the conditions were different, since it was only concerned with the discharge or stages in the estimates, but the fact is that it existed in an embryonic form.

I would therefore request, Mr President, that since the agenda has been fixed, this report be considered, as it concerns a vital matter and as there has never been any reason to raise any procedural difficulties.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Let me point out straightaway that we have got nothing against the Control Sub-

Broeksz

Committee. I was simply rather surprised by the remark that this question had been discussed in committee and everyone was agreed. Does the fact that a particular committee was unanimous mean that there is nothing left for Parliament to say, that it has lost the right to speak? Are we only allowed to say amen to what the Committee on Budgets has said?

During the group meeting this afternoon, we did discuss this report, and a number of objections were raised. I was in the chair. Our opinion is that what is being proposed in Paragraphs 6 and 10 conflicts with Rule 39 of the Rules of procedure. If there is no agreement on whether powers of this type can be given to a sub-committee, the question arises of whether the Committee on the Rules of Procedure should not be consulted. This committee's opinion could then be passed on to the Committee on Budgets, so that it would then know whether Rule 39 was being contravened or not.

In my opinion this is the case with paragraph 10. Is it not then more reasonable to refer it back to the committee for further discussion? We were unable to make this proposal any earlier because we discussed this subject between 6.15 and 7.00. If Parliament does not agree to this reference back, we shall return to this subject in general terms tomorrow.

President. — I call Mr Lange, chairman of the Committee on Budgets.

Mr Lange. — (D) We ought not to spend too much time arguing on this. We have to come to terms with the fact that the controversial questions raised by paragraphs 6, 8 and 10 must be examined by the Committee on the Rules of Procedure and Petitions. We must however agree that this affair must be settled

during the July part-session and no later. It cannot be delayed any longer since, in the meantime, the ratification of the treaties of 22 July 1975 is coming up.

But I should like to add something else, Mr Broeksz. Neither the Committee on Budgets nor any member of it is claiming to have a monopoly of wisdom or to be able to upstage Parliament — that is beyond question. We submit reports so that Parliament can discuss them. But at the same time, I would like to point out that this Parliament, when it assigns particular duties, in this case control of expenditure, must realize that changes in the Rules of Procedure might be needed. Just because one of these rules has up to now stipulated very precise conditions, it does not mean that because of these conditions, any other arrangement is impossible.

Mr Broeksz. — (D) Then there must be discussions on this!

Mr Lange. — (D) ... Therefore we must end up this debate now and refer this matter back to the two committees, so that we can settle this matter finally in July.

Mr Broeksz. — (D) But that was what I was saying!

President. — Under Rule 26 reference to committee can always be requested.

I think, and this has already been said, that we are not in a position to take a decision this evening. I shall therefore submit to the House tomorrow the proposal submitted by the Socialist Group to refer the report back to the committee. This matter is now closed. The sitting is closed.

(The sitting was closed at 8.5 p.m)

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IN THE CHAIR : MR SPÉNALE

President

(The sitting was opened at 9.05 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?

I call Mr Yeats.

Mr Yeats. — I should like to query the accuracy of item 13 of the minutes.

You will remember, Mr President, that yesterday evening you made a proposal that Parliament should

decide to deal by urgent procedure with reports not submitted within the time-limit laid down in the ruling of 11 May 1967.

I understood that no decision on urgency was then taken and suggest that item 13 should be corrected.

President. — The minutes of proceedings will be revised, taking your comments into consideration.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I should be grateful if you, Mr President, could clear up a slight confusion surrounding the censure debate upon which the Parliament will soon embark. Yesterday when you, Mr President, were dealing with the amount of speaking time to be allocated to the various groups, I understood you to say that the Conservative Group would have unlimited time — not only the author but the Conservative

Scott-Hopkins

Group as such. That is not how it appears in the minutes of yesterday's sitting. Perhaps you, Mr President, would like to clarify how much time is to be allocated to the Conservative Group.

President. — When introducing the motion of censure, the European Conservative Group will have unlimited time. In the following debate, it will have the time to which it is entitled, that is to say fifteen minutes.

Are there any other comments?

The minutes of proceedings are approved.

2. Decision on urgency of three motions for resolutions

President. — I consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Durieux on behalf of the Liberal and Allies Group on the situation in Lebanon (Doc. 134/76).

Are there any objections?

The adoption of urgent procedure is agreed.

I propose that this motion for a resolution should be placed on the agenda for the beginning of this afternoon's sitting.

Are there any objections?

That is agreed.

I consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by the Socialist Group on skimmed milk powder (Doc. 163/76).

Are there any objections?

I call Mr Bertrand.

Mr Alfred Bertrand. — (NL) I have the impression that this motion for a resolution tabled by the Socialist Group is in some way connected with the initiative taken by the European Conservative Group in the shape of its motion of censure. I therefore propose that the Socialist Group's motion should not be debated at this stage; it would be preferable for us to wait and see what happens to the Conservative Group's motion of censure. We shall then be able to decide whether it is necessary to deal with this resolution by urgent procedure.

If you wish the vote to be taken now, I must ask you to suspend the sitting to enable me to ascertain my group's position on this resolution. But it seems preferable to me to wait until tomorrow morning before deciding whether urgent procedure is appropriate. If the debate is considered urgent, it can then begin at once. We should not be losing any time in this way because we would then know exactly what the situation is regarding the motion of censure.

President. — I call Mr Laban.

Mr Laban. — (NL) I propose holding the debate on the motion for a resolution after consideration of Sir

Peter Kirk's motion of censure. That would seem to be the best time for doing so.

If Mr Bertrand is able to agree to this proposal, I shall not at this stage go into the reasons for which our motion has been tabled.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) I recognize Mr Bertrand's request for the motion to be considered in his group in view of the importance we attach to it — it has been formulated in a very concise sentence: *deplores the Council's unsuccessful policy in the milk sector*. As I also consider that the matter in fact warrants examination by urgent procedure, I am able to agree expressly to the Christian-Democratic Group's request for a short suspension of the sitting to allow consultation within the groups.

President. — I call Mr Alfred Bertrand.

Mr Alfred Bertrand. — (NL) I believe that Mr Fellermaier has not understood my proposal exactly because of interpretation difficulties.

I proposed that we should discuss the question of urgency of this motion for a resolution tomorrow following the vote on the motion of censure and then begin the debate immediately if urgent procedure is decided. We should then be losing no time.

This would enable us to discuss the motion for a resolution at the group meetings scheduled for 9 o'clock tomorrow morning.

President. — There seems to be some misunderstanding as to the exact wishes of the Christian-Democratic Group.

Mr Alfred Bertrand. — (F) To avoid any loss of time for the Assembly by suspending the sitting we propose that the vote on urgent procedure, followed immediately by a debate if so decided should be taken tomorrow after the vote on the motion of censure.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr Bertrand has suggested that we might consider this matter after the vote on the motion of censure tomorrow, following the ruling you gave yesterday. It is not at all clear yet that a vote will in fact take place. There is always the possibility that the motion of censure will be withdrawn. In that case, I suggest, Mr Fellermaier's suggestion is the only practical course to take in regard to the proposal put forward by Mr Laban.

President. — With regard to the motion of censure, there are three possibilities — withdrawal, adoption or rejection. I would therefore ask the Socialist Group

President

whether it intends to maintain its motion for a resolution in all of those three cases.

Mr Fellermaier. — (*D*) I wish at least to answer those sections of this House which have expressed their views here. If you like, our motion for a resolution is a backstop for the Conservative Group, or may be so at least if the motion of censure is rejected. Urgent consideration of our motion will then enable our Parliament to nevertheless express its views on the misguided dairy policy. But since it is impossible to foresee how the House will vote tomorrow on the motion of censure, I am able to agree to Mr Bertrand's proposal that our motion should be considered by urgent procedure directly after the vote of confidence or no-confidence. I believe it will not be a problem for this House to decide on urgent procedure at this stage and agree to hold the debate tomorrow following the vote on the motion of censure.

President. — I put to the vote the request for the adoption of urgent procedure.

The adoption of urgent procedure is agreed. The debate will take place tomorrow after the vote on the motion of censure.

I consult Parliament on the adoption of urgent procedure for the motion for a resolution by Sir Derek Walker-Smith, on behalf of the European Conservative Group, on the trial of mercenaries in Angola (Doc. 167/76).

I call Mr Corona.

Mr Corona. — (*I*) Mr President, before indicating our rejection of this request for urgent procedure, allow me to express the astonishment of the Socialist group and myself at the fact that an initiative of this kind has been taken by a body such as the Conservative Group which is concerned to maintain the dignity of our Parliament.

Since the world has been the world as we know it and for as long as there has existed a glimmer of human civilization, mercenaries have been treated — and the world itself reflects this fact — for what they are: persons who turn war into a remunerative occupation, and cannot even invoke, to justify the killing of other human beings, the attenuating circumstance referred to at the Nuremberg trials — namely the need to obey their commanding officers and carry out orders received. Nevertheless today we are being asked to discuss, and what is more by urgent procedure, those persons who have raised throughout black Africa and, I believe, in the conscience of all modern peoples, a wave of indignation. I consider that we should at most put forward a resolution against mercenaries as such, against the fact that it is permissible to enrol people to commit organized crime and looting, a resolution against war waged by mercenaries.

In conclusion, Mr President, a debate on the resolution which has been tabled might provide an opportu-

nity for the socialist Group to make political capital, but such a debate would be beneath the dignity of the European Parliament.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Mr Corona has perhaps somewhat misunderstood the purport, significance and purpose of this motion. This is not a motion to extol the use of mercenaries as such. It is certainly not a motion intended to advocate the use of force in the world. None of us would yield to Mr Corona in our desire that in due course the use of force and war be outlawed in a civilized world. But that time is not yet. We have only to look around at the conditions of the world to see that.

What this motion is concerned with is that there should not be an abrupt and sudden change in the position which has held good over the centuries. That approach has been that it is not a breach of international law or the rules of warfare for mercenaries to be employed. Some mercenaries, no doubt, are better than others, but there are some very honoured names in the ranks of mercenaries in history which Mr Corona seems to have overlooked. There has been a steady employment of them — to take only one instance, the employment of the Swiss as the Papal Guard employed as mercenaries through the generations.

(Laughter from the Socialist Group)

This observation seems to give rise to some mirth among honourable gentlemen opposite. Perhaps they have not read their history very closely or perhaps their reading of history starts only with some textbooks in the latter part of the 19th century.

I repeat, this motion makes it clear that in so far as offences have been committed, of course there is, and should be, jurisdiction for the punishment of those offences, but it argues that people should not be tried and convicted solely on the ground that they are employed as mercenaries. Human motive is infinitely mixed and most people who go, even from good motives, to participate in conflict are presumably in receipt of some form of pay and allowances, which could be construed as participation as a mercenary. Even at this time there is an international conference sitting on these matters in Geneva, and it would not be right to change the law and the legal approach to these matters in one single instance.

If, in the event, the use of mercenaries is to be considered *per se* an offence in international law, that must be decided on an international basis.

All the motion is asking for, as is made clear in the substantive paragraph, is that the offence of being a mercenary alone, if no other offence is proved, should not be one on which an individual should be

Walker-Smith

sentenced. That is all that the motion does. It is, in my submission, a perfectly proper motion. It is a motion within the ambit of Rule 25 as it has been applied in recent years. The urgency of the matter is obvious.

I submit to Parliament that a proper unprejudiced understanding of the motion will confirm that it is one which should be urgently debated and one which should commend itself to the good judgment of Parliament.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — I should like to add a few words to what has been eloquently said by Sir Derek Walker-Smith. I understand that he, like myself, has a constituent on trial in Angola.

I am concerned about a boy of 20. He did boy service in the British Army, found himself unemployed, and was then offered money beyond his wildest dreams to go to Africa and, as he believed, an opportunity to earn money honourably. He was there for a few days only when he was captured, and now he is on trial. I know nothing of his conduct, and I do not know how he has behaved.

My concern is that this boy should have a fair trial. Our Socialist friends are not so concerned about that ...

Mr Prescott. — Do not be so arrogant!

Sir Brandon Rhys Williams. — ... I had hoped that the European Parliament would rise to this challenge. More than one Member State is concerned in this matter. I hope that we shall have a debate on the subject and express our views clearly.

President. — I call Mr Klepsch.

Mr Klepsch — (D) I should just like to add two comments because Mr Corona's speech depressed me greatly. I shall read it again carefully later. His words were directed against all professional soldiers.

(Protests)

Of course that is so; you can read his words again. I was extremely depressed to hear these observations and wish to state that the basic problem is as follows: every government has the right to create the armed forces which it thinks it needs to maintain its position and order. Now we have on a large scale the curious phenomenon of 'volunteers'. In contrast to the volunteers referred to in this motion, who are recruited specially, there are also certain volunteers who are sent to perform their task. I do not propose to go into these complicated matters here.

It would be worth considering whether perhaps the different positions can be reduced to a common denominator. If I have heard correctly, the purpose of

the motion is not to ensure generally freedom from legal penalties or something of that kind, for mercenaries. Quite the contrary! If I have understood the motion correctly, the aim is to guarantee the maintenance of basic, human rights for all men without beginning to make any differentiation here: because a person has become a mercenary he may perhaps no longer enjoy his basic, human rights. I cannot accept that and I am therefore surprised at the suggestion made here that these people have lost their human rights simply because they have become mercenaries. I believe that this House should not continue discussion on that plane.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr Klepsch, you may misinterpret Mr Corona's words but you cannot have failed to understand what he said. Mr Corona drew a careful distinction between the role of soldiers based on the constitution of the countries in which they serve and the practice of recruiting mercenaries who are willing to shoot men for their own financial gain in violation of international customs. That is the issue here and that is what we are discussing.

I vigorously reject your suggestion, Sir Brandon Rhys Williams, that the socialists here do not share your concern. We are concerned that it has not yet proved possible to draw up a world convention outlawing this type of banditry.

(Isolated applause on the left)

The raising of mercenaries is a modern form of banditry: no more, no less!

Following the major conference held in Luxembourg between the States of Africa, the Caribbean and the Pacific, I believe that this Parliament would be well-advised to consider the impression we shall create if we hold a debate under urgent procedure on a motion for a resolution in which the very first sentence:

mindful that the participation of mercenaries in conflicts in countries other than their own has continued over the centuries

Just imagine how that sentence will be received in the black African countries which are friendly to us; can you then expect applause and understanding in black Africa for such a Parliament? No, gentlemen of the Conservative Group, my group will not be a party to this affair.

(Applause from the left)

President. — I put to the vote the request for the adoption of urgent procedure.

The adoption of urgent procedure is not agreed.

The motion for a resolution shall therefore be referred back to the Political Affairs Committee as the committee responsible and to the Legal Affairs Committee for its opinion.

3. Order of business

President. — I call Mr Cointat for a procedural motion.

Mr Cointat. — (*F*) Mr President, I do not wish to delay consideration of the agenda but I should like one clarification: yesterday it was agreed during the debate on the oral question on the Friuli that the discussion of Community aid to the Friuli region would be accompanied by consideration of supplementary budget No. 1 drawn up for that purpose.

As I cannot find item No. 147 on the agenda distributed today, can you tell us, Mr President, if this is how you propose to arrange the debate, it being understood that the vote on the supplementary budget would not be taken until Friday?

President. — That is our intention. Furthermore, since the Socialist Group has withdrawn its request that the report by Mr Cointat on parliamentary control of Community expenditure (Doc. 143/76) should be referred back to committee, this report remains on the agenda.

4. Action taken by the Commission on the opinions of Parliament

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

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — Mr President, the President of the Commission will shortly be answering an oral question on the Friuli which will enable him to tell you what our institution has done to meet the requests of your Assembly.

Following the resolution adopted by Parliament on 8 March 1976 on the basis of the report drafted by Lady Fisher of Rednal, the European Community has sponsored the youth orchestra which will be created, led and administered by the Foundation of International Youth Orchestra Festivals.

The Commission has also been able to meet the request put forward by Miss Flesch in her report on the amendment of the staff regulations of officials and other servants of the Joint Research Centre and has presented to the Council an amended proposal which takes full account of the European Parliament's views.

It has also drafted an amended proposal following Mr Albers' report on the mutual recognition of diplomas and the exercise of freedom of establishment for road hauliers.

Furthermore, the Council has recently adopted the regulation embodying financial provisions applicable to the European Centre for the development of vocational training, a regulation on which Mr Gerlach reported. I am pleased to be able to inform you that

the Council has taken account of the amendments proposed to it by the Commission following the debate in your Assembly.

During the debate on Mr Kofoed's report on subsidies for cereals production and Mr de Koning's report on the common organization of the markets for cereals and rice, Parliament rejected the Commission's proposals. We have taken account of your opinion by withdrawing these two proposals last month.

5. Motion of censure on the Commission (debate)

President. — The next item is the debate on the motion of censure on the Commission of the European Communities tabled by Sir Peter Kirk on behalf of the European Conservative Group pursuant to Rule 21 of the Rules of Procedure (Doc. 109/76).

I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

Sir Peter Kirk. — This is only the second time in the history of this Parliament, Mr President, that a motion of censure has been placed on the agenda seeking to remove the Commission from office. The first time, it may be recalled, was when a certain Mr Georges Spénale tabled a similar motion in November 1972 which was debated in December of that year. It was not at that time pressed to a vote. Perhaps that will ease Lord Bruce's mind, as he seems greatly worried whether he is to be able to vote tomorrow. I can assure him that I am following precedent in deciding at the end of the debate precisely what we shall do, a precedent laid down by so eminent a Socialist as yourself, Mr President, four years ago.

The criteria for a motion of censure were set out by you, Sir, in a speech on that occasion. You pointed out, quite rightly, that this was very different from a motion of censure in a national parliament. We are not here engaged in the business of trying to overturn a government so as to install a government of our own political kind. The Commission, though it is a collegiate body, has no party political coherence at all; indeed, it is made up of members from the widest number of political parties throughout our nine countries. For that reason a motion of censure must be based on a widespread feeling of maladministration or failure to carry out the duties laid upon the Commission under the Treaty.

On the last occasion, it was the failure of the Commission to carry out a duty laid upon it that led to the motion being moved. On this occasion it is both. We are maintaining both that the procedures have not been observed and also that, if they have been observed, the maladministration in this case is so flagrant as to justify the removal of the Commission from office. The justification for this can be found, I believe, in paragraph 4 of the motion, which reads:

The fact that the Commission has lamentably failed in proper time or at all to foresee and deal with the growing surplus of milk products within the Community.

Kirk

This is no new matter. As long ago as 1967, when Commissioner Mansholt, as he then was, produced his general plan for agriculture within the Community, the question of the milk sector was causing the gravest anxiety both to Members of this Parliament and to everyone within the Community as it was then. And certainly since the enlargement of the Community in 1973, hardly a part-session has gone by in which Members from all parts of this House have not been anxiously questioning the Commission to discover what, if anything, they intended to do about what was becoming a growing scandal.

In case Members may think this is too narrow a point on which to base a motion of censure, I must remind the House of the figures that are involved here, because they are of very considerable importance. Milk and milk products account in the 1976 budget for just under 2,000 million units of account. That is 37 % of the Guarantee Section of the EAGGF as against 26 % last year, a fairly startling increase. The milk part of the Guarantee Section is six times as much as the whole of the guidance Section, again a fairly staggering example of the extent to which in this area we have got ourselves locked in.

Of the total estimated revenue of the Community, the EAGGF guarantee is 68 % and the milk-only guarantee is 25 % of the total revenue of the Community, up from 18 % last year, a vast and steadily rising total and a total, I suggest to this House, which, proportionately at any rate, must be diminished if we are ever to get any sense at all into the Common Agricultural Policy.

Nor is the idea correct that there is concern in this matter merely in certain countries within the Community. Since the scheme to which I shall be referring was introduced in March there has been widespread opposition to it, certainly in my own country — I can of course speak for that — and particularly, for the area which I represent, in which there are a large number of agricultural merchants and compounders who have suffered very considerably from the scheme. I have also made inquiries in Denmark, as there are Danish Members of this Group, and I am told that their position is even worse and that pig producers are mounting the very strongest opposition.

In case it might be thought that this did not spread further, I need only draw the attention of the Commission to a four-page article in a recent edition of *Der Spiegel*, which I am sure honourable Members from Germany have read, setting out in the greatest possible detail the objections taken by the German trade and German lawyers, and saying, for example, that there were seven companies in Germany threatening to take the Commission to court on the ground that the scheme was illegal anyhow. A leading member of the Hamburg Exchange, Mr Ferdinand

Kemmer, has called the scheme 'völlig verrückt' — absolutely mad'. The article is quite short and perhaps I may quote it in German — and I apologize to German Members for my accent :

Da sich für den zudem teuren Überschuss auch in Europa keine Abnehmer finden, ersann die EG-Kommission einen neuen Vertriebsweg: den Zwangskonsum.

That compulsory consumption is an interesting concept and no doubt as we march on ever more proudly to our more bureaucratic future we shall apply it not only to pigs and to chickens but also to human beings. No doubt the next proposal we shall have from the Commission is that if human beings do not drink enough milk they will be forced to do so or will have to put down a deposit until they have taken enough milk and presumably poured it away in order to satisfy the Commission's desire to solve the problem.

The consequence of this scheme is that the problem not only is not solved but gets steadily worse. Since the scheme was introduced in March, the amount of skimmed milk powder has gone up from 1.1 million tonnes to 1 1/4 million tonnes, and though I imagine that we shall be told that the Commission hopes that by the end of the scheme's run in October or November of this year they will have managed to wipe off some of the surplus, I understand that they hold out no hope of getting the figure below that when the scheme began. We shall have gone through this difficulty and ended up precisely where we were when the scheme started three months ago. Therefore it is important to understand precisely what happened.

The Commission brought forward its proposals at the beginning of the year—as it always does—for the agricultural sector and especially for milk production. It ran into immediate opposition from virtually every group in Parliament and every Member interested in these matters. In consequence, the Commission withdrew its first scheme and produced a second scheme. Here is the interesting point. The first scheme was debated on the basis of a report by Mr De Koning in this Parliament on 10 February last. In that report certain suggestions—they were modest; we might even say that they did not go into enough detail—were made on two possible alternative ways of solving the problem of the skimmed milk excesses. But it was made equally clear in that report, and in the recommendation voted by this Parliament first, that the problem was structural. It was not a question of price. It was a basic structural problem that could be dealt with as such. The resolution stated that Parliament

is aware that the formation of the substantial stock of SMP reveals the essentially structural nature of the milk problem; new overall policy is therefore necessary to create the right condition for a lasting equilibrium on the milk market.

Kirk

Secondly, Mr De Koning's resolution made the point strongly that the burden must be equally and evenly shared. We said that we did not consider that such a large proportion of the financial burden arising from the sales of this surplus should be borne by the pigmeat producers and the poultry farmers. We requested the Commission to fix the amount of aid for skimmed milk powder in such a way that the pigmeat producers and poultry farmers were not required to bear a substantial additional rise in production cost. The Commission did precisely the opposite. It fixed the aid so that production costs have risen in both those sectors in a way that must penalize the producers and consumers and have an effect on the price of food in each of our nine countries. The scheme which was debated in this Parliament on 10 February was not the scheme which was brought into operation on 15 March. That was a different scheme. This House never discussed it; it was never brought back to Parliament.

The Commission withdrew its earlier scheme. Indeed it had already withdrawn the scheme, as far as we can make out, before Parliament even started debating it. On 10 February Mr Lardinois, in answer to a question from Mr Scott-Hopkins, said :

At the moment, therefore, the Commission is working on the details of a guarantee system whereby caution money is levied both on products originating in the Community such as colesseed cakes and on imported products, and this caution money is repaid at the time when the obligation to buy and process denaturated skimmed milk powder for feedingstuffs has been fulfilled. We are working on this proposal and we hope that it will greatly lessen the problems in poultry farming, for the purposes of which powdered milk does not have such great nutritional value, as well as in pig farming. The feedingstuffs industry has complete freedom to use this powdered milk except in the calf sector, since of course we could not allow our normal market in the calf sector to be ruined by such action.

Therefore they have complete freedom to use the powdered milk—provided that they use it. They do not have the freedom not to use it. They are compelled to use it by means of a deposit scheme. That was a new departure. The only time that it was announced to this House was in the one statement by Mr Lardinois on 10 February.

The scheme was withdrawn, a new scheme was provided, and on 2 and 3 March it was agreed by the Council of Ministers that this scheme should be brought into action. But we were never consulted.

The Commission might argue, I suppose, that the resolution passed at the instance of Mr De Koning had in itself cleared the way for their scheme, but, as I have pointed out, in that resolution there were two major reservations, deliberately written in to prevent the Commission from producing precisely the sort of scheme that, in fact, they subsequently produced and

they did not come back in any way to consult Parliament on the major departure that they were making from the scheme which Parliament could be said to have approved.

But even if it had been true that the scheme that they adopted was the same scheme as that which Parliament had approved, they were still under an obligation to come back and consult Parliament. I will cite a precedent for the Commission in the case of European company law. When Mr Gundelach withdrew his proposal, in the light of amendments made by Parliament, he incorporated most of those amendments in his new draft, but he still brought the matter back here because it was a new matter of substantial importance. That is what should have been done on this occasion. It was not done. Indeed, it was only with the greatest difficulty that Members of this House were able to discover what the details of the scheme were.

When the scheme came into existence at the end of March I was telephoned over the weekend by three separate merchants saying, 'We want to know how much we have to pay by way of deposits. We cannot discover how much the deposits are. We cannot discover how we are going to get them back.' They were not told. A period of 19 days passed before word reached the wretched manufacturers about how much they had to pay.

We come to the next stage in the operation — the implementation of it and the incompetence of it. We may be told this morning by the Commissioner that it is perfectly true that there was a certain amount of muddle to begin with but it has been straightened out by now. I took some trouble last weekend to talk to compounders and manufacturers to see whether it is all straightened out now, and the answer is that it is very far from being straightened out. Indeed in some cases the scheme cannot work because the denaturated skimmed milk is not there to buy. The Commission produced their beautiful scheme without discovering whether countries were capable of carrying out denaturing at all. I understand that in Italy the scheme has never got off the ground for that reason, and certainly in the United Kingdom there is not enough to enable denaturing to take place on a sufficient scale for people to get their deposits back.

If we are told that the take-up on the deposits is now close to 100 %, I can only say that the figure which we have for the United Kingdom is 10 % which means that 90 % of the money remains in the hands of the Fund and, in consequence, is steadily increasing the cost of living and the cost of manufacture throughout the Community as a whole.

The scheme is not only bad but it was incompetently introduced and it is being incompetently run.

I do not wish to detain the House any longer than I need. I have indicated, I hope, that this is a matter of

Kirk

supreme importance throughout the Community not just in financial terms but in terms of public interest and in terms of public credibility within the Community itself. It is difficult enough sometimes in our own countries to defend things that are done by the European Community, though I have never been backward in doing so. But when one reaches the stage of trying to defend the indefensible, then one has a right to say, 'No we cannot go on like this; there must be a change.' The purpose of the motion of censure is to force a change either in the Commission or in the Commission's policy.

For nine years this Parliament has been asking, begging, beseeching the Commission to produce an answer to the dairy problem. It came up, as I have said; in the Mansholt document. It came up in the stocktaking before the enlargement of the Community in 1973. It came up in the first stocktaking after the enlargement of the Community in 1974. It came up again in the stocktaking that accompanied the so-called renegotiation by the British Government in 1975. Every single time we have been told. 'Yes, yes, yes, that is all right we shall try to find a way out. We agree that it is a terribly difficult problem.' But every single time the crisis arises, when the mountain increases the Commission produce a 'botched-up' scheme and assure us that it is only temporary and that they are doing it just while they think of something better to do.

Finally, as I say, one reaches the point at which one has to say, 'If you cannot do it—you, the present Commission—then you must go and we must find a Commission that can.' We may be told that in any case most of the Commission Members are going at the end of the year.

(Laughter)

I am not sure that we can wait that long. That is why we have tabled the motion. The funds are ticking up, the money is running out and it is taxpayers' money from the Community that is being used to finance a scheme which has no merit — which, indeed, is counterproductive — and which is increasing the size of the surplus and will continue to do so.

Therefore, I say to the Commission, in all friendliness to them, that they have been warned over and over again that this was a matter of supreme importance, not just to us—although we can complain, and I suppose we have every right to do so, that the proper procedures have not been gone through — but also to many millions of people throughout the Community. The Commission have been asked again and again and again what they propose to do. Now is their last chance to produce an answer, or else they must go.

(Applause from the European Conservative Group)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission. — *(F)* Mr President, this is indeed a moment of great impor-

tance since, as Sir Peter Kirk reminded you, it is the second time that a motion of censure has been tabled on the Commission. I shall not go into the philosophy underlying motions of censure; it is for Parliament to state its opinion and say whether it considers that the Commission has failed in its duty.

I am grateful to Sir Peter Kirk for the amicable spirit in which he is advising us to leave, but in reply I must say that I do not consider his arguments in the least convincing, not because I am trying to say here that there are no problems — we were among the first to recognize their existence — but because I believe quite simply, and in agreement with this Parliament, that the Commission has done its duty and dealt with this difficult question, perhaps not always perfectly but in an awareness of the difficulties and by proposing a number of solutions.

The motion of censure now before you raises three types of problem:

- the first is that of the alleged lack of consultation of Parliament and the disparity between the texts proposed and the texts finally adopted;
- the second is the cost of this regulation to producers, consumers and more generally to the Community at large, and
- the third, which is of course the greatest, is that of the general situation of the dairy products market and the surpluses created on that market.

I shall answer these three points in succession.

Let me say first of all to Sir Peter Kirk that I am unwilling to follow his argument as regards the problem of consultation of Parliament; from the month of December when this issue was first raised until 3 March when the Council acted, we held a number of discussions which clarified the issues and during which Parliament had an opportunity to express its opinion no less clearly. The succession of events confirms this just as it shows the Commission's desire to respect the procedures established to guarantee Parliament's rights.

The proposal on the fixing of the prices of certain agricultural products and certain ancillary measures forwarded to the Council in December 1975 put forward — let me remind you of this — the idea of compulsory incorporation of skimmed milk powder in compound animal feedingstuffs, the aim being to dispose of a further quantity of 600 000 tonnes of skimmed milk powder. I do not think that this Parliament spoke out following any particular speech — however vigorous the speeches may have been — or in the resolutions adopted by it, against the proposal we had put forward. Let me just say that in February it had the possibility to debate this subject in full and that compulsory incorporation was one of the ideas adopted. Parliament's resolution considers it accep-

Ortoli

table, in order to arrive at a short-term solution to the problem of surpluses for a substantial increase in the volume of food aid to be accompanied by the incorporation of a large part of the stocks of skimmed milk powder into compound feedingstuffs.

There remains the question of the deposit raised by Sir Peter Kirk who criticizes us for not speaking about it. But who then did speak about it? Mr Lardinois referred to the matter in extremely precise terms during Parliament's sitting of 10 February as Sir Peter Kirk reminded you, stipulating that a system would be worked out to impose a surety requirement on products originating in the Community, such as colza cake, and the imported product; this surety would be refunded at the time of compliance with the requirement to purchase and process denatured skimmed milk powder intended for the production of compound feedingstuffs.

Allow me to add that Parliament itself took up this idea again before the statement by Mr Lardinois, in the Committee on Agriculture, and that the motion for a resolution submitted by the Committee on Agriculture referred to it. The final resolution also did so:

Considers that control measures should be taken, for example by payment of sureties to ensure that incorporation is effectively carried out, in particular by the users of simple feedingstuffs such as feed cake.

Informed of this problem by Parliament and considering the resolution adopted as being of some importance we, for our part, took over this idea following in the most express manner the proposal for a regulation which followed the debate in Parliament, to Parliament's suggestion, i.e. respecting what we consider our duty to be. By respecting the procedure we were adding something and we did so by following Parliament's proposal.

I would remind you that in cases such as these, while a project may be revised in its entirety and placed before Parliament again, it may and indeed often does also happen that the Commission changes its opinion in line with the views of Parliament in which case we are not asked to come back here.

Mr Simonet read out to you a moment ago, as is done at each part-session, the list of action taken on Parliament's opinions and in a case like this we allowed, let me remind you specifically of this, for Parliament's intervention. There is no more correct manner of behaving towards this Parliament and approving the suggestion made by it. I am therefore led to state that it is not true to suggest that there was no consultation of Parliament, that such consultation was not followed through to its conclusion and that we failed to comply with an opinion of Parliament.

The second point concerns the cost to the producer, the consumer and the Community.

As regards the Community, Parliament very wisely referred in its resolution to the problem of both a

conjunctural and structural nature as it saw it. I have found it necessary to divide these two aspects in my answer, but the answer we have provided is in fact conjunctural in nature. This answer whose principle has been approved by Parliament is more economical from the cost angle that the other measure which might for example have consisted in reducing the price of the milk powder to make it competitive with soya; this enabled us to reduce the price of the operation by more than 150 m.u.a.

But since we are speaking both of consumers and of producers, I would remind you, Sir Peter, that we must not exaggerate either since, while it is true that a decision of this kind has some effect on the price of the compound feedingstuffs, it is also true that this effect is in the order of 3%, i.e. that the effect on the finished product is much less. To give you an indication, I do not hear anyone in this Chamber saying that a terrible crisis has occurred because in recent months — since March — the price of soya has risen by over 30% which, speaking again in terms of the same prices, does not have an effect of 2.5 to 3.5% but one of 6 to 7%. The price of the raw material may thus increase and I fail to see why a measure which is after all limited in relation both to other price movements and to its final effect, should be treated as catastrophic to anyone.

Let me add that this is all the more true as, from the angle of the consumer, there is no real problem because this is a temporary measure which therefore has no lasting effect on the price of the product; it is a measure with limited effect and one which competition on the market tends to reduce to the absolute minimum.

Consequently, I do not believe that the vigorous criticism directed at us over the increase in prices is as important as has been suggested.

Under these conditions, Mr President, I would ask for the exact limits of a measure of this kind to be examined; this measure was looked into by Parliament which asked us to limit its impact as far as possible. Let me remind you that the final impact is indeed very limited.

As to the implementation of the programme, it seems to me that Sir Peter Krik has made very narrow enquiries. We note as present some 110 000 tonnes have been disposed of, that the programme is proceeding normally and that options are taken up to the tune of at least 70%. I do not therefore think there is any reason to assert that the difficulties referred to have in fact occurred in the implementation of this programme.

It is not desirable to set producers and farmers against each other. There is one single agriculture within which solidarity must exist and there is a chain of agricultural interests.

Ortoli

Animal production depends on the compound feedingstuffs industry whose prosperity depends in turn on that of agriculture as a whole. In agriculture production sectors are always interlinked; I believe that the aim must be overall prosperity and that the programme we have put forward is not likely to raise particularly serious problems.

As regards the situation of the dairy products market, allow me to say to Sir Peter Kirk that I am surprised and find it paradoxical to criticize the Commission for failing to raise problems which it may admittedly not have been the first to raise, but has nevertheless raised constantly.

I would remind you that in November 1973 we presented a Commission memorandum referring to this very problem and indicating the need to establish a measure of co-responsibility for producers.

The European Parliament accepted this programme in 1974. Our proposals were not taken up at the time but I do not see how the Commission can be blamed for that or how it is at fault.

It was only at the beginning of 1976 that the procedures enabled a decision at least of principle to be taken on this point.

In addition the proposals made by the Commission in respect of prices and market intervention took into account both the earnings of producers and the market situation.

I would also remind you that the Commission's proposals which aimed at more moderate price rises than those actually achieved and sometimes also at forms of action the details of which were not adopted, were proposals designed to ease the market situation.

All of you will remember the discussions and you will also recall that our proposals were modified by the Council and sometimes also by the Parliament which considered them too inflexible on certain points.

More recently, the Commission put in hand a long-term export policy which proposed an increase in food aid from 55 000 tonnes to 200 000 tonnes and the compulsory compounding which we spoke of just now; this proposal also provided for social distribution in schools and hospitals.

I am not trying to diminish the importance of the problem of milk and dairy product surpluses in the Community. That problem has been referred to too often in this Chamber, and we ourselves have referred to it too often, for me to suggest the contrary.

But I would also point out to Sir Peter Kirk that he is a little behind or in advance of events. The last meeting of the Council of Ministers — which he failed to mention in his masterly statement — discussed this matter in sufficient detail for an agreement to be reached that the Commission should come back to Parliament and the Council with an

overall programme for dealing with surpluses on the dairy products market.

Consequently we shall be putting forward such a programme in the next few weeks. Where then is the problem and how have we failed? We have met the time limits and we are still working. One single measure will not enable this problem to be settled. Moreover we shall soon be returning to discuss this matter further with you. Quite frankly, I fail to understand how a motion of censure can be put today when firstly the Commission has worked with the Parliament and followed its opinion in the area in which it is being expressly criticized, and secondly it has introduced a system to meet the conjunctural needs whose impact on costs is limited and which at least has the advantage of enabling a part of the present surplus to be disposed of; thirdly the Commission is preparing to propose new measures to you.

Quite frankly, I consider that this motion of censure cannot be passed because the Commission has not failed in its duty; the Commission has done its job with the imperfections inherent in all life and action. I am unable to endorse any of the points made by Sir Peter.

(Applause)

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

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, today — I believe I am justified in saying so at this point — there is the atmosphere of a first night in this House for which the European Conservative Group is responsible because this is the first occasion on which a political group in its entirety has tabled a motion of censure in this Assembly. And the language of a first night goes with that mood.

It seems appropriate also to look back in history. Let me then introduce the observation of my group with a 'knight's tale'. In January 1973 there was a memorable day. A noble knight then rode into Parliament at the head of a small army. The atmosphere was expectant. And that noble knight announced full of confidence and amid applause in his first speech: 'More power for the European Parliament over the Commission and Council!' Those were his very words. But when that knight came to realize more fully just how difficult the 'business of Europe' is, especially for the Commission which is the guardian of the Treaties but not the government of Europe and whose proposals are decided upon in the last instance by the governments of the Member States — when he had seen this during the years of his presence among us, he and his bold followers had a flash of inspiration. In the dead of night he withdrew to ponder on a trial of strength: the opponent is the Commission and the opponent is to come to grief over the milk powder mountain.

Fellermaier

Allow me now to add a highly serious comment in this connection: we in the Socialist Group fully recognize the right of the European Parliament to censure the Commission as laid down in the Rome Treaties. This is a fundamental right of any democratically elected Parliament.

The Commission is a kind of quasi-government and there must be provision for it to be toppled. But it must be added in this particular context that the European Parliament is no more than an imperfectly developed parliamentary assembly whose decisive counterpart is not the Commission but the Council of Ministers. The history of this House has taught us that the Commission and Parliament very often find themselves in the same boat while the helmsman — the Council of Ministers — is pulling the rudder in a totally different direction.

(Applause)

Sir Peter, I believe it would be altogether too facile an exercise to make the Commission into the bogey now. The general public would not then realize that the real culprit in this thorny milk powder problem is to a much greater extent the Council of Ministers. Of course — and I wish to make this clear on behalf of my group — the catastrophic situation on the milk market is also attributable to failings on the part of the European Commission. Of course we should have preferred to see not just a series of memoranda but clear proposals for regulations, compelling the Council of Ministers to enact concrete regulations instead of taking decisions on the 1973 memorandum and the limitation of agricultural surpluses. But the Council of Ministers bears the bulk of the guilt for the present situation and it would therefore be wrong to strike out blindly at the Commission when our real target is the Council.

Now it is worth remembering in this connection that the Conservatives in the United Kingdom have only recently shown how quick they are to resort to motions of censure. But speed alone is not a guarantee of quality of success. It may also result in a loss of credibility.

(Applause from the left)

The members of the Conservative Group cannot now make undone the observations of their agricultural policy spokesman, Mr Scott-Hopkins, during the debate on agricultural prices for 1976/77. Mr Scott-Hopkins is quoted in the report of proceedings as saying 'I support the request for a 2 % increase in the present agricultural market prices'. Before the vote was taken, the spokesman of the Conservative Group again said that his group would support the motion for a resolution which provided for these price increases. And you were followed in this, Mr Scott-Hopkins, by a majority of members of the European Parliament against the votes of the Socialists who gave a warning that nothing whatever could be changed on the agricultural market like this,

(Applause from the left)

and that you were merely evading your responsibility by fixing new and undifferentiated price rises which would very soon lead to the same old problem of surpluses.

Sir Peter, in February you were asking for higher prices and now you are seeking to make the Commission responsible for the consequences of the price policy; this leads one to wonder what political credibility you can have in this House.

(Applause from the Socialist Group)

I am not suggesting that we in the Socialist Group wish to erect a protective screen in front of the Commission in connection with milk market policy. We too naturally say that it is economic nonsense for us to have in all likelihood 1.6 million tonnes of skimmed milk powder and up to half a million tonnes of surplus butter in storage at the end of the year. We are of course aware that the limits of what the Community budget can take have already been reached. Of course time is running out in this sector.

President Ortolí, you said just now that you would be submitting new proposals.

I wonder then why you did not submit these decisive proposals in the shape of concrete regulations sooner? Why did you choose a memorandum instead?

On a broader level, permit me to say that we criticize this Commission for resorting increasingly to memoranda in all sectors, not just in agricultural policy.

We can no longer agree to the European tax-payer being asked to pay up repeatedly: first to finance surplus production and then to dispose of or destroy surpluses; especially as the prices he pays as a European consumer are far from low!

Farmers do not even derive any benefit from the mechanism contained in this milk market organization with all its contradictions to which Sir Peter drew attention when he quoted an article in *Der Spiegel*. Where then does the true advantage lie? Is it to be found in the fact that we have to pay thousands of millions each year to dispose of the surplus production of European agriculture without so far bringing about any structural change? This state of affairs should make every member of the Commission and all the Councils of Ministers of the European Community turn red with shame every day.

(Applause)

Structural aid would have been more logical than the belief that the European agricultural market could be controlled by price measures. That is the historic error of the European agricultural market organization.

To return now to the European Conservative Group's motion of censure! There is the question of the timing of this motion and the further question of the

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credibility of this European Parliament — why has the motion been put forward at this particular time? If the aim is a trial of strength between the Parliament and Commission I believe there would have been other and better occasions in the past than the present regulations relating to the deposit scheme for skimmed milk powder because in this particular instance Parliament shares some of the responsibility as you will see, Sir Peter, if you read the relevant resolution again.

Or are we not merely engaging in shadow-boxing with a Commission which is now — I hope you will not mind my saying this, Mr Ortoli — little more than a caretaker body because it has long been common knowledge that the Heads of State or Government already intend to appoint the new Commission President in July and a number of Commissioners are already preparing to leave — led by the outgoing agricultural Commissioner, out of resignation or a mixture of other motives which he can explain far better to this House than I ever could.

Let me take this line of thought through to its logical conclusion, ladies and gentlemen of the Conservative Group. Suppose a majority of members of this House voted to dismiss the Commission. The Commission which bears the responsibility for the previous proposals would then be discharged from office. Would a newly-appointed Commission then find that the milk powder mountain had shrunk and the butter mountain melted? No! They would be confronted with the same mountain and the same question which is as follows: when will the Council of Ministers at long last be prepared to impose a levy on producers so that we have mechanisms similar to those under the sugar market organization which we have all in the past described as a successful contribution to the control of production. The new Commission — like its predecessor — would simply be faced with the same old problem.

Who then can benefit from this trial of strength thought up by the Conservative Group: agriculture, the consumers or the image of the European Parliament? Or is this merely a gymnastic display for domestic political reasons following the vain attempt by Margaret Thatcher to topple the Labour Government in the United Kingdom?

(Protests from the European Conservative Group)

The Socialist Group has constantly criticized failings on the milk powder market; it has done so vigorously and unremittingly in this House. We have made concrete proposals to remedy the situation and introduce a better policy. We have submitted a motion which will enable the House to consider our proposals tomorrow. Therefore, ladies and gentlemen, out of a sense of responsibility as a major political group in this House, and from a feeling of responsibility for the prestige of this Parliament, we shall not support the adventure of the Conservatives' motion of censure.

At this point I appeal to the Commission to press for a reform of the agricultural policy in the Council of Ministers during the last six months of its activity. Gentlemen of the Commission, that would not only be an honourable way to complete your term of office, but also a crowning achievement to end the period in which you have shouldered the responsibility for Europe and for the functioning of the common market.

I appeal to the bold and energetic French President of the Commission to show firm resolve in the final months of this office.

To you, Sir Peter, I have this to say: no doubt you and all the members of your group tabled this motion of censure for honourable reasons. But the reasons, the timing and the victim were badly chosen. We therefore reject your motion.

(Applause from the left)

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

Mr De Koning. — *(NL)* Mr President, when I read the Conservative Group's motion of censure, I was astonished that such a motion could be submitted at this time. I must say that after listening to the reasons given by Sir Peter for tabling the motion, my astonishment has in no way diminished.

There are four reasons for which my group is unable to support this motion of censure by the Conservative Group. The most important of these are the political reasons. We believe that recourse to what amounts to the heaviest parliamentary weapon demands political reasons sufficient to justify its use. We have reached the conclusion that the politically weak content of this motion in no way justifies recourse to the heaviest possible parliamentary weapon.

The second reason is that the criticisms of the Commission contained in the motion are materially inaccurate. I hope to be able to demonstrate this in a moment.

The third reason is that the motion is wrongly addressed. In our view the criticisms now being made of the Commission should be directed above all at the Council of Ministers.

Fourthly the motion is premature. We all know that in a few weeks time the Commission will yet again be submitting proposals to restore the equilibrium of their dairy market. The debate on those proposals would be the proper opportunity to criticize the Commission, if that is necessary, and to produce constructive counter-proposals. Under these circumstances, this motion amounts to an attack on the wrong front, with the wrong weapons and at the wrong time. It is no more than a shot in the dark.

De Konig

Before looking in rather more detail at each of the reasons for which my group rejects this motion, the question arises as to why the Conservative Group which generally shows a reasonable measure of political insight and usually makes a good and constructive contribution to our debates should now be resorting to such an incomprehensible and empty gesture as the tabling of this motion of censure.

It would surely not be right to assume that the facility with which this motion has been tabled is based on the fact the Commission's term of office is drawing to an end so that it is felt that a torpedo can be fired off harmlessly against the Commission's already half-abandoned ship. That would be unfair to the ship's crew, and its crew have kept the ship on course, and even taken care of its maintenance, for close on four years now. There are of course objections — we too have objections — to certain actions by the Commission and there may be even greater criticism of the failure of the Commission to act on certain occasions. But as far as our group is concerned this in no way diminishes our appreciation of the efforts made by many of the Commission's members to achieve what has been achieved during their term of office.

Our appreciation goes in particular to the Commissioner for agriculture, Mr Lardinois, who has made intensive efforts, in one of the most difficult periods so far experienced by the common agricultural policy, to allow the common market to function and whose efforts have on the whole been successful.

Precisely because the Conservative Group has tabled its motion of censure, I feel the need to stress his efforts and successes at this time on behalf of my group.

Mr President, although I assume that the Conservative Group did not want to attack the Commission's members towards the end of their term of office, this attack on the Commission nevertheless serves to undermine the Commission's central role in the constitutional system of the Community.

To quote a rather cynical statesman of former times: the Conservatives may not have tabled this motion with mischievous intent but, what is worse, they are making a political mistake.

The position of the Commission is characterized in two ways in the Rome Treaty: it makes proposals for the pursuit of a particular policy and implements that policy after and in so far it has been approved by the Council of Ministers.

Well now, Mr President, the motion of censure attacks the Commission in respect of its second function, as an implementing body. It does so unjustly in that it disregards the role of the Commission as a policy-shaping and political body, the role which the Commission discharges by submitting proposals.

I challenge the Conservative Group to show how on this point, namely the shaping of policy and the pursuit of an agricultural policy, the Commission has

failed and in particular how it has failed in respect of dairy policy. On this point the Commission has come up with constructive proposals. I shall summarize them in a moment. In addition, I challenge the Conservative Group to show how in its task of implementing decisions of the Council of Ministers on dairy policy the Commission has failed in its duty to an extent sufficient to warrant this motion. On the contrary, I am firmly convinced that it is the failure of the Council of Ministers to take decisions which has placed the Commission and us in this difficult situation.

Mr President, the political motives which led the Conservative Group to table this motion of censure cannot have been based on the Commission's action in respect of the dairy surpluses, otherwise the motion would have been presented long ago. In the past few years we have seen a sugar mountain, a cereals mountain, a butter mountain and a beef mountain. On each of those occasions there would have been equally little justification for submitting a motion of censure of this kind — and no such motion was submitted.

There are far more important aspects of the EEC's policy with far broader implications which could have provided the basis for a motion of censure. If we look at social policy, transport policy and energy policy — to name just a few examples — it is apparent that regrettably little progress has been made in these sectors where the failure has been much greater than in the common agricultural policy.

Mr President, I too am led to conclude that this motion of censure is intended primarily for domestic political consumption. If that is so — and I cannot find a better explanation — this motion has done a poor service to Europe.

Mr President, the motion is also materially inaccurate. This is already apparent from the first point which regrets the failure to consult the European Parliament. It is also worth remembering that Parliament, and not least the Conservative Group, supported the idea of a deposit scheme for imports of high-protein animal feedingstuffs and welcomed it as an improvement on the originally proposed regulation on the incorporation of skimmed milk powder into feedingstuffs.

I agree with Mr Ortoli who made it sufficiently clear that consultation of the Parliament was not necessary in the formal sense and that materially too such consultation was superfluous after the February debate on the agricultural price resolution.

The chosen arrangement is not ideal. It is curious that the burden should be shifted from the producers of milk who are ultimately responsible for the appearance of these surpluses, to breeders of pigs and poultry.

It is regrettable that this results in higher costs for animal feedingstuffs which will ultimately be reflected in the price of the finished product. However, it cannot be claimed that the scheme has been poorly thought out as suggested in the motion.

De Konig

After initial difficulties in the first few weeks, we note to our satisfaction that the scheme is now working well. This is not a mere supposition: it is shown by the figures. In April 20 000 tonnes of milk powder were taken up under this arrangement and in May the figure was 80 000 tonnes. I expect the results for June to be at least as good.

Sir Peter Kirk has said that the scheme is being implemented incompetently. However, the results show that this assessment is incorrect and unfair. On the contrary, there is reason to compliment the administrative services which have worked out such a complicated scheme so quickly, a scheme which, as the results show, is functioning well. It is also incorrect to suggest that the consumers are not benefiting from the surpluses. Admittedly they do not derive direct benefit, but these surpluses place indirect pressure on prices and that is to the good of the consumer. This is apparent from the fact that people suffer when there are shortages of agricultural products. Think of the prices that have to be paid this year for potatoes. Or the price charged last year for sugar or in 1973 for meat. When there was a shortage of these products the cost to the consumer was clearly greater than when there is a surplus.

The criticisms of the Commission are wrongly directed: they should have been addressed to the Council of Ministers. As long ago as 1973 the Commission included in its memorandum on the review of the common agricultural policy a series of proposals to limit agricultural surpluses, in the dairy and other sectors.

Mr Fellermaier has said that he would have preferred concrete regulations to the memorandum — proposals for regulations to which the Council could have said yes or no. In my view this does not make an essential difference. We all know that political willingness must be present before concrete measures can be decided. The memorandum draw attention to the need for such measures and seeks to create the political willingness to take them. However, the Council has never dealt seriously with these proposals. In the main it has not acted on them. This applies also to the proposals contained in the 1975 stocktaking of the common agricultural policy. Here again the Council to a greater extent than this Parliament — because we are not altogether blameless — failed to take measures which would have allowed structural changes on the dairy market.

Finally, in July 1975 the Commission proposed no less than 14 measures to reduce stocks of skimmed milk powder. The price proposals for 1975-76 again contained ten concrete proposals with that end in view. Nobody can assert that the Commission has failed in its primary task, that of submitting proposals for the definition of a policy. We all know what has happened to these proposals: practically nothing.

However, the Commission is not to blame for that. It has amply discharged its constitutional role of submitting proposals. This Parliament too does not bear the most blame. Although it has approved by no means all the Commission proposals, it has nevertheless provided the Council with an adequate basis for far-reaching decisions which could have contributed to a solution to the problems. However, the Council has lacked the courage and resolve to take those decisions. I do not address this reproach lightly to the Council, because we all know only too well how difficult it is to take decisions which directly affect the interests of consumers and producers, especially when the margins of existence of the groups concerned are narrow. But the task of politicians is to take those decisions in an awareness of the great interests at stake for all concerned and of the narrow margins within which we must operate.

In a few weeks time we shall again be facing such decisions in the dairy policy sector. I can only hope that this Parliament will be prepared to shoulder its responsibility for striking a fair balance of interests at European level: the interest of the producer in stable prices giving a fair return on his efforts, the interest of the taxpayer who demands careful management of the funds provided by him and finally the interests of hundreds of millions of people in the third world who are in part dependent on us. In their interest too we must take rational decisions on the production and distribution of food.

In the past the Conservative Group has repeatedly shown its readiness to share with us the responsibility for decisions at European level. I trust that it will do so again in the near future. But the motion now before us falls far short of that level of responsibility. That is why my group rejects it.

(Applause)

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

Mr Baas. — *(NL)* Mr President, Mr Durieux, the chairman of our group, who is unable to be present today, has asked me to act as spokesman for the group. The Liberal and Allies Group is unable to support this motion as regards either its form or its content. In evaluating the motion, attention must be focused first and foremost on the political aspect. I agree with Mr Ortoli's observation that this aspect deserves to be considered.

In the present situation of the Community which is just recovering from a serious recession, the consequences of the possible dismissal of one of the key institutions of the Community must be weighed up carefully.

From that angle I have difficulty in understanding the Conservative Group's motion. Clearly it did not give the interest of the Community the attention which

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they deserve when it tabled this motion. Surely the interests of the Community at this time are not compatible with an interregnum of six months which would block Community activities for that period.

My group too recognizes full well that all is not as it should be in the Community at present, but is the Commission primarily responsible for that state of affairs? I believe rather that the Council which meets to deliberate but takes no decisions, is slowly losing its credibility.

In the period of recession the Community has been fortunate enough to gain a number of achievements. The most serious problem in a recession is the tendency to fall back into a certain protectionism. However, the activities of the recent period do not give me the impression of protectionism. I am thinking of the signing of the Convention of Lomé. I am thinking too of the Social Fund and the Regional Fund. The Community has managed to function effectively in those very areas of economic and social life which are particularly important.

If we as a Parliament wish to make our position clear and bear in mind the possibility of direct elections, we must not turn against the Commission but clearly recognize that, in essence, it is the Council which is failing to understand its role correctly. During the debate on dairy policy we may have occasion to make the Council aware in some way that we are not satisfied with it. If that is the aim, the Conservative Group can count on our support. But that group has — and Mr De Koning has already made this clear — misdirected its motion.

Sir Peter Kirk's arguments for this motion are so weak and appeal to us so little that we are obliged to give some attention to the considerations at issue. My group sees the deposit scheme — and here Mr Ortoli is right — as an implementing provision for the proposals which reached us after the debates on the matter in this House.

Mr President, I see that there is still one Conservative Member in the Chamber, fortunately enough. Perhaps the others have already realized their defeat and are now drowning their sorrows at the bar ...

(Applause on the left)

There is no point in debating for domestic consumption only. Perhaps a historian will read the record of Parliament's proceedings one day and then note how negatively Parliament responded to the views of the Conservative Group. As democrats they must surely be interested to see how others feel. The value of a Parliament lies precisely in the fact that it provides an occasion for dialogue. We have sufficient opportunity for monologues at home, but that is not the purpose for which we have been sent here.

To me the criticism that Parliament has not been consulted is not a convincing argument. We are concerned in this instance with implementing

measures. I should like our Conservative colleagues to explain what is involved in intervention in the market through the pursuit of a particular agricultural policy. We can spend days discussing the subject, but meanwhile the trade will long since have acted. The trade will then have derived all the benefit which may flow from a possible regulation or decision of the Council.

Are we then unwilling to take into consideration the very difficult question of market intervention? We bear political responsibility and should consider this question.

The Conservative Group is surely aware of the problem of the milk powder surplus and all the difficulties of Community dairy policy. Perhaps that group is too handicapped by the fact that it consists of representatives of only a few nationalities, for it to take part effectively in a debate on this subject.

In the situation facing us, the processing of milk powder into animal feedingstuffs was the least unsatisfactory solution which could be found. Of course it is not an ideal solution, but the Community must take account of its external relations. Thanks to the rise in the price of soya beans we have managed to establish a good relationship between fodder value and price. At this moment we are in the process of disposing — although at considerable expense — of a surplus on the market which prevents all normal trade activity.

We cannot accept the view that the system is badly thought-out and Sir Peter Kirk's observations on Mr Lardinois and his department, when he said that this is a bad programme which is being administered incompetently. That view is incorrect. The Conservatives have proposed no other programme. They would have been entitled to speak if they had made some other programme proposals. Their assertion that this programme is being incompetently managed is tantamount to an attack on the Commission's services. After my long years of experience in this Parliament, I cannot accept remarks like that. This is in fact the first scheme for disposing of surpluses which actually works — it is one of the few effective arrangements we have seen.

All the proposals we have experienced in the past fifteen years to dispose of surpluses — we have allowed cows to be slaughtered and done I don't know what besides — have not had this result. This particular scheme is working! As Mr De Koning has said we are at present disposing of 80 000 tonnes of milk powder per month.

I should have expected that point to be noted.

The fourth recital of the resolution refers to the miserable failure of the Commission, its inability to foresee growing surpluses in time and the fact that it has been unable to put an end to them. On this point, I endorse Mr De Koning's remarks. The Commission has done what it could. Why was Mr Mansholt's memorandum shelved? What was the central idea in

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that memorandum? That certain agricultural activities were no longer economically feasible.

The dairy policy is nothing other than an employment policy with all the consequences which flow from that. Who is prepared to add a further 500 000 persons to the ranks of the unemployed? Let the Conservatives try to propose that!

The dairy policy is a social policy. We must recognize the fact that such a policy is being pursued thus giving us the chance to keep a number of persons at work, if only with a low income. Is not economic policy at present designed to safeguard jobs? How many sectors are there which are little more viable from the economic angle? What for instance is the value of the British car industry at present? There too we hear talk of a social policy.

We must be cautious — as I have said before in the Committee on Agriculture — in confronting producers and consumers. My group's view is that we must take account of the interests both of the producer and of the consumer. And in this connection we have to accept the existence of surpluses.

It has already been pointed out often enough that we must refrain from making noises which may arouse expectations, noises which have no basis and can never help to solve the real problems. The problems are immense! The biggest problem of all is that we have no grip on production. Production is shared between large and small holdings. The principles of production differ here. If our aim is to maintain some income for small holdings for social reasons, the production of the big undertakings cannot be properly controlled at a given moment. The principal cause of the surpluses in the dairy sector is the extremely low price of the soya which we buy in the United States. I hope that Sir Christopher Soames is aware of this.

If that country closes its frontiers to all Community dairy products, I hope that Mr Lardinois will give close attention to the question — which has always been evaded in the past fifteen years — of how we can influence production. We will then have to take into consideration the cost of feedingstuffs. This will have enormous consequences for our relations with the United States. But this is probably one of the few effective possibilities for laying down a policy.

I would remind the Conservative Group of an old Dutch proverb: people who have butter on their heads should not stand in the sun.

(Laughter)

I should like now to draw a comparison between the additional costs of the dairy policy and the compensatory levies for two Community countries, which are the cause of enormous price rises. I have the impression that in certain Member States we are financing inflation which is many times greater than the cost of the dairy policy.

On behalf of my group I promise that when the Commission comes up with proposals, we shall not

only give serious consideration to participation by the producers in the costs but shall also be willing to draw the lessons of the debates of previous years. This Parliament is itself not entirely blameless; it has also constantly urged an increase in the price of milk and this is one of the reasons for the surpluses.

It was not difficult for our group to form an opinion of this motion. It has been tabled at the wrong time and is not properly reasoned. In our view the Conservative Group could have earned more political success by raising the question of the true causes of the inadequate dairy policy. It is not entitled to address this motion to the Commission and to Mr Lardinois. Our group greatly appreciated the activities of Mr Lardinois. We very much regret his forthcoming departure. I have the impression that his experience in solving these immense problems will be sorely missed. Far be it from us to expedite his departure!

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, at a time when certain shortcomings could be noted in the traditional executives at European level, we welcomed the fact, at the beginning of 1976, that Europe had reached a compromise on the fixing of agricultural prices for the 1976-77 marketing year. I think that the personal action of Mr Lardinois and his staff was a contributory factor, as was the effective advice provided by our Committee on Agriculture.

Without looking at the overall agricultural situation, I shall confine myself to the enormously difficult problem of milk, since we have before us today a motion of censure motivated by the situation in that particular sector. The Council, on a proposal from the Commission which was clearly very worried by the chronic difficulties of milk production, adopted the idea of participation by the producers in the cost of absorbing surpluses. It would seem that on this occasion the Commission has showed exemplary zeal and has a whole arsenal of proposals to hand — although they are unfortunately not miracle cures.

We cannot for instance subscribe to this responsibility imposed on the producers because — as we have often said in this House — the producers cannot be held responsible for stocks resulting from the bad management of the markets at Community level. Today the European authorities would like to make cattle farmers pay for the surpluses of milk powder accumulated because of the lack of a commercial policy, since the figures prove that practically no milk has been sold for two years; there are two reasons for this: firstly, so as not to damage the interests of certain countries outside the Community; secondly because of a deliberately rigorous but very short-term budgetary policy. Hence the stubborn refusal to subsidize certain exports in 1974 and 1975 which

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would, however, have enabled the situation on the milk powder market to be eased.

Moreover, recalling the Commission's proposals at the time, it is remarkable to note that in the price sector (an almost non-existent increase in March to be followed by a more substantial rise in September) the measures put forward were all conjunctural in nature, although everyone is agreed that while pursuing a short-term policy, there is an inevitable underlying need for a structural policy in this sector. If there was a real desire to influence structures through prices — and all economic theory shows this to be impossible — why was an attempt made at the time to increase prices in two stages, the second of which is the more substantial?

Our group considers that a structural balance must be arrived at to combat both structural and conjunctural surpluses. No doubt a number of mistakes were made at the time of adoption of a regulation for milk by guaranteeing essentially milk powder and butter at a price level which appears open to question today. Nevertheless it would be wrong to add error to error by anticipating generalized and permanent surpluses. The problem is more selective.

In this context, the Council has decided on immediate measures to absorb the stock of over a million tonnes of milk powder. Deliveries from the Community to the third world have increased from 55 000 tonnes last year to 200 000 tonnes — a fact which we welcome. Nevertheless, we consider that this policy of selective aid to the developing countries requires fuller study and organization.

The need is less to dispose of our surpluses than to lay the basis of a more healthy world market organization. Moreover, Mr President, ladies and gentlemen, such a policy, if it were intelligently worked out, would be outstandingly cost-effective. At present there is no outlet on the world market and the placing on the international market in 1976 of substantial quantities of milk powder would bring the price down from 360 u.a. to 250 u.a., entailing a subsidy in the order of 80 %. On the other hand increased resort to denaturing would make it necessary to raise our present subsidies to 500 u.a. Apart from the humanitarian aspect, this action therefore represents a genuine economic outlet. If, as we should have liked, it had been decided to raise the quantity to 300 000 tonnes, barely 1/2 % of the Community budget would have been sufficient.

Unwilling to embark upon that path, for a number of reasons which are subject to reserve in varying degrees, the Council adopted a regulation providing for the compulsory purchase of skimmed milk powder held by the intervention agencies and intended for use in feedingsuffs. This measure applies to 400 000 tonnes of skimmed milk powder.

In regard to this compulsory requirement for the incorporation of skimmed milk powder in all

compound feedingsuffs, one is entitled to ask why the producers of pigmeat and poultry farmers are being required to pay the cost of surpluses in the milk sector for which they are in no way responsible. It would have been appropriate, and current developments show how right we are on this point too, for the Community to bear the financial consequences of this policy by subsidizing on a larger scale the use of skimmed milk powder, but that was not the immediate concern of the Commission and Council. Worse still, to prevent this measure adopted by the Council from leading to a temporary reduction in imports of protein products, the Commission presented a proposal providing for aid for private storage by importers of soya, feed cakes and dehydrated flour.

To place the problem in its true perspective, it should be remembered that the Community imported 8 188 000 tonnes of soya beans and 2 857 000 tonnes of feed cake, the total availability of feed cake amounting to 9 325 000 tonnes. The substantial growth of imports, notably from the United States and Argentina, is explained by the privileged exoneration from customs duties and the levies from which these products benefit. The possibility of disposing of these feedingsuffs which are rich in vegetable protein, imported at low cost, resulted in their almost total replacement in compound animal feedingsuffs of protein products of animal origin such as skimmed milk. Nevertheless, considering that annual Community imports of protein products are close on 10 000 000 tonnes, it is scarcely possible to claim that the replacement of only 400 000 tonnes by proteins produced in the Community can have serious consequences for the exporting countries.

Set against total imports, the quantity in question, even if we did not support it, certainly did not call for the creation of an aid system. It is therefore clear that the decision to present this proposal was essentially a political one, and we had the impression that it was primarily due to pressure from the United States.

Even if that great power is the Community's principal supplier of soya, its criticisms of the Community policy for the disposal of milk powder and its pressure and threats of retaliatory measures at governmental level in GATT; are totally unjustified.

We have said, and repeated many times here, that American exports will be only marginally affected by this reduction. The United States is not an under-developed country and we are under no moral obligation to subsidize these exports. The common agricultural policy has not been created to assist American soya exporters. We therefore fail to see why the funds of the common agricultural policy should be used to subsidize European importers of these products. Since the Community has, in the shape of its substantial stocks of milk powder, its own supply of protein products, it is our duty to use those products rather than importing them from third countries whose prosperity is already assured.

Liogier

Aware of this situation, Parliament rejected this proposal, a fact which our Conservative colleagues seem to have forgotten. For our part, we welcomed that rejection. Otherwise we should have gone from bad to worse, with the creation of fresh surpluses and, in the long run, supplementary budgets; but it would have been impossible to show that these new credits were in the interest of the European producer and consumer, according to the provisions of Article 39 of the Rome Treaty.

We have always asserted the need for a global and selective policy — hence the need to place matters in their true perspective.

Nevertheless we shall not vote in favour of the motion of censure which criticizes the Commission's administration. If we were to accept the principle of a motion of censure on the Commission, its entire policy would have to be reviewed; that is not the case in the example now before us.

We also feel that the criticisms directed at the Commission, even if they are partly justified, are above all addressed to the Council of Ministers which, by waiting too long, has often been forced to take 'last-ditch' decisions.

Remember the wine crisis! For many farmers — and we are mainly concerned with them at present — milk represents income. Milk provides the best and quickest return on the efforts of these disinherited producers who are often situated in marginal milk producing areas which are not competitive but where their presence is absolutely vital.

Various forms of aid, especially social, must therefore be provided for them rather than penalties covering all dairy farmers and sometimes even the whole farming world.

In conclusion, we propose a readjustment of the guarantee system by extending its coverage. In parallel with this, there is a need for a bold price policy applicable to all fats of vegetable origin. This policy must meet the genuine interests of the European consumer and producer and not the interests of any particular third country.

On the same lines, we must give thought to the conversion of certain dairies. These measures require the introduction of a coherent policy, providing for remunerative prices, structures which genuinely meet the needs of the Community, and social aid.

Thus, in the context of a genuine overall policy for dairy products, it will be possible to find a solution for the structural absorption of surpluses through conversion or other measures which we can discuss later with the assistance and cooperation of the main producers concerned.

(Applause from group of European Progressive Democrats)

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

Mr Howell. — So far the debate has been most interesting. The censure motion has proved to be well worthwhile.

(Laughter on the left)

Today the Commission is in the dock. However, as many other speakers pointed out, the people who should be in the dock are the Members of the Council.

But there is no other machinery which Members of this Parliament may use to express their views about the task which the Council asked the Commission to perform. I believe that the Commission was asked to perform an impossible task.

I accept responsibility for the censure motion. I have the highest regard for Mr Lardinois. It is a tragedy that he is leaving his office of agricultural Commissioner. He tried to follow the instructions of the Council and to do something which was totally impossible. I believe that the results have been abysmal. He admitted in his speech in London that these proposals, which have been put into operation, have achieved little or nothing. At the end of the year there will be a higher skimmed milk mountain than at the beginning. That is a total failure. It is no good Mr De Koning or anyone else trying to wrap up the matter and say that the scheme has resulted in anything more than total failure.

This Parliament and the Community are discrediting themselves by putting forward unworkable ideas and failing to tackle the problem. The problem has existed not only for the past six months. It has been there for two or three years. The Commission was warned about it by the Milk Marketing Board two years ago. Nothing was done, as the Council of Ministers did not apply its mind to the problem. It cannot apply its mind. A different decision-making process must be set up if we are ever to achieve a sensible common agricultural policy. I am amazed to find that the Socialists are all ganging up to support the existing common agricultural policy which they have always opposed, ever since I have heard them talk about the EEC.

I believe that these measures which have been put into effect are pathetic. They are incomprehensible, they are ineffective and, in fact, in Britain they cannot work because the denatured skimmed milk does not exist. There is absolute chaos. Nobody knows what the rates are. Nobody knows quite where the money has to be deposited, or what happens to it and, in fact, there are farmers in my constituency who have deposited money to buy soya and who also want to buy denatured skimmed milk powder. One farmer has £ 800 deposited and he wants to get it back through buying denatured skimmed milk powder, but there is no denatured skimmed milk powder for him to buy and he cannot get the money back.

Howell

We are also spending huge amounts of money in getting the denaturing process going only for a few more weeks, and then it will all be stopped. What a shocking waste of money. We are throwing good money after bad. Not only have we spent huge amounts of money in the original drying of this unmarketable product but we are also spending more money on denaturing it.

I have only a few minutes in which to speak and therefore I must be brief. I come to the remedy. Mr Baas said that we had not proposed any ideas. I have constantly proposed ideas in the Committee on Agriculture, and Mr Baas knows that. They are contained in a report which is coming up on Friday. I have constantly said, in this Parliament and elsewhere that we must reduce the cow numbers by 1/2 million, but nothing practical has been done to reduce the cow numbers in that way.

Some way must be found of disciplining the farming population not to have so many cows, and it cannot be done entirely by price reduction. I am a dairy farmer, and I know what I shall do if the price is reduced. I shall try to keep my income stable by increasing the numbers in the first place, and then there will be an even bigger problem. There must be some form of discipline to make sure that the cow numbers are reduced and possibly that can be done by such a suggestion as ploughing-up grants. What has to happen is that we get people out of milk production and into cereal production, and we should encourage cereal production, possibly with ploughing-up grants. That might help. But to talk of co-responsibility is to use nothing more than a meaningless political phrase. How can we tell the farmers that they must share the responsibility if there is no organization to help them? What good would it do if I reduced the cow numbers in my herd and other farmers did not?

The point I want to make is this: unless there is a system, how can we run the agricultural policy? I believe that the time has come when the Council of Ministers should cease to dabble in day-to-day dairy politics or cereal politics or any other agricultural politics and should appoint a body which will oversee, on a 365-day basis, the problems of milk and for example, the problems of cereals and the problems of wine. Until that is done, Mr Lardinois is attempting to achieve the impossible. He has worked extremely hard in trying to make some sense out of the nonsense which has come forward from the Council.

Finally, I believe that the Socialists and others who are opposing our censure motion on trivial grounds — because it is not the right day or the right time or the right subject — should think again. They should realize that when they record their votes against our censure motion they will be voting to maintain the common agricultural policy in its present state. Yet all of them have spoken against it in the most harsh terms in the past, and it is now being run in a worse

way than at any other time. By recording their votes and showing that they are supporting this policy as it stands they will all be standing on their heads.

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

Mr Cipolla. — (I) Mr President, ladies and gentlemen, I believe that the Conservative Group's motion of censure is ill-timed.

I endorse a good deal of what the motion says and have myself made these points in this House, for instance when I have explained my reasons for voting against many reports submitted by Mr Scott-Hopkins who then maintained a position opposite to that now indicated in this motion. However, I should now like to make a number of observations to clarify certain points of substance and method as well as what may be called the institutional aspect of this complicated affair.

As to the substance, I believe that the Conservatives have a great historical responsibility towards England and the Community. We in the Italian Communist Party, and I believe in several other sectors of the European left, looked favourably on Britain's entry into the Community as a strengthening of the European left and also because it brought into contrast, in the sector where the Community had achieved the greatest progress, i.e. in the common agricultural policy, two different concepts of public intervention in agricultural policy: the British concept which seeks to develop agricultural production without damaging the interests of the consumer, and the EEC approach which also sets out to develop agricultural production but above all at the cost of the consumer. We thought — and we also pointed this out repeatedly in our articles and official documents — that the confrontation between these two policies might act as a catalyst for reform of the common agricultural policy. We still maintain that the British experience should be taken into account in the reform of the common agricultural policy.

But, Mr Howell, those who negotiated Britain's entry into the common market betrayed the English tradition in agricultural policy — the deficiency payments and so on which had their roots in the eighteenth century. That is the great responsibility of the men who negotiated Britain's entry. In the 'renegotiation' too an important factor was the attempt to defend the particular features of British agricultural policy against the typical protectionist policy of the continent. I therefore believe that it should be clear to our Conservative colleagues that they bear a great responsibility for the way in which they negotiated Britain's entry to the common market, accepting a common agricultural policy which was contrary not only to Britain's interests but also to its traditions and commitment to the consumer, the worker, the British citizen, and hence the productivity of the system.

Cipolla

We all heard Mr Fellermaier scoring an easy point when he said that you are now denying something which you have previously always supported by endorsing price increases for milk and so on. And I believe that to reform this policy which has now reached a stage of total bankruptcy, we must take account of the need to go right to the heart of the problem. It is not true that this common agricultural policy has been set up to prevent 500 000 small producers of milk from going to the wall. This policy has in reality affected far more than 500 000 small producers of milk because it has favoured concentration in big holdings, not only in Italy but also in the Netherlands and France. In fact it has led to a reduction in the number of small holdings.

What then lies behind this dairy products policy which is central to the common agricultural policy. The answer is subordination to the United States in respect of soya imports and subordination to the big monopoly groups. True, Britain's entry has brought English and continental workers closer together, but Unilever with its headquarters in the Netherlands and a second headquarters in the United Kingdom has also become more united. This and other groups have derived the greatest benefit. The crumbs of Community funds go to those who evaporate and store the product, who buy it from the Community at rock-bottom prices, convert it into cheese and sell it as though the milk had been purchased at the normal price. We know just how big the business surrounding this product is.

I am unable to attend tomorrow's sitting and I wish to point out now that the document prepared by the Socialist Group also does not seem to me to do justice to the gravity of this problem.

Now for the question of substance. Does responsibility lie with the Commission or with the Council? I believe that there is a joint responsibility of the Commission, Council and Assembly. I wish to remind my socialist colleagues in particular of one thing. The departure of Mr Mansholt led to a change of direction in the common agricultural policy. I am sorry that it should be us, rather than our colleagues in the Socialist Group, who draw attention to this fact.

When Mr Mansholt recognized that the surpluses in the dairy products and other sectors caused by the Community's market policy were reaching the limit of what could be tolerated, he put forward a proposal for reform of the common agricultural policy which he made conditional on a firm resolve not to increase prices. We have a capitalist economy: if prices increase, production inevitably rises as well. Immediately after the Mansholt memorandum was presented there were no surpluses because the price of cereals and milk was frozen for two years; but nobody died as a result.

Mr Mansholt was then moved out and replaced by Commissioner Lardinois. Ladies and gentlemen of the Socialist Group, you will note that these two men stand for two different policies. Mansholt was not eased out of the Commission simply because of his age, because he wanted to go or for other reasons of that kind (if so he could easily have been replaced by another socialist who would have followed the same line). No, he was eliminated because the dominant forces in the European common market did not want reform of the common agricultural policy, and Commissioner Lardinois was installed to defend the foundations of the policy which Mansholt wanted to change.

I am not making a personal attack on Mr Lardinois. It is a question of political conviction and different political lines; I shall simply point out that Mr Lardinois' views are opposite to those of Mr Mansholt and I might just add that the Socialist Group has not defended the political line represented by Mr Mansholt.

I thought it necessary to refer in this connection to the British position, backed by forces such as the trade unions and inspired by the need to defend the consumer, something which Mr Mansholt also tried to achieve through reform of the common agricultural policy.

The Commission therefore has a certain political responsibility, a responsibility to shape policy, just as the Council of Ministers carries responsibility and in the same way as the European Parliament which has failed to defend its own rights.

This brings me to my last point. When I look at the monstrosity which is being built next to this provisional chamber, I am led spontaneously to compare the European Economic Community to a kind of bat, an animal which is neither a bird nor a mole: it flies like a bird but has other features reminiscent of a mole. This dichotomy of powers and functions (which cannot be found at national level) between the Council and the Commission is convenient for some. But the dichotomy is not an incidental feature or an error on the part of the founders of the Community; it is something which serves to distract the attention of public opinion, to confuse political debate and cloud responsibility. The Community thus becomes the butt of government decisions: there are certain Community decisions which an individual government would never have managed to put across to public opinion at home but which have been accepted precisely because they come from the Community.

This is a harmful state of affairs because it is contrary to Europe's democratic tradition, to the tradition of responsibility of an elected body — a responsibility which is indivisible.

Cipolla

A gap has opened between the Commission and Council and this gap has been exploited by certain forces. In this respect I would remind you of a revealing statement by Mr Monnet to the officials of the then new Community administrative organization; he spoke of establishing a centre which escaped excessively detailed control by certain groups and politicians to gain acceptance for certain decisions. Thus there was to be responsibility of the governments and responsibility of the Commission.

The Commission which has so often been presented to public opinion as a European government should not now seek to evade its responsibility and accept the kind of defence some of our colleagues have put forward: 'We are not responsible; the responsibility lies with the Council.' The Council has its own responsibility and so does the Commission; that must be made clear if we want Europe to progress towards greater democracy, control and the development of specific policies in favour of the workers.

The three questions I have mentioned — that of substance, method and the institutional aspect — are dealt with in the document tabled by the Conservative Group in a way which is certainly not the best that could have been expected. Consequently, yielding to the evidence of the views of this Assembly, I invite my colleagues in the Conservative Group to withdraw a motion which is already destined to be rejected but places the members of that group — and not us since our views have been made clear — in a difficult position. This motion contains arguments which, while they are correct, conflict with the views maintained by the Conservatives when England was negotiating its entry into the Community.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — I was very interested to listen to Mr Cipolla's contribution. I shall be extremely interested to hear the views of the French Communist Party on some of the points that Mr Cipolla raised.

The House will be very grateful for the intervention of the representative of the European Conservative Group. Mr Howell, who revealed to the House the fraudulent nature of the motion of censure that the European Conservative Group has laid before Parliament. He has admitted quite directly that the Commission, has a totally impossible task. Therefore, we have a position in which the European Conservative Group is prepared to table motions of censure on people who are asked to do, but cannot do, the impossible. This reduces the process of Parliament to a complete frivolity. It is one of the reasons why I asked yesterday whether we could take steps to ensure that the motion was not withdrawn but was carried through to a vote. Mr Howell did more than reveal the true nature of the motion of censure. He also revealed the true reason for it, because he said that if the Socialist Group voted against the motion of censure it would be taken in the

world at large — and I think by inference in Britain in particular — that the Socialist Group was unique in supporting the common agricultural policy.

This, then, is the reality of the motion of censure. I wish to make it clear at the outset that my group will not vote against the motion of censure on the ground that it agrees with the common agricultural policy or in particular with the policy that the Commission and Council have adopted in connection with the disposal of milk surpluses. My group will vote against the motion of censure on the plain and simple ground that it is humbug. That is the reason my group will decline to support the motion of censure.

The existence of a mountain of skimmed milk in Europe of over 11 300 000 tonnes is a reproach to the Community, the Council, the Commission and this Parliament.

At the last part-session, Lord Walston and I suggested to the Commissioner that one way of reducing the milk powder mountain was to give half of it away. The total annual cost is about 83 200 million units of account in terms of storage and interest charges, and on saving of money alone it would be worthwhile adopting a course of action on the lines we suggested. We have not so far received a reply from the Commission on that point. It would be useful to know whether the Parliament, Commission and Council will divest themselves of part of this monstrous mountain in the way we suggest.

However, that does not go to the root of the problem. We know how the surplus arose. The report of the Commission for March 1975, which was published in March 1976, says that in 1973 there were 56 000 tonnes, in 1974 there were 123 000 tonnes, in 1975 there were 437 000 tonnes, and at the end of 1975 the figure would be over 1 million tonnes. That surplus arises because the intervention or guarantee price for milk encourages the milk producers of Europe to produce more milk than the population of the Community is prepared to absorb at the price at which it is offered on the market. It is as simple as that.

Has the Conservative Group protested about that? At budget time it does protest. I was reminded of the budget debates in which Sir Peter Kirk mentioned the proportion of the Community budget spent on milk aid. At budget time, when the eyes of the world are on Community expenditure, the Conservatives vie with all the rest in protesting in loud terms at the gross extravagance in the money spent on the CAP and the gross imbalance of the budget. They work themselves into a fine lather, for obvious political purposes, in their own country. But come the time of the price review — the time when the COPA organization seeks to negotiate with the Commission the prices to be paid the next year — and we find exactly the same Conservative Members proposing higher prices than the Commission is prepared to offer.

(Applause from certain quarters on the left)

Lord Bruce of Donington

We had that humbug in January, February and March of this year.

All the way along the road the Conservative Group has been the leading voice speaking for higher and yet higher prices to be paid to producers throughout Europe.

(Applause from the left)

It is one of the singular ironies of this Parliament that the members of that group should now shed crocodile tears over the result of the policies that they actively advocated.

Moreover, the Conservative Group supports the De Koning resolution, paragraph 18 of which welcomes the proposal for a two-stage milk price increase. The Conservative Group agreed to that, knowing that the milk mountain already weighed over 1 million tonnes. It still wanted a two-tier increase in the price of milk.

The Conservative Group also agreed with paragraph 20 (a) of the De Koning resolution, which said that a large part of the skimmed milk stocks should be transformed into mixed feed to provide a short-term solution to the surplus skimmed milk powder problem. The Conservative Group agreed to that in the Committee on Agriculture, but from what we heard today we might gather that they had expressed nothing but passionate opposition to it all the way through. In fact, all we heard today — if I may so, with the greatest possible respect — from Sir Peter Kirk was a reproduction of the letter sent out by the British Poultry Federation Limited on 28 May last, in which it quite legitimately complained that it was unjust for poultry farmers and pig breeders to be saddled with the increased cost of the skimmed milk powder insertion into animal feed. It was repudiated by the House of Commons. The Conservative Group is right in drawing attention to that point. Steps must be taken to correct the situation.

We in the Socialist Group are not saying that the Commission is without blame in the accumulation of the skimmed milk mountain. We are not saying that the Council is free from blame for the accumulation of this monstrous mountain at a time when people are suffering from hunger all over the world. We are not saying, either, that Parliament is free of responsibility. What we do say is that these matters are best discussed by bringing forward constructive and carefully thought out proposals emanating from the various committees that are concerned in this matter. There is room for private enterprise in this matter even on the part of the European Conservative Group, if it can apply its mind to it.

But one thing will not solve the skimmed milk powder problem, and that is the putting down of admittedly frivolous motions of censure on the Commission, and it is for that reason, and for that reason alone, that my group will not vote for the motion of censure on the Commission — on the assumption, that is, that it survives the disapproval of

every other group in this Parliament apart from the European Conservative Group.

(Applause from the left)

President. — I call Mr Martens.

Mr Martens. — *(NL)* Mr President, Mr De Koning has already pointed out that our group does not support this motion of censure. I now wish to look at a rather different aspect of this matter. I was surprised that the British Conservative Party should have chosen dairy policy as the reason for submitting its motion of censure. It surely knows that surpluses and shortages have followed in alternation from the beginning of time. I have been a farmer for forty years and I have never known a situation in which there was anything resembling a balance for five years in succession. We experience periods of three to five years in which surpluses and shortages alternate. One must not entertain the illusion that this will ever change just as in other sectors conjunctural fluctuations are the order of the day.

I am not claiming that there are no problems at this time. These problems are indeed considerable, but I have the impression that they are being exaggerated greatly in this Assembly and I shall try to put things back in their proper perspective.

Let me stress that European agriculture stands or falls by beef cattle farming. 40 % of the farming population is engaged in this sector and over 50 % of agricultural land is used by it. When we consider the multiplier effect of all those who are indirectly involved in cattle-raising there would not be much farming left in Europe if the beef cattle sector disappeared.

It occurs to me that the Conservatives could have put a question or tabled a motion of censure on the potato farming sector. If they ask what the cost of the relevant measures would be, I can already tell them that this year the potato shortage is costing some Bfrs 700 per consumer, while the costs for the Community as a whole are estimated at Bfrs 900. The Conservative Group could easily have put down a motion on this because the Commission has pursued no policy whatever in this sector. But nobody is complaining. These are simply the vagaries that occur in agriculture. They are consequence of a great many factors beyond our control.

The Conservative Group could also have made proposals for energy policy, because a great deal remains to be done in that sector. It could have proposed monetary measures too — another area in which much can be said. I find it a great pity that the Conservative Group should have chosen the very sector in which so many people with fairly small incomes are employed.

In this connection I wish to draw your attention to the false impression given by Sir Peter Kirk, probably in good faith, when he spoke of the expenditure of the Agricultural Fund. He said that in 1976, 26 % of

Martens

the budget resources were intended for the dairy sector and that in 1977, 37 % of the appropriations would go to it. He forgets, however, that a substantial part of the earnings had to go on export refunds. Since the milk powder has not been exported, that money is not lost.

I hope that Mr Lardinois will be telling us in a moment what has happened to the funds set aside for the dairy policy. If we look at the period 1973/75 and calculate the appropriations estimated and those actually spent, it seems to me that the problem will be placed in a totally different light. We must draw a clear distinction between estimates and expenditure. If the expenditure for the dairy sector corresponds to 25 of 30 % of the total credits, it must be remembered that this expenditure relates to a sector which, if I include beef and veal production as well, represents 35 to 40 % of agriculture as a whole.

The surpluses are certainly not a consequence of higher production in the years 1973 to 1975. Average production in those years stood at 1 700 000 to 1 800 000 tonnes. There was no increase. It is true to say that a part of the market has been lost for reasons which are only partially attributable to the Commission.

In the period in question world market prices were high. We were able to export practically without refunds. Mr Lardinois then rightly stated that it was important to ensure good supplies for the processing sector. Had that not been done, the price of a number of products would probably have risen sharply. The Commission ensured that there were stocks of animal protein rather than vegetable protein. This enabled price rises to be prevented or at least held down. I consider that this is to Mr Lardinois' credit. At the time, however, I made the criticism that he could probably have exported much more at lower cost. I was then told that for the Commission the principal objective was to guarantee food supplies and not to maintain incomes in agriculture. That choice was made correctly. The Commission was right to act as it did, despite the problems we are now experiencing.

I would also point out that cattle stocks have not risen. In 1975 they fell by an average of 1.1 %. There was then at most an increase in the amount of land under pasture. However, this was accompanied by a decline in other areas.

The higher milk production is attributable to favourable weather conditions in 1975 the influence of which is still felt in the winter through fodder availability. The fact that more milk was produced in the first three months of this year is linked with the favourable cattle fodder position in 1975. Initially the increase was 10 % but it is now probably less. In two months time we may well have a totally different resolution because there may not be enough milk for next winter. Because of the present drought it is impossible to predict how the situation will stand in two months time.

The point is not that cattle stocks have been increased but that farmers are managing year by year to increase production. The higher productivity is not accompanied by a larger number of cows. Each cow is producing more milk because of the use of imported feedingstuffs with a high nutritive value.

I understood Sir Peter Kirk to say that he opposed a limitation on imports. This is, however, the true cause of the large surplus. I believe this point requires careful thought, especially as the Commission has already given notice — and the Council too has taken a decision — that it will be presenting a proposal to introduce joint responsibility for producers. I believe that this is also being discussed in the farmers' organizations. Mr Lardinois will no doubt be able to confirm that readiness exists for greater co-responsibility if certain conditions are met...

Mr Laban. — (NL) It is a little late!

Mr Martens. — (NL) This is a matter which requires further discussion. I am sure that co-responsibility will be introduced provided certain conditions are met.

I now wish to comment on the Socialist Group's resolution which criticizes the fact that a particular incomes policy has been followed rather than a different one. Mr Fellermaier should note two figures. In 1974, incomes in farming were 60 % of the comparable figure in other sectors, or slightly more than unemployment benefit. In 1975 the figure was 67 %. Looking at profitability by groups of holdings, incomes are seen to be lowest in farms where dairy cattle are kept. If you wish to reduce these incomes still further by pressure on prices, let me remind you that this has already been tried but is an unacceptable solution. I agree to certain structural measures to limit production but certainly not to regulation by price measures.

In brief, this raises the problem of co-responsibility...

Mr Fellermaier. — (D) What is your alternative?

Mr Martens. — (NL)... It is for you to put forward alternatives! The Commission is to present proposals to Parliament. We shall state our views when they come up for discussion. I cannot under any circumstances support the motion of censure.

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

Mr Scott-Hopkins. — This has certainly been an interesting debate, to put it at its lowest denominator. Many honourable Members have taken the opportunity of attacking my honourable Friends and myself for what we have put down and have done. Yet it is strange that almost everybody, from Mr Fellermaier upwards or downwards — whichever way one likes to put it — down to the Communists has criticized this milk scheme. Not only has everyone criticized the

Scott-Hopkins

Commission for the way in which it has been handled but everyone, except Mr De Koning in his hypocritical speech, has criticized the Council for the way in which it has behaved in the milk sector. Every single group, including that to which Mr Martens belongs, has said that this scheme is not a very good one and is not working well and that something has to be done about it. Yes, indeed it has.

Is anything happening about that? Has the Commissioner, since March or February, when he came forward with proposals, cleared the difficulties and problems that we had in the milk sector? Has he managed even to hold the position? No, he has not. The dried milk mountain is rising, the butter mountain is rising and it is more than probable that by the end of the year, unless he is very lucky — with soya prices going through the roof — he will have more at the end than he had to start with — probably 1 500 000 tonnes of dried milk and 200 000 to 300 000 tonnes of butter. What a situation!

Honourable Members will know as well as I do that this is not what should have happened. We have been saying right from the beginning of 1973, on the stock-taking document, that something had to be done to deal with the imbalance in the dairy sector of the EAGGF guarantee price. Nothing constructive has been done and in the bland statement from Mr Ortoli, to which I was fascinated to listen, there was no mention of the Commission's failure. Every time the Commission has gone to the Council with suggestions, and the Council has said, 'Politically we cannot do it', the Commission has run away, saying, 'We shall have to accept what the Council in its wisdom decides.' That is what happened this year. At the beginning of this year, the Commission made proposals which would change the method of intervention for skimmed milk. The present scheme is not the same as the original proposals that we supported. They were going to change the system of intervention. They were going to do the maximum possible at the bottom of the dairy herd sector throughout Europe to try to reduce the number of cattle, but the Council said 'No'. All the Council were prepared to accept was the new scheme which, as Sir Peter Kirk said, Parliament had not debated, concerning deposits, and ignoring all the rest.

What Commissioner Lardinois should have done then — and he must surely accept this — was to withdraw all the proposals because what the Council accepted was inadequate and was bound to lead to the present situation. But Commissioner Lardinois did not do that. The Commissioner, in its wisdom as a corporate body, said 'We have to accept what the Council is doing. That is life. Let us get on with it'. As a result, we have the present situation.

Mr Fellermaier accused me — and, indeed, he was right — of supporting the price increase in the proposals of Mr De Koning. I am sorry that Mr De Koning is not present because I want to say a few rude words about his speech but, as he is not present,

I shall not do so. What Mr Fellermaier said is, indeed, true. I asked my group to support me in what I did, and they did so.

However, the imbalance in the milk sector cannot be cured by the price mechanism. If Mr Fellermaier will do me the courtesy of looking at paragraph 15 of that report, only part of which was read out by Lord Bruce of Donington, he will see that it is only by structural change, not price change, that we shall cure the imbalance and the problems in the milk sector. That is why we supported the price increase. After all, it is not our purpose — nor that of Mr Fellermaier, I am certain — to penalize small dairy producers, and that is what we would have done. That is why we supported the price increase proposals.

To revert to the main topic, I believe that the motion of censure is fully justified. I hope that no Member of the House will think — as, indeed, Mr De Koning, who still is not present, and, I think, Lord Bruce of Donington suggested — that we tabled the motion of censure for frivolous reasons. That is absolute nonsense and bunkum. We firmly believe that this motion of censure is right.

Lord Bruce of Donington knows that too.

I have never heard a speech that attempted more to make cheap political capital than did that of Lord Bruce of Donington. He ought to be ashamed of himself for bringing party political battles into this Parliament. When Lord Bruce of Donington has been here a little longer, perhaps he will understand the way in which this Parliament works. This motion of censure is not a frivolous attempt to gain party advantage.

We firmly and sincerely believe, as Sir Peter Kirk said, that the Commission has lacked the courage to do what was needed. We believe that it has made an appalling mess in the administration of this scheme, as Mr Howell has already said. I do not have time to go into the details, but we believe that nobody is benefiting from it. The cost is great. There are alternatives, and not only those that the Commissioner has put forward. Commissioner Lardinois knows that the only way this can be done is by reducing the milk herd. This has not been proposed. Maybe Commissioner Lardinois will come forward within the next three weeks with 10, 15, 20 suggestions as to how to deal with matter.

Mr Lardinois. — I did propose them in December.

Mr Scott-Hopkins — I am delighted to hear the intervention of the Commissioner, because if he did propose these in December then why did he not put them to the Council, and when the Council refused why did the Commission not withdraw all the remainder? He knew that it would not work without them all. He cannot have it both ways. He had not the guts to say, 'Without all my proposals that one will not do. I must pull back the whole scheme.'

I know my speaking time has come to an end but I

Scott-Hopkins

ask the House to support his motion of censure, which I believe is fully justified, in particular for the reasons exchanged between the Commissioner and myself.

(Applause from the European Conservative Group)

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

Lord Gladwyn. — As the solitary British Liberal in this Assembly I feel that, as presumably representing 5 or 6 million British voters, I must publicly explain, in not more than two minutes, why I approve of the main argument advanced by my colleague Jan Baas...

Mr Scott-Hopkins. — There was not one.

Lord Gladwyn. — ... Yes there was, and a very good one too.

If I might make a general observation, it just does not make sense to me for us to pass a vote of censure on the Commission as such, and notably on Mr Lardinois who, after all, is struggling to do his best to carry out a policy for which — although we are all, I admit, involved — the Ministers are presumably primarily and collectively responsible. If this occasionally results in paradoxical and dubious decisions on the part of Mr Lardinois, I do not think it is primarily his responsibility.

In any case, if a vote censure were passed on Mr Lardinois, who is shortly leaving office, not only he but the whole Commission would have to resign. In six months time, as we know, the great bulk of them are to be replaced anyway. If they all left office now, the Commission would function in a kind of caretaker way and the activities of those sections of the Commission not dealing with agriculture — who are engaged in much constructive and necessary work — would be quite unnecessarily prejudiced. Why we should inflict this damage on a body which, after all, is probably this Parliament's best friend is certainly not clear to me and I hope that it is not clear to the great majority of Members of this Assembly.

This does not mean that I believe that the common agricultural policy is without reproach. Of course not. On the contrary, it is fundamentally vicious. It tends to make the rich farmers richer and to pile up huge surpluses which have to be disposed of in totally unacceptable ways. Even if it has a certain very real advantage for us in the United Kingdom, in that we profit to the extent of some hundreds of millions a year by the depreciation of the pound, it will soon, I believe, have to be modified, more especially since the Germans are hardly likely to continue to cough up such huge sums in support of it over a period of years.

But such reforms are surely something which Parliament should urge on the Ministers. That is why, when it comes to the vote, if it does tomorrow, I shall probably support the Socialist proposal. In a word, censuring the Commission will not achieve anything

— it will be what the Romans used to call a *brutum fulminem*, a perfectly profitless blow. As an ex-diplomatist I have never been in favour of *bruta fulmina*.

(Applause from various quarters)

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

Mr Frehsee. — *(D)* Mr President, on one point I am able to go along with Mr Howell: it is indeed to be welcomed that this motion of censure has resulted in such a wide-ranging debate on the common agricultural policy. This debate has clearly highlighted the differing views of the political groups on this subject.

But on your second point, Mr Howell, you are absolutely wrong; you are wrong in drawing the impermissible conclusion from the Socialist Group's rejection of the motion of censure that we support the common agricultural policy. You have surely seen the motion for a resolution which is to be dealt with by urgent procedure tomorrow. Perhaps, Mr President, it would have been desirable to debate that motion jointly with the motion of censure since we tabled it precisely to introduce constructive elements into this debate whereas the motion of censure is purely negative — and unjustifiably so. That is the main reason for which we reject this motion. It is a misguided attempt with a misguided aim and what is more it is completely misdirected! You should have directed your attack at the Council and not at the Commission which has been calling for co-responsibility for producers since at least 1973 without succeeding in gaining the Council's consent. However, the institutional structure under the Rome Treaty is such that we cannot directly table a motion of censure on the Council. However, in this particular instance the choice of the Commission as the intermediate target is quite unjustified and impermissible.

I am not suggesting that the deposit scheme is a good one. It is a macabre, painful, comical, tragi-comical and perhaps even tragic matter.

Earlier on, Sir Peter Kirk quoted an article from *Der Spiegel* and I shall now give you a further quotation from the same article because it is both amusing and interesting, if a little tragi-comical; the article suggests that the compulsory incorporation requirement, the obligation to take delivery of skimmed milk powder and all the rest of it, thought up as a means of disposing of the milk powder surplus, are like asking a car driver — as *Der Spiegel* puts it — to buy a railway ticket of for each journey to work or pleasure trip, or a consumer of rye bread to pay a levy to eliminate wheat surpluses, or a consumer of margarine to pay a levy in the price of that product to help eliminate the butter surplus; it is like asking a beer drinker to contribute to the elimination of the wine surplus and imposing a requirement on breweries to store wine. That is the nature of this deposit scheme for skimmed milk powder as the article most pertinently explains.

Frehsee

Moreover the whole matter may be illegal. A number of court actions have been brought on the grounds that this is a concealed Community tax. The courts have been called in and we shall see the result.

It would be cheaper — this is a fact — to pay the dairies the guaranteed price and then simply pour the skimmed milk down the drain; theoretically that would be cheaper!

I wanted to show briefly just how absurd this guarantee scheme is and I strongly deny the suggestion that the Socialist Group approves it.

However, the milk powder stocks are there and nobody has yet come up with a better proposal. At the end of this year we may have 1.6 million tonnes of skimmed milk powder, even though 400,000 tonnes may be disposed of by this deposit scheme.

We may also have as much as 500,000 tonnes of butter again. Let me remind you of our debate exactly three years ago in June 1973 on the ominous sale of 300,000 tonnes of butter to the Soviet Union. Ladies and gentlemen, I wish to remind you all of that parallel case. But remember too that nobody has been able to propose solutions to the problem. We simply have an announcement that proposals are to be submitted.

Ladies and gentlemen, allow me to draw your attention once again to the fact that the main evil and the main cause of this ruinous development which is costing us a terrible amount of money — let us not try to pretend the contrary — and is also not in the interests of agriculture, as several speakers have pointed out, the main cause of this development is the misguided price policy which has been pursued; the true function of agricultural prices must be to control supply and demand— price should be incidental in determining incomes. But in our policy the income factor has been the sole consideration. Thus agricultural prices have been completely deflected from their true function...

Mr Fellermaier. — (D) Hear, hear!

Mr Frehsee. — (D) ... by placing them in the sole service of farmers' incomes. That is the root of our criticism. There have already been many constructive proposals of alternative arrangements. Prices must be cut back. I am aware that the Commission has already endorsed this argument but its views have not been heard by the Council. For 1972/73 the Commission proposed a milk price rise of 2% but the Council opted for 8%; for 1973/74 the Commission proposed 2.8% but the Council decided on 5.4%; for 1974/75 the Commission proposed 4% and the Council chose 8%; then for 1975 the Commission proposed 6% and the Council decided on 10%.

Ladies and gentlemen, whenever we have had to deliver opinions on the Commission's price proposals, a majority of Members of this House have always said that the prices were too low, thus encouraging the

Council to raise them. That fact must be put on record.

We must therefore begin with price policy if we are to change this milk policy and eliminate the principal error.

I have never hidden my view, and shall not do so now, that the shift in the fat-protein ratio has turned out to be a bad mistake. This measure was first taken three years ago and we criticized it at the time. This provision changing the evaluation of milk and placing a higher value on protein than on milk fat, naturally led to high butter stocks at a time when there were no skimmed milk surpluses. The ratio has been changed to concentrate on the production of skimmed milk powder, whose production is highly lucrative. Now we have close on 1.3 million tonnes and at the end of the year, despite the elimination of 400,000 tonnes, we shall be left with 1.6 million tonnes of skimmed milk powder. Our policy must undergo a fundamental change.

I would reply to Mr Ortoli that there is no cause for his sarcasm when he says the Commission is happy that the deposit scheme is beginning to bite and prove effective because the price of soya has risen so much. That is a highly debatable point because soya is also purchased by farmers. Let me say in passing that an incomes policy which is seen in this context must be rather absurd.

Mr President, tomorrow we shall be discussing the need to change the basic concept of agricultural policy in the dairy sector. One thing, however, is clear: the co-responsibility which has been discussed for three years now must at long last be introduced.

There must also be a further reduction in dairy herds, although they have already been cut back, because production has nevertheless risen steeply, i.e. by 5% and perhaps even 10% of late. In the United Kingdom butter production has increased by 249.5%, in Ireland by 38.4% and in the Netherlands by 18.3%. Production must therefore be limited. This can only be done by reducing the dairy herds. The guarantee price for skimmed milk powder must be reduced or not allowed to rise so steeply. We must strike at the root of the problem and take decisive and far-reaching measures.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, the President of the Commission, Mr Ortoli, who is sitting next to me, has asked me to deal with the questions raised after Sir Peter Kirk's introduction. I do so gladly, especially as many of the observations made relate to agricultural policy in a broader sense.

Let me begin with Mr Fellermaier. He indicated in broad outline why the Socialist Group would not be supporting the motion of censure. However, he also said that this did not mean that his group was satisfied with the dairy policy as it stands. Mr Frehsee stressed

Lardinois

this again and made a number of suggestions. Here I agree entirely with Mr Fellermaier and Mr Frehsee. As the President of the Commission has already stated, we have submitted what we consider adequate proposals for this purpose.

At one point, however, Mr Fellermaier said that the Commission may well have submitted proposals but that it had done so in the shape of memoranda which was not the correct way in that there were no detailed proposals on which the Council of Ministers could take a decision. Mr President, allow me to say that agricultural policy is precisely the area in which we always present detailed proposals. The memorandum is based in the first instance on the idea of co-responsibility — as Mr Ortoli has already pointed out — but immediately afterwards a detailed proposal was submitted to the Council of Ministers which deliberated on it and rejected it unanimously. The Commission did not then return to the matter.

Now the Council has raised the subject itself following our proposal on the incorporation of milk powder which is the subject of our debate today. The Council said in effect: this is all very well but would it not be better to obtain a contribution from the dairies? To which I replied: that is so, gentlemen, but why then did you unanimously reject our proposal two years ago?

Mr President, I have no difficulty in agreeing with much that Mr Fellermaier said. Co-responsibility is long overdue and absolutely essential; but the time is only becoming ripe for it now. In itself, however, it will not solve the whole dairy problem. Much more is needed. Here too, Mr Fellermaier was quite right when he appealed to the Commission to leave a better heritage behind it in respect of the necessary changes in agricultural policy and above all in dairy policy.

Mr De Koning, who previously acted as rapporteur on the price proposals and related measures, described the action of the European Conservatives as incomprehensible. He confirmed what the President of the Commission had already stated, namely that in his view the Commission had amply consulted the European Parliament. Mr President, I am particularly grateful to the rapporteur who made this point as the discussion between the European Conservatives and the Commission might otherwise have got out of hand. Nobody is better placed to affirm that Parliament has been adequately consulted than the rapporteur who himself followed the development of this whole matter day by day.

Mr Baas spoke on behalf of his group but I am also grateful to him personally for what he said. I also appreciate the fact that he considered it necessary to reject absolutely certain attacks, on behalf of his group. In my view, however, he placed too much emphasis on the need for the dairy policy to be in the nature of a social policy. This policy must indeed — under the terms of the Rome Treaty — take account of farmers' earnings. It is also true that cattle farmers do not generally earn their living easily in comparison

with other farmers. They have to be available or at least devote part of their time to this activity on 365 days of the year. In my view, however, dairy policy will be a failure if, in addition to a fair incomes policy, cattle farmers are not able to establish a better balanced market.

I am grateful to Mr Martens for pointing out that in absolute terms a balance can never be achieved on this market because we are so dependent on nature. However, a special feature of the dairy sector is that the surpluses are not incidental or conjunctural but essentially structural. There is therefore far more to it than an accidental distortion of the market. This can provide a basis for the proposals which the Council of Ministers asked us to present when it was not able to deal fully with our initial proposals in March of this year.

I also agree that our policy on oils, fats and vegetable proteins can make an important contribution to the elimination of distortions on the dairy market. This holds good for example in the area of marketing where there is strong competition from butter substitutes. It also applies to production where, particularly when the price of vegetable proteins is low, there may be a sharp upturn as happened this winter. The low price of soya-based protein in itself resulted in 5% additional milk production. That is an enormous quantity of milk, especially when the world market is already saturated.

The situation may also change. I agree with Mr Martens that nobody can predict what the situation will be in two months time, let alone at the end of the year. It is therefore extremely dangerous to make predictions. I am thinking of the predictions made by Mr Frehsee, Mr Fellermaier and other Members. They said that butter stocks would amount to 500,000 tonnes at the end of the year and that we should then have 1.6 million tonnes of milk powder in cold storage.

I cannot of course say that these figures are out of the question, but at all events I 'expect' that they will prove quite wrong.

There is a further factor, namely the present drought, especially in large areas of France. This drought has already taken its toll since it affects a large area of farming land accounting for two-thirds of French production and close on 60% of total beef production. If the drought persists, and not even for very long, total confusion can be expected on the meat market this summer because a great many cattle which can no longer be fed will have to be slaughtered.

Secondly the drought will also have an impact on milk production next autumn and winter. The extent to which this will have consequences at European level will depend on whether the drought remains confined to France, but if it persists for a few more weeks the whole of the Community will feel the consequences.

Lardinois

These are not arguments for doing nothing. That would be a dangerous line to take. Even if this natural disaster — which is what it is — has no major consequences on the production of milk and meat in the autumn, the Commission must still take action. It must put forward basic proposals, as the Council has asked it to do.

Mr Liogier also spoke about the relationship between milk production and unrestricted imports of soya beans and other products. He said that we have sometimes faced pressure from the United States. I do not deny that. However, I do deny that in the face of such pressure the Commission has refrained from taking certain measures in this area which it considered necessary. It cannot be said that the independence of the Commission and Community has been surrendered to this country, in this case the United States.

Mr Liogier referred in this connection to the storage regulation. A few days ago I told the Committee on Agriculture that this scheme appeared in a different light now that the Commission had definitely decided to allow the present regulation to lapse in the autumn when the quantity of 400 000 tonnes had been sold. To prevent speculation if something now happens in the ports, the Commission considers that this storage scheme should be continued in the sense of giving preference to the Community product over imported products, without, however, excluding the latter.

I was pleased with Mr Howell's remarks, although he placed rather too much emphasis on criticism of the Council. This was even more apparent in Mr Scott-Hopkins' statement when he said specifically that the Commission should withdraw its proposals if the Council did not adopt them. I do not deny that the Commission — and myself in particular — has considered this possibility several times, including in the spring of this year when many of our proposals were either not dealt with at all or postponed. The Council of Ministers of Agriculture is, however, the only Council to be working constantly and with great persistence at present on compromises and decisions. I feel absolutely no need to disparage the Council in this Parliament as though it were not meeting its obligations. The Ministers of Agriculture are having to work under exceptionally difficult conditions. They are not responsible for the present monetary confusion. Here they are receiving little support from other ministers and I am quite unable to agree with the attempt to pass all the blame on to the Council as Mr Scott-Hopkins and Mr Howell have done.

On behalf of the Commission I have repeatedly paid tribute to the Council for attempting by all possible means to keep the Community alive in this sector ...

Mr Laban. — (NL) We are supposed to be discussing surpluses in the dairy sector!

Mr Lardinois. — (NL) ... Mr Howell and Mr Scott-Hopkins have drawn attention to the fact that there

are too many cows and that slaughtering is necessary. Mr Scott-Hopkins expects me to put proposals on this point. I would remind him that relevant proposals were already debated in Parliament last December. The withholding of milk from the market was connected with a programme of this kind, if under a different name. This programme was not rejected by the Council. However, each country had its own views. That was the case with the British Conservatives who wanted something different from what we had proposed. The Council will probably be discussing this proposal next week. Once it has been adopted we shall have to see how it is implemented.

If the Council reacts too late and does too little, we have good reason to criticize it. But it is certainly not the case with the other institutions, including this Parliament, that Commission proposals are simply adopted without amendment. Mr Frehsee told you what happened for example in the last three or four years to our price proposals. I do not wish to go into this aspect in detail, but as far as I am concerned the fact that the price has been set too high for a number of years is one of the main reasons for the surpluses in the dairy sector.

A second reason is that, primarily through a whole range of national support measures, too much cheap capital has gone into the development of milk production.

My next remark is addressed to Mr Scott-Hopkins. The Commission must indeed see to it that the Council is able to take its decisions in good time: otherwise the Commission must weigh up its own responsibility. I have never had any difficulty in this respect but I believe that 1976 is not the right year for the Commissioner for agriculture to make the work of the Council of Ministers of Agriculture impossible. The principal difficulties in the agricultural sector are not primarily attributable to agricultural policy as such as, despite all its shortcomings, the Council of Ministers of Agriculture is still the Council which is doing the hardest and most persistent work at Community level.

Mr Cipolla referred to Britain's accession and the events which followed. I do not propose to go into this aspect in detail. However, I do refute his suggestion that my approach has been so very different from that of my predecessor, Mr Mansholt. I gladly leave others to decide this, but as far as agricultural policy is concerned I do not have the impression that my views differ so markedly from those of Mr Mansholt. Our personal methods may well differ but everybody has his own way of expressing himself.

Lord Bruce asked me what we are doing about food aid. As you know, we proposed an increase in food aid from 55 000 tonnes to 200 000 tonnes. The Ministers of Agriculture adopted this proposal but the Development Aid Ministers still have their word to say and have not yet reached a final decision. I hope that the decision will be taken as quickly as possible and that

Lardinois

the food can then be shipped out rapidly because even in comparison with much smaller previous programmes we already have a backlog at present. The agricultural services are, however, dependent on other departments which bear the main responsibility for shipping.

Mr Martens placed the expenditure on dairy products in its real perspective, and pointed out that a milk cow also provides meat. I agree with him that the expenditure must be seen in relation to total production of milk and meat. Expenditure in the meat sector in particular has risen substantially in the past two years. I believe, however, that, partly because this sector is so large, we have already reached if not exceeded the maximum acceptable level of expenditure. The result is friction between countries, especially between those in the north and south of the Community, and there are other unpleasant consequences.

I agree with those who have said that it is in the interest of the Community to try to cut expenditure in the dairy sector.

Mr Frehsee named three objectives which must be met in the first instance: co-responsibility (I agree, and we shall submit the 1974 proposal again, although adjusted to the present situation), a reduction in cattle herds (this has also been proposed already and we shall strengthen our proposal somewhat), and finally adjustment of the guaranteed price.

Let me consider the latter objective in a little more detail. In past years our views on this point were very close together. Two years ago, however, we could not agree on the monetary compensatory amounts for the D-mark, but as far as the actual prices are concerned we have never had much difficulty in agreeing.

Mr President, that brings me to the end of my speech. I hope that Parliament will show the same interest in our new proposals as in the debate today. I hope that a similar debate will then be held again at this level.

(Applause)

President. — I call Sir Peter Kirk.

Sir Peter Kirk. — I do not regret in any way having initiated this debate today. It has been one of the best debates we have had since I have been a Member of this Parliament, partly, perhaps, because under Rule 28 honourable Members had to be reasonably short in their speeches and partly because we were concentrating on some specific issue of great importance to every Member of the House. For that reason, whatever my noble Friend Lord Bruce of Donington may have said about our intention being frivolous, the motion has produced precisely the type of discussion we wanted. The only frivolous part of it, to my mind, has been listening to the efforts of honourable Members to persuade themselves that although they agreed with everything we were saying they intended to vote against it.

There are two criticisms of us which have been raised, one of which struck me as being rather peculiar and

one of which I must admit I resent. That which struck me as peculiar was that the time was not right for this motion because the Commission would be going out of office at the end of this year. That was not so much a criticism of me, Mr President, as of yourself; because when you moved your censure motion four years ago, the Commission of that time had only two weeks left in office, not the six months it has today. I suggest therefore that those who say that we are frivolous in trying to get rid of a Commission which is already on its way out are criticizing not me, Sir, but you; and I would resent that, if I were you, as much as I resent it on your behalf in this Chamber this morning. Nevertheless, it was said at that time and has been said again this morning even more forcibly.

Another criticism which I resent was the comment by Mr Fellermaier, Mr De Koning and others that in some curious way this motion of censure is linked to British domestic policies. Mr Fellermaier went so far as to draw a rather touching picture of the close relationship between myself and the Leader of my Party. I have known her for 30 years, we were students together at Oxford and I am devoted to her. But I assure Mr Fellermaier that I do not take instructions from anybody other than my wife and that the decision to put down this motion was entirely a decision of the Conservative Group as such, taken when we were last meeting in Strasbourg, without any consultation with any of the three parties which support this group. Whether we were right or wrong to do it, it was our decision.

I resent this criticism because, although I am a party political animal like anybody else in this Chamber — and we are, after all, 198 party politicians — I went out of my way in introducing the resolution to be totally non-party. I could not have been more detached from principles of party. If the Socialist Group want to 'mix it' I am quite prepared to 'mix it' with them at any time. But I thought this matter far too serious to indulge in cheap party politics such as we had from Mr Fellermaier, Lord Bruce of Donington and a number of others in this Chamber this morning — and I am afraid, sadly, from Mr De Koning.

There are one or two points I should make. Mr Ortoli, in his reply to me said that we had had opportunities to comment on the deposit scheme in various debates between the beginning of the year and now. When? The first we heard of it was in an aside from Mr Lardinois, in answer to a question from Mr Scott-Hopkins in the debate on 10 February. We have never had an opportunity to debate this scheme, or a reply from the Commission on the scheme which we have debated in this House, from that day to this. This is the first debate on the import deposit scheme in this House and it would never have happened had we not put down this motion. We have therefore not had such an opportunity.

The Commission was negligent in trying to pretend that that was so.

Kirk

Mr Ortolì acknowledged that there was an effect on the price of food. Mr De Koning could not have been listening as he appeared to think that there was not. He said that there was a 75 % take-up. I do not dispute that, but I asked for information about the take-up in the United Kingdom, where the scheme is not working well. Indeed, in Italy it is not working at all. Mr Howell cited instances in the United Kingdom. I am also able to cite instances, together with names, addresses and dates, where people have not been able to obtain skimmed milk powder. They pay a deposit but cannot get hold of the powder. Under this scheme the Commission and the authorities are taking money under false pretences in the hope that they may in some way reimburse the farmers who are anxious to comply with the difficult conditions that are laid down . . .

Mr Dalyell. — Under what false pretence ?

Sir Peter Kirk. — . . . The false pretence is that when the man pays his deposit he cannot get it back by buying skimmed milk powder because the skimmed milk powder is not there. That is a false pretence that even Mr Dalyell might understand.

Today we are told, as Lear said :

'I shall do such things — what they are I know not — which shall be the terror of the earth.'

We shall be informed of another proposal by the Commission in a week's time. There have been many since 1967. They have poured out the whole time. They never get anywhere, as the Commission will not stand up and fight for them. It did not fight for the last proposals, which were steamrollered by the Council of Ministers. Members say that is not the fault of the Commission or the Council of Ministers. Mr Fellermaier said as much. But he then listed the matters on which the Commission was at fault.

It is the Commission's fault. The Commission is the guardian of the Treaty. It is the executive authority of the Community. It has the right to make proposals. It has the remedy in its hand. It should say 'We made these proposals. We shall not withdraw them, as they are the only proposals which can effectively solve the problem.' It did not say or do that. That is why we put down the motion.

I have considered what course of action we should take now. I could say that the Commission's answers were totally unsatisfactory, that the attitude of the other political groups was largely self-serving, and that we must therefore proceed to a vote tomorrow . . .

(Interruptions)

. . . I might equally say that although the Commission's answer were unsatisfactory, and although the attitude of the other political groups has been one of

slight embarrassment that we are discussing publicly matters which they would much rather discuss in private, nevertheless we have achieved something and therefore it might be better to withdraw the motion.

I carefully considered both courses of action. I concluded that the people in the Community have the right to know what their representatives feel on this matter. It is about time that Members stood up and were counted on this matter. Those who, although they pretend that they want change, hide behind the existing circumstances, should be asked to decide which way they want to go. Those who are prepared for change — and the dangers and difficulties that change will bring — should be prepared to declare that fact.

Therefore we shall not withdraw the motion. We shall proceed to a vote tomorrow.

(Mixed reactions. Applause from the European Conservative Group)

President. — The debate is closed.

The vote on the motion of censure will be held tomorrow, Wednesday, at 12 noon.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR BERKHOUWER

Vice-chairman

6. Situation in Lebanon

President. — The next item is a debate on the motion for a resolution tabled by Mr Durieux, on behalf of the Liberal and Allies Group, on the situation in Lebanon (Doc. 134/76).

I have been informed that Mr Hougardy is to deputize for Mr Durieux.

I call Mr Hougardy.

Mr Hougardy. — *(F)* Mr President, for family reasons Mr Durieux is unable to attend this sitting. He sends his apologies and has asked me to deputize for him.

The purpose of the motion for a resolution which he has tabled on behalf of the Liberal Group is not to find a solution to all the troubles of Lebanon but simply to react against the indifference which the Foreign Ministers of the Community seem to be exhibiting towards the thousands of deaths which the civil war has already caused in Lebanon.

Hougardy

I believe we will all find that the human tragedy that is taking place will be genuinely irreversible unless we all try together to put an end to it.

What is regrettable is that the situation is deteriorating from day to day. Soldiers from a foreign country are preventing thousands of citizens of Beirut being supplied with goods or foodstuffs by means of a blockade.

The Community cannot allow this situation to become worse without taking some initiative. I think Parliament owes it to itself to adopt the resolution tabled by Mr Durieux.

This resolution has the merit of making those in charge of political cooperation face their responsibilities. They did not succeed in adopting a clear position in Angola and this has produced the consequences with which we are familiar, and perhaps the most serious situation which the world has experienced since the end of the 1940-1945 war, namely a continent — whose position and future will be decisive for Europe — cut in two. Nor did they make their voices heard at Nairobi, and hence the partial failure of that conference.

In Lebanon we cannot allow ourselves to repeat these failings; it would be a tragedy both for that country and for the Community, which no-one would then be able to take seriously.

I wonder what is the point of creating structures, talking about the Euro-Arab dialogue, entering into preferential commercial agreements and revelling in vain words such as political cooperation if, at a time when action is called for, our respective states take refuge behind their worsening and sterile nationalism, since none of our member countries is capable on its own of influencing one jot a situation such as that in Lebanon which is so vital for Europe.

I regret the fact that the decision was taken to debate this matter today; I would have preferred the representative of the Conference of Foreign Ministers to be present to hear us and to pass on our concern to his colleagues.

I believe that it is within the framework of UNO that we can do our utmost to make a positive contribution to alleviating this situation. If I am not mistaken, the New York Assembly is the mainspring of political cooperation. We can take a positive role more easily at the moment because of the duties carried out within this world organization by the President-in-Office of the Council.

To conclude, the very survival of Lebanon is at stake and we owe it to ourselves to avert any attempt to annex any part of its territory by preventing the slaughter which is taking place. In the longer term a solution must be found to the Palestinian problem, otherwise it would be impossible to ensure a stable peace in this troubled area of the world for these

ravaged peoples, who hitherto represented a marvellous example of coexistence between several communities, religions and races. This country could have served as a model for the creation of a multinational state in which Jews, Moslems and Christians could have lived in peace, respecting the rights of minorities. All these hopes are now dashed. We bear a great deal of the responsibility for this. At this time, when all eyes are turned towards Syria, which wishes to impose a *pax romana* it is Europe which should have been the centre of attention as the cradle of civilization and tolerance.

Without any military intervention we are still in a position to guarantee real respect for the integrity of frontiers and to find a global solution to this problem.

This is why Mr Durieux tabled this motion for a resolution which I have taken it as my duty to defend.

(Applause)

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

Mr de la Malène. — *(F)* Mr President, ladies and gentlemen, I should like very briefly to associate myself with the words of Mr Hougardy and the motion for a resolution which he has just presented.

Lebanon is a small country which nevertheless in that region of the world was a model not only for its neighbours but also for others in its tolerance and the example it provided of the lengthy co-existence of the Christian and Moslem communities — not to mention others.

Now this small country, this tolerant country, this highly democratic country, which is close to us in many respects, and particularly close to my country, and is now the victim of fanaticism and the intolerance of its neighbours, is now suffering in agony. In the face of this agony the silence of other powers, whoever they are, the silence of the East and of the West, can only produce a feeling of shame.

We are not bothered, nobody is bothered, that Lebanon is dying. But I believe that this short-sighted egoism does no-one any good. It is never good for any democracy, for any community, if another democracy which is an example of tolerance disappears. It is never a good thing to say that this does not concern us. A great American novelist wrote 'For whom the bell tolls'! When the bell tolls in Lebanon for peace, civil peace, democracy, liberty, we should be afraid that one day the bell will also toll for us. Any reduction in liberty in the world is a blow against us. It would be egoistic and blind not to feel it. The silence of the West since the crisis began in Lebanon is something which is difficult to tolerate. Let no-one say that nothing can be done; this has often been said, too often, in other international crises; one can always do something, one can always express one's ideas and we

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at the modest level of the European Parliament wish to express our feelings and say how troubled we are by this silence and by this lack of action.

Certainly it is no great thing to adopt a resolution which we support, but at our level we are doing what we can. Here and elsewhere we must state our opinion that the tragedy of Lebanon is intolerable if today, tomorrow or the day after this small nation is to disappear and with it many things which we hold dear.

That is what I wish to say to Mr Hougardy on behalf of my group, although we realize that we are not unique in this and that the whole of the Assembly shares our indignation, our shame and our sorrow over Lebanon.

(Applause)

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

Mr Lemoine. — *(F)* Mr President, ladies and gentlemen, the situation in Lebanon which has been serious for many months, has undergone particularly tragic developments in the past few days with the general offensive by the Syrian army. Syrian bombers and artillery acting in concert with the forces of the Lebanese extreme right, are bombarding the Palestinian refugee camps and those parts of Beirut held by the Lebanese patriotic forces and the Palestinian resistance, and endeavouring to starve out the Lebanese zones under progressist control by imposing a food blockade.

The intervention of the Syrian army in Lebanon has the open or covert support of the major imperialist powers, the rulers of Israel, King Hussein of Jordan and the Arab reaction. Thus the Egyptian Foreign Minister recalled on Monday that before the invasion of Lebanon — and I quote — ‘Syria contacted the United States via France and Jordan to sound out the position of Israel in order to know in fact to what extent a Syrian intervention would result in an Israeli intervention’. The reply — said Mr Fahmi — was that Syria could intervene to a certain limit and to a certain line without initiating intervention by Israel. In other words the Syrians have been given the green light. The intervention is therefore part of the American plan which, to safeguard imperialist interests, particularly the oil interests in this region, aims at the liquidation of the Palestinian resistance and the progressist, patriotic and democratic Lebanese forces. But it must be emphasized that these closely united forces are putting up very great resistance to the aggressors and that this new attempt by the United States to impose their imperialist plan on the Middle East can be frustrated.

It is because of what I have just pointed out that the motion for a resolution under discussion can under no circumstances satisfy the Communist and Allies

Group. In our opinion it simply lacks the essential feature, namely the unequivocal condemnation of any foreign interference, a demand for the immediate departure of Syrian troops from Lebanon and a clear affirmation of the right of the Lebanese people to settle its own problems.

If these essential elements were not taken into account by the Assembly in a resolution on the situation in Lebanon, this would amount to a legal and political endorsement by the Community of foreign intervention which, far from being requested, is strongly condemned by all the Lebanese political forces with the exception of the pro-fascist groups.

This is why my group can only vote against the proposed text. Our position is also in line with that adopted at the meeting between the leaders of the French Communist Party on 10 June and the representatives in France of the PLO, a meeting at which the French Communist Party repeated its condemnation of Mr Giscard d’Estaing’s proposal to send French military units to Lebanon. The Communist Party also reaffirmed on that occasion its opposition to any foreign intervention in the internal affairs of the Palestinian people and those of the Lebanese people. The Lebanese people must be able to decide independently their own fate.

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

Mr Broeksz. — *(NL)* Mr President, the object of this motion for a resolution is humanitarian rather than political. We shall therefore have less trouble with it than the preceding speakers. This does not mean that we subscribe fully to the motion, although we shall vote for it. We are mainly concerned with the first point and the expression of ‘deepest sympathy for the innocent victims of this situation’. We totally disagree with the second point which implies that it is the Community’s duty to intervene in the trouble in the Middle East. Fortunately the third point expresses a desire for coordination so that something may be attained within the UN. This we cordially agree with. If the Community has a duty in this matter it must be sought via the United Nations rather than in independent action.

We shall be voting for his resolution since we are in full agreement with its humanitarian objectives. We are prepared to overlook the blemishes in it. We are not entirely satisfied by the fact that the resolution is addressed to the foreign ministers meeting in a different context. After all they meet in the Council to consider political matters. But we will overlook this point too. Once again, we are in favour of the objectives set out in points 1 and 3.

(Applause)

President. — I call Lord Gordon-Walker.

Lord Gordon-Walker. — I shall, of course, support this resolution, but I have doubts about one or two things in it. I am always a little suspicious when people talk about the need for 'concrete steps' without indicating the kind of steps one ought to take. I never like that kind of phrase and I do not condemn the Community for not taking concrete steps because there are no concrete steps that the Community as such could take. I agree that we can break silence. This is certainly one thing we can do but, again, we have to have a little indication of what we should say when breaking silence, and we have been given no indication. Should we speak of Syrian forces? There are very great problems which we should spell out a little in our resolutions if we are to make them realistic.

Our Communist friend talked about supporting the progressive forces, which I understood to mean that he was against the Christian forces in the Lebanon and also against the French-speaking forces in the Lebanon. He did not say so specifically; but it is clear to me that 'progressive forces' excluded the French-speaking forces and applied only to the PLO and similar parties.

I understand that he does not wish to support the motion. That is one of the reasons why I shall support it.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — *(F)* Mr President, the Commission would first like to express its complete agreement with Mr Durieux's motion for a resolution expressing on behalf of this Parliament, which represents all the Parliaments of Europe, solidarity and sympathy for the innocent victims in Lebanon.

In fact, the situation in Lebanon involves much more than its victims and Mr de la Malène has stated very clearly the tragedy which the situation in Lebanon represents for part of humanity, for us all in Europe, without exception. Centuries of history are coming to a singularly bloody conclusion, a singularly sad conclusion, in the rejection of elementary values which are at the basis of our democracy, our countries, our Europe.

The Commission has no power to take the action called for in part of this resolution. It is those responsible for political cooperation, who last met on 3 and 4 June in Luxembourg and will next meet on 1 and 2 July at The Hague who have the power; it is they, of course, who examine the current problems and are therefore concerned each time with the problems of the Middle East; but it is not for us, the Commission, to say what can and must be achieved by political cooperation. On the other hand you will perhaps allow me, Mr President, to voice my opinion as one who personally feels deeply involved because of my past, that of

my forebears and that of my country in what is now taking place in the Middle East and also in South Africa, since Mr Hougardy has quite rightly related the two situations.

Last week I myself was in the Middle East and in South Africa. Allow me therefore to make a few personal comments. The problems are not simple ones on either side. They cannot be isolated from the historical and geographical context, nor from all the events which preceded their appearance.

Certainly, as Mr de la Malène has said, the silence of the East and the West as regards the Lebanon situation is a disturbing aspect, an almost incomprehensible and in any case a shocking aspect. But let us not forget that manipulation by the East in South Africa, by the West and perhaps also by the East in the Middle East, lies at the origin of many of the difficulties which we are now seeing.

Mr Hougardy spoke of the Syrian peace and said it is Europe which should have taken the place of Syria. I should like to disagree with him because it is not this peace that Europe wants, it is not this peace in which Europe wishes to become involved, it is not in this peace that Europe wishes to take on its responsibilities.

Mr President, I think what is important is to demonstrate our sympathy, our solidarity, our presence and our conviction that the struggle in Lebanon, like that which may take place tomorrow in Africa, is of the same kind as the problems which have confronted us for centuries. Let us demonstrate this solidarity clearly and there is no better place to do this than the European Parliament.

That is why the Commission agrees wholeheartedly with this motion. Let us demonstrate our solidarity, let us demonstrate our presence, indicate that we are available, but let us also be aware that the problems are highly complex. Any initiative, any action will be interpreted in a way which we cannot assess from here. Let us respect the desire for independence in these countries; let us encourage them to deal with their problems themselves, in themselves and from themselves. Let us affirm our solidarity by your motion and by our concrete action. In this respect the Community can be proud of the Lomé Convention which concerns all the countries of Africa. The Community can also be proud of the offers which have been made to the Middle East: to Lebanon, to Syria, to Jordan, to Israel.

All these peoples have the right to express themselves, to live, have their future and to decide on that future, whether they are Israelis, Lebanese, Palestinians or Syrians.

That, in my opinion, is how Europe should declare itself ready to intervene and to act if requested, while taking great care as regards actions which might be interpreted differently.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — I wish to ask Mr Cheysson a question. Before doing so, I wish to express personal sympathy. I believe that any of us who went to Beirut and Baalbek in happier days are astonished that this could have happened in what was perhaps a 'model' country, as some of my colleagues have described it. I agree with Mr de la Malène that we can at least say something, and we shall support the resolution. The Commission should not underrate its influence in these matters and, indeed, the influence of the Europe of the Nine. Mr Cheysson is probably right that it is not up to us to co-ordinate any kind of policy. That I understand. I merely wonder whether we should sit on the sidelines to this extent.

In the opinion of some of us, there is a parallel between what is happening in the Lebanon and what is happening in Northern Ireland. The best kind of hope that has been offered to that God-forsaken land is what some of your fellow-countrymen, Mr President, representatives of all parties in Holland, have been doing. I think of what Ed van Thijn, of the Socialist Party, and others — not just the Socialist Party, but the Dutch politicians — have been doing to bring the warring factions together on neutral soil. After seven long years, some of us in Britain think that, if the Irish problem is to be solved at all, the solution may begin on Dutch soil rather than on anybody else's soil, and that prompts me to put a question.

To what extent does the Community feel under any obligation on our neutral soil, be it Italy, France — possibly France, as in view of its history that may be the most suitable country — or elsewhere, to bring together the warring Lebanese factions so that they may speak to each other on neutral ground? have we any plans for that kind of initiative along the lines that have been tried in Holland in relation to Ireland? Perhaps the Commissioner would care to give his reaction to such an initiative, or say whether anything is taking place.

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 4 to the vote.

The preamble and paragraphs 1 to 4 are adopted.

After paragraph 4, I have Amendment No. 1, tabled by Mr Rivierez on behalf of the Group of European Progressive Democrats, to add the following new paragraph:

- 4a. Urgently calls for emergency measures to provide immediate humanitarian aid to help relieve the suffering of the Lebanese people;

I call Mr Rivierez.

Mr Rivierez. — (F) Mr President, the previous speakers have made clear the nature of the resolution which has already received the approval of the

Assembly. It is an act of solidarity and my group wished to improve this resolution by stressing the misery of the Lebanese people. That is why we are asking the Assembly to accept an amendment adding a new paragraph following paragraph 4.

I do not consider that an amendment of this nature, which is aimed in some way at emphasizing evidence of solidarity can cause any objection. We are dealing with misfortune and misfortune has no nationality: we are dealing with suffering and suffering has no nationality. That is why my group asks the Assembly to adopt this amendment.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission — (F) Mr President, in the last few months we have multiplied the ways by which we can intervene with food aid, with medical supplies or in other ways, for the benefit of the victims in the Lebanon.

The Commission therefore warmly supports the amendment, while proposing to its author that the words 'Lebanese people' be replaced by 'all the victims of the crisis in Lebanon', because the Lebanon refugees are also suffering a great deal in their camps in conditions which are now being covered by the United Nations Agency.

One should not give the impression, through a resolution, of excluding the refugees in the Lebanon from the benefits of humanitarian measures.

(Applause)

President. — What is the rapporteur's position?

Mr Rivierez. — (F) Mr President, I thank the Commission for its suggestion, with which I am in agreement.

President. — Are there any objections to this oral modification of the amendment?

That is agreed.

I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, I am able to inform you on behalf of my group that we accept the proposed amendment.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I now put to the vote the motion for a resolution as a whole, incorporating the amendment which has been adopted.

The resolution so amended is adopted.¹

¹ OJ C 159 of 12. 7. 1976.

Oral question with debate: Earthquake in the Friuli area — Debate on draft supplementary budget No 1 for 1976

President. — The next item is the oral question by Mr Fellermaier, on behalf of the Socialist Group, Mr A. Bertrand, on behalf of the Christian-Democratic Group, Mr Bangemann, on behalf of the Liberal and Allies Group, Mr de la Malène, on behalf of the Group of European Progressive Democrats, Lord Bessborough, on behalf of the European Conservative Group, to the Commission of the European Communities on the earthquake in the Friuli area (Doc. 153/76):

Would the Commission say whether the aid to the Friuli area, announced by the President in Parliament on 12 May has now arrived, what additional aid is contemplated and whether the Commission has any proposals regarding the formation of a European Rescue Corps?

I would point out that this is also an opportunity to discuss draft supplementary budget No 1.

I call Lord Bessborough.

Lord Bessborough. — I am glad that all the political groups in the Parliament agreed to support and debate this oral question, which I put down on returning from Friuli.

In the middle of last month I was honoured by Mr Spénale, the President with an invitation on behalf of all the political groups, to visit the earthquake area. I am certain that Mr Spénale was right in saying that the passing of a resolution should be followed by a visit to demonstrate our sympathy with those in the stricken region and to see what relief had so far arrived.

As Parliament will recall, Mr Ortoli, the President of the Commission, whom we are glad to see here this afternoon, made his statement on 12 May giving details of the immediate assistance which the Commission, in agreement with the Council, had decided to provide — that is to say, 500 000 units of account which would include help from Ispra and the provision of doctors, nurses and firemen as well as 30 different specialized technicians, engineers and so on. The following day, 13 May, Mr Spénale asked me to visit the area.

I was a little surprised that the authorities with whom I discussed the disaster at Udine on 17 May did not then seem to be aware of the Commission's proposals. However, I need hardly add that the difficult circumstances under which all the relief work was being undertaken and the breakdown in communications may well have explained that fact. However, I was able to repeat what Mr Ortoli had said to us in this Chamber, and they were glad to hear those words.

The following day I sent a telegram to Mr Spénale informing him of the position and recommending that he visit the area. After having drafted this ques-

tion, I was glad to learn from the Council press-release, which was issued after the meeting on 31 May and 1 June and from Mr Ortoli's letter to Mr Spénale of 2 June that he had visited the region.

I am glad to learn that the Council has now noted the Commission's proposals. In view of the different types of aid and existing possibilities under different funds the Commission proposed to the Council a supplementary budget of approximately 60 million units of account under the heading 'Community aid to reconstruction in Friuli'. I am glad too, that the Budgets Committee of this Parliament was able last night at short notice to adopt in general the Commission's three new proposals and its draft supplementary budget.

I found the experience of my visit heart-rending. While I was there, the 923rd body was drawn out of the rubble. I saw many of the ruined churches and houses in the area.

All I have time to do this afternoon is to pay a tribute to the magnificent work of all the relief-workers, whether they were the Italian local authorities — I had discussions with the mayors concerned—the Italian Army, or the pioneer battalion of the German mountain division, whose bulldozers were clearing the streets with remarkable efficiency and whose admirably-equipped surgical units in tents were performing noble work. I admired, too, the gallant efforts of the French protection corps—the *pompier*s—as well as those of the Austrians and Canadians, who lost a helicopter while I was there.

Those long hours in the devastated area were a moving experience. An extraordinary silence reigned over the small town of Gemona, to which few inhabitants had returned. Only the birds sang. Yet, despite the terrible distress, one of the Italians present at the time of the first tremors was able to describe to me quite gaily what it was like when, as he said, 'the earth dances'. It made you weep. It was fortunate that the first tremor occurred at 9 o'clock on a warm evening when most people were sitting outside their houses, otherwise the casualties would have been much more severe—not a thousand dead but many thousands dead, and the casualties would have amounted to tens of thousands.

On returning from Gemona and Ozoppo, I had a meeting with the Director of the Vesuvius Geological Station and was able to arrange for the exchange and processing of tapes and seismographs with the Global Seismology Unit in Edinburgh, which is equipped with very advanced digitized magnetic tape-recording equipment.

I am glad that the President of the Commission has visited the area, and he will no doubt give us his impressions, and I am glad he has made these proposals for further aid. We look forward to hearing from him. I hope very much that he will monitor the

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progress in providing Community aid, and that he will also tell us whether he has any views in regard to the formation of the European Rescue Corps which was suggested by Mr Durieux on 12 May.

I must admit that I was a little disturbed by the fact that immediate aid from other parts of Italy and from Switzerland, Germany or Austria did not reach the area as rapidly as one might have hoped. I hope therefore that the House may consider that the formation of such a rescue-corps, whether for earthquakes, floods or other disasters, might be desirable. I would not necessarily think of a completely independent corps but that the Commission might have within its capability a directorate which was fully aware of all the national resources and international resources—the Red Cross—which might be available within the Community, and in the event of further disasters was able to mobilize those units more rapidly than was the case in Friuli. From great disasters one good thing may arise. The good thing in this case was that terrible disaster increased Community solidarity and sympathy.

Mr Cointat, rapporteur of the Committee on Budgets.— (F) Mr President, Lord Bessborough has described with deep emotion the Friuli disaster and has, with sombre eloquence, given us an eye witness account of what he saw there.

The Committee on Budgets has received the various Commission proposals for aid to the victims of the disaster in that area. Yesterday, the Committee on Budgets held an emergency meeting to examine regulations, directives and a supplementary budget which had just arrived a few minutes earlier. We upset the usual procedures. We set aside the principles and the rules of procedure because when disaster stalks the streets, when suffering and sorrow strike a Region we are obliged to act as quickly as possible even if this means that in the process the normal procedures are not fully observed. The view of the Committee on Budgets which I place before Parliament is that in circumstances as this we should not have recourse to legal fictions.

As Lord Bessborough has just pointed out, the Council immediately voted an appropriation of 500 000 u.a. to help the worst hit and to send urgently needed aid. Then, together with the Commission, it drew up a series of measures which the latter has just communicated to us.

What are these measures?

They consist principally of a supplementary budget which opens an appropriation of 60 million u.a. for the Friuli region. They also contain two proposals for regulations enabling procedures similar to those of the EAGGF 'guidance section' to be applied in the utilization of these appropriations. It was also proposed to extend the policy of aid to mountain areas and certain

less favoured regions to include these disaster stricken communes.

Another measure was a Commission decision to set aside 5 million u.a. for a special financial aid programme for the reconstruction of ECSC iron and steel factories. The Commission also decided to draw up a special programme of financial aid for housing, costing 6 million u.a. for the staff of these enterprises which would be included in the ECSC appropriations.

The Commission further proposed that, as of 19 May 1976, a regulation should be passed abolishing autonomous common customs tariff duty on certain goods intended for the victims in the region affected by the earthquake.

Yesterday evening, the Committee on Budgets voted to approve all of these measures and to request you to accept the special budgetary measures which consist essentially of 60 million u.a.

The Committee on Budgets had, nonetheless, certain comments to make. In the first place, it considered that the appropriation of 60 million u.a. — and I believe that President Ortoli or Commissioner Cheysson will agree with us on this point— was arrived at somewhat arbitrarily in the light of the information which we now have. There is no guarantee that it will be adequate.

I should state at once, that the Committee on Budgets is perfectly aware of the smallness of the appropriations and that it would welcome further proposals augmenting this amount should it prove insufficient.

The second comment is that we give blanket approval to the appropriation of 60 million u.a. Since it is essential that it should be put to work immediately. However the Committee on Budgets believes that it might be necessary at an opportune moment to organize a debate on the problem of the utilization of appropriations in tragic cases of this sort and in particular to find out exactly how the 60 million u.a. are being used. Going beyond this question for the moment, we believe that it will probably be useful for us to define a budgetary policy for disasters of this sort and also to have a special section in future budgets for meeting similar catastrophies.

Finally, as Lord Bessborough in particular has remarked, Parliament insists on having definitive control of expenditure within the framework of its powers of control and its sub Commission on Budgetary Control in order to have exact information on any action which may be taken by the Community in this area. These, Mr President are the comments of the Committee on Budgets on this important problem.

On behalf of the Committee on Budgets I request Parliament to approve the various Commission's directives and propositions on aid to Friuli and I hope that on Friday it will unanimously approve the sum of 60

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million u.a. as well as the corresponding supplementary budget.

Finally, Mr President, in order to avoid asking to speak a second time on behalf of the EPD Group I would simply like to say, in a word, that our group shares completely Lord Bessborough's views on the disaster which has struck the Friuli region. The fact that the oral question was signed by the six presidents of our parliamentary groups shows how deeply our Assembly has been moved by this disaster and the extent to which we wish to mobilize Community solidarity to alleviate as far as possible, the sufferings of all who have suffered in this terrible earthquake.

President.— I call Mr Ortoli.

Mr Ortoli, President of the Commission.— (F) Mr President, on behalf of the Commission I would like to associate myself with Lord Bessborough's words. When I went to Gemona, I too felt that I was taking part in a terrible drama. Like him, I was impressed by the efforts of the rescue workers and the devotion of those who were organizing relief. Like him, I was deeply moved by the courage and the dignity of the victims of this terrible disaster. I would like you to remember these two words: courage and dignity. They sum up the impressions which I as President of the Commission, brought back with me from the scene of this terrible disaster: lives cut short, hopes destroyed and all the work which must begin again.

This clearly explains how the Community has been able to show such solidarity when one of its members has been gravely stricken. At a time like this the important thing is to act quickly; our solidarity should be clearly expressed and that our action should be effective. We can say that although its procedures are ponderous the Community showed immediately and dramatically that it would not delay in making its contribution to the solution of any problems which might arise.

The debate took place on the 13 May; on the 17th 500 000 u.a. were paid into the account opened on behalf of the Italian Government. I would like to stress that news of the speed of the action was held up by poor communications since the funds arrived at the same day. Moreover, the decision was made public since it was announced right here and Lord Bessborough was in Friuli the same day.

On 22 May I went there personally for the purpose not only of seeing what had happened and of bringing encouragement but especially because I wanted to draw up a programme which I immediately submitted to the Council of Ministers and to Parliament.

On 28 May, I discussed this programme with the permanent representatives and on 31 May I requested them to give a favourable opinion before even returning the document. On 2 June the documents were submitted. I also wish to pay tribute to the work of Parliament for the remarkable way in which your

Committee on Budgets passed over the imperfections every proposition inevitably contains, and quickly proposed that Parliament should not wait for a new part-session but that something tangible should be accomplished during the present session. We have therefore acted as quickly as possible.

Our solidarity was also clearly shown. This required that, taken together, all our actions should be important enough not only to show good will but to be really effective.

Although it is impossible to know exactly how much will be needed, I have taken clear note of the question asked on this subject.

Since it is my responsibility to prepare proposals for what we should do, I considered that the aid given should be sufficiently great to show clearly that the Community leads the way in solidarity with its members. For this reason — Mr Cointat has explained the problem of the various mechanisms we have proposed — we asked that a supplementary budget of 60 million u.a. should be immediately set up, 45 million of which would be earmarked for an agricultural guidance fund and 15 million for infrastructural action. For this reason we made a certain number of decisions which are within the Commission's competence for example the mobilization of 6 million u.a. for aid in rebuilding steelworkers' houses and 5 million u.a. for the iron and steel enterprises.

At the same time we are all also willing to use the social fund and to make available to Friuli the appropriations for mountain agriculture.

As you can see, the idea which guided us was extremely simple: to make sufficient money immediately available to show clearly Community solidarity by mobilizing all of the means at our disposal, i.e., not only the supplementary budget but also what pertains to our day-to-day activity. This is the way in which we can clearly show our solidarity.

My third word is effectiveness. When I went to Friuli and met the press, I stated that I could not say what figure the Council of Ministers and the Parliament would arrive at but that I was convinced that our action would be further increased if Community action could be seen to be producing rapid results. This was one of the reasons why I propose that the money provided by the Community should be channelled into definite projects with the rules for its use which have been submitted to you: that is to say, by the use of the rules drawn up for dispensing money as quickly as possible.

For this reason we have had recourse to the guidance section of the EAGGF which possesses an operational budget. 31 October and 31 December have been fixed as the date for submitting dossiers and we are committed to examining these dossiers within six weeks. For this reason, we sent teams to Rome after my own trip, to study precisely how we could work together to ensure that the dossiers are drawn up as well as

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possible and dealt with the speed to which we have committed ourselves. This will show what the Community can do.

The same principle applies to the Regional Fund. Here too we have our own methods and we are able to use this machinery to examine the projects, and to give visible and tangible evidence of Community action before receiving the appropriations on 31 December.

At the Commission, we felt — and I understand what you have said — that it is not merely a question of money, but of rapid Community intervention in precise areas.

On this basis, Mr President, we are prepared to follow the utilization of appropriations on the basis of the normal arrangements between us. I also wish to add that we are organizing teams to ensure that this is carried out. I myself set up a working party within my own cabinet to monitor the use of the commitments and we shall maintain close contacts with the Italian administration in order to deal with the dossiers without undue delay.

I do not believe that I need to say anything further since there appears to be total agreement between Parliament and the Commission on the matter. Obviously catastrophes of this sort raised more general problems and these were raised on both sides by the questioner and the rapporteur of the Committee on Budgets. For my part I hope that we will be able to hold a debate on the most effective way of dealing with problems of this sort. Consideration should be given to a budgetary mechanism dealing with the serious problem with which we have been confronted. Moreover, it should be recognized that the fact that we have made this money available within one month and with remarkable collective speed, is a demonstration that once it is deeply moved, the Community, can at certain times take action free from administrative delays caused by the fact that the Commission and Parliament are at odds and therefore try to hold up the procedures.

I believe that these are the problems which we should discuss and that they should include agreements on European help. The matter requires serious consideration. The Commission has decided to study the usefulness of setting up a crisis headquarters at Community level to rapidly efforts, to prevent duplication so that aid, for example in the form of planes, can be utilized as efficiently as possible. I should like to remind you that we have already had occasion to take this type of initiative in the case of another problem in which the Commission intervened two years ago. It requested close coordination of Community and national efforts in regard to Sahel, and for example that the use of planes should be coordinated and take place rapidly. This structure could be used in the case of catastrophes both within and outside the Community.

This, Mr President, is what we have tried to do. I should also like to take this opportunity of again thanking the Commissioners who succeeded late last night in proposing unanimously in line with Parliament's wishes expressed through its Bureau — that during this part session we should clearly show our solidarity by the speed and effectiveness of the measures we enact.

President. — I call Mr Normanton.

Mr Normanton. — In the course of this debate honourable Members have already expressed their deep and sincere feelings of sadness at the terrible tragedy which has occurred with this earthquake. We are all deeply indebted to our colleague, Lord Bessborough, for the way in which, at extremely short notice, he stood in for the President of this Parliament during a visit of inspection to the Friuli area. The Community, as we are all convinced, gave ample evidence of its collective sense of concern and responsibility for those who had suffered in this disaster. It was given in the form of service by the military, by civilian agencies and by a whole host of voluntary organizations which rallied round to help at the moment of greatest distress.

I would make only one brief point on financial aid. I would express the earnest hope that in relation to Community aid there will never be any question of, or need for, a post-mortem on how the Community's funds which have been made available are being spent. One of the surest ways of guaranteeing that no need arises to hold a post-mortem and of avoiding occasion for doubts or questions in the minds of honourable Members of this House or any of the institutions of the Community would be to identify the financial aid in tangible terms. Aid should be in the form of cash converted into construction by the rebuilding of identifiable villages, or by the construction of a hospital or hospitals, a power-station or a hydroelectric project. In other words, we should make sure that the cash which we as a Community have made available is there and remains there, converted into tangible evidence, a sign, of the Community's solidarity. That will probably be one of the most effective means of making our concern known to those who live there. It will be a sign throughout the whole length and breadth of the Community that we have a sense of collective responsibility we shall shoulder our responsibilities effectively and constructively when the need arises.

President. — I call Mr Rosati.

Mr Rosati. — (*I*) Mr President, ladies and gentlemen, it is with feelings of deep emotion, not only as a member of this Assembly but also as an Italian, that I rise to speak in this debate on the serious problems of the disaster-stricken people of Friuli.

Rosati

I rise to return thanks on two scores. First of all, I must thank Lord Bessborough, Vice-President of the European Parliament, and Mr Ortoli, President of the Commission, for their immediate visit to the area ravaged by the earthquake, where they were able to experience with their own eyes the enormity of the tragedy that has struck down the people of Friuli, a proud and hardworking people, that has known similar afflictions in the past. They had built their towns and villages with the fruit of unremitting toil, often in distant lands, and now in an instant they were to see the fruits of so much toil wiped out under their very eyes.

As an Italian therefore I thank Lord Bessborough and Mr Ortoli very sincerely. The second expression of gratitude that I should like to put on record is for the generous and practical aid given as a result of their speedy intervention to the disaster victims. The Italian people, and the people of Friuli in particular, were deeply moved by the promptness with which aid poured in from all parts of the world; they feel a particular debt of gratitude for the help given them by the European Community.

The European Community has shown its solidarity in the face of this calamity, which has brought anguish and destitution to hundreds of thousands of people.

I thank the Committee on Budgets for having at such short notice not only approved the granting of a credit of 500 000 u. a. but also taken further measures to come to the aid of the people of Friuli. I am glad that the rapporteur, Mr Cointat, feels that the bureaucratic difficulties can be overcome, because in the face of disasters of such magnitude there are no bureaucratic helpers. I am grateful to him for having given us this reassurance.

Some speakers felt that a watchful eye should be kept on the use made of the aid given by the European Community, as well as the aid yet to be given, and given generously, I would hope. I agree that there should be some control, but I can also assure you that the people of Friuli are the kind of serious thoughtful people that will know how to put the money to the best possible advantage.

What in fact, are the people of Friuli doing at the moment? Scarcely was the earthquake over than they had set to work and, notwithstanding the hundreds of dead and wounded and the losses of every kind, had taken spade and shovel in hand to clear up the debris and get on with the work of rebuilding. Their main problems were to rebuild houses, schools and hospitals and to get the factories going again, so that the workers could get back to work. I can assure you, and I know this hardy, vigorous, hardworking people very well, that the people of Friuli will know how to make the very best possible use of the aid given them by the European Community and the rest of the world.

As you know, ladies and gentlemen, in a departure from the method used in other such cases, the Italian government decided that all aid given should be handed over to the local authorities, and in particular to the municipal authorities. So, immediately after the earthquake, the mayors and their councils got down to work, often setting up their offices in field tents or huts; it is they that are holding the moneys given in aid and, in complete agreement with their citizens, they will use them to rebuild their ravaged towns and villages.

I feel, therefore, that while it is essential that some supervision should be exercised, Parliament need be in no way anxious on this point. As I have said, I can indeed give an assurance that the money we are talking about will be wisely spent to rebuild the towns that have been destroyed and to restore those that have been damaged.

Having made this point, I should like once again to offer this Assembly my most heartfelt thanks. We have been deeply moved by the innumerable proofs of solidarity and generosity that came from all parts of the world to the people of the disaster area, but nothing has been a source of such encouragement and gratification to us as the aid by the European Community. I feel that great credit is due to our Assembly for this.

President. — I call Mr Concas.

Mr Concas. — (*I*) Mr President, ladies and gentlemen, as deputy for a constituency bordering on the Friuli region — I live only a few miles from the area hit by the earthquake — and as a member of the special parliamentary sub-committee of 31 members set up to provide for aid to the stricken areas, I feel that it is my duty, on behalf of the people affected by this tragedy, to thank the European Parliament, the Community institutions and the Governments and the peoples of the European Community for all that they have done and for all they still plan to do. This was undoubtedly a gesture of friendship and brotherhood and an evidence of solidarity, coming as it did so promptly on the heels of the earthquake. We can never forget the work of the military personnel and the volunteers from the Community countries, who stood shoulder to shoulder with Italian citizens, military personnel and volunteers in a brave effort to alleviate suffering, to help the stricken populations and above all to give fresh hope for the future.

Anyone that has seen the places concerned with his own eyes has some idea of the enormity of the calamity that befell them. I shall merely give you some figures for the losses suffered by that region: one thousand dead, about a hundred still missing, ninety thousand still homeless and being accommodated in tents and entire towns and villages wiped out.

Concas

In the face of this calamity the people of Friuli have shown neither faintheartedness nor despair, but have set to work straightaway to rebuild once again their thousand villages, which have known so much tragedy before, both in the recent and in the more distant past. We can never forget the tragic ravages of the 1915-1918 war nor the destruction and loss of life suffered by these people during the last World War. Now this earthquake has brought further destruction and cost more lives, and indeed it seems that the final word may not yet be said, since every new day brings fresh tremors that keep the people in fear and suspense and cause forebodings of even more serious tragedies to come.

I should like to thank Parliament and the Community institutions for all that has been done and I can assure you that these people, far from wanting no supervision over the funds, are actually anxious for such supervision and request it. For the very reason that they are honest, hardworking and serious people they want to see some control of this kind carried out, so that the whole world may realize that the monies given them for the reconstruction of their homes have been wisely and honestly spent.

I should like to add that these people, who have always given proof of the virtues that I have ascribed to them, will not fail in the task of rebuilding their homes and that they will always remember with lively gratitude all that has been done for them by the Community. I am certain that I speak for the people of Friuli when I offer you their deepest and most heartfelt thanks.

(Applause)

President. — The debate is closed.

8. *Primacy of Community law*

President. — The next item is a debate on the report drawn up by Mr Rivierez on behalf of the Legal Affairs Committee on the primacy of Community law and the protection of fundamental rights (Doc. 390/75).

I call Mr Rivierez.

Mr Rivierez, rapporteur. — *(F)* Mr President, may I say first of all that this report relates to a ruling by the Federal Constitutional Court in its decision of 29 May 1974.

I should point out first of all that the German text of this report by the Legal Affairs Committee uses the term '*Urteil*' (judgement) for the Court's decision whereas the term '*Beschluß*' — the term used by the Federal Court itself — should be used throughout. We must first consider the nature and scope of Community law and then pass on to the safeguarding of basic

human rights in the Community by the Community institutions.

The case from which the Federal Court's decision arose related to the implementation of a Community regulation in a Member State. You will remember that a regulation is a Community act which can be incorporated directly into the national legislation of the Member States without the need for any legislative act to give it legal force. This is provided for in Article 189 of the Treaty, which states: 'A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States.' The regulation thus immediately becomes part of the Member States' legislation.

This is the background to the case on which the Federal Court's decision is based. A German company, claiming that a Council regulation of 13 June 1976 establishing a system of securities for cereal imports and exports was contrary to the principles of freedom of action, economic liberty and proportionality laid down in the German basic law, asked the German administrative tribunal in Frankfurt to declare this regulation inapplicable in the Federal Republic, since it infringed the German national law on the protection of basic rights of the Treaty. The Court naturally considered the matter from the point of view of Community law and not German law, and stated that this regulation did not infringe basic Community rights as defined by the Court of Justice. The case was referred back to the administrative court in Frankfurt, which ruled that the Court of Justice could obviously not pronounce on the application of German law and that therefore, as it had reached its decision in the light of Community law a German court must assess whether the regulation infringed the basic rights safeguarded by the German Constitution. The matter was therefore referred to the Federal Court in Karlsruhe.

The Karlsruhe Court assessed whether the regulation was at variance with the provisions of the German basic law on the protection of fundamental rights. Having done so, it ruled that the Community regulation did not violate any of the fundamental rights protected by the German Constitution.

This was thus a case of a national court judging the applicability of a regulation which is a Community act, whose validity can be recognized only by the Court of Justice of the European Communities. Clearly such a decision contravenes the nature of Community law, which has two aspects: the primacy of Community law over national law, the first rule, most recently applied by Parliament in a resolution it adopted on a report by Mr Jozeau-Marigné on 4 April 1973, and its corollary, the uniform nature of Community law. This uniformity means that its validity need be recognized by only one institution and this institution must naturally be a Community institution. And

Rivierez

which one? Obviously the Court of Justice of the European Communities, for it is clear that if this precaution were not taken, if any national court could assess the validity of Community law this law would break down, for the simple reason that the national courts would judge from their own points of view, and we should no longer have the uniformity that is Community law's main advantage.

These then, are the two principles that you yourselves have endorsed in the European Parliament on many occasions, most recently in 1973, and that the Court of Justice has long upheld, ever since the Costa judgement in 1964. These are the two principles that the Federal Court has failed to respect.

Despite the opposition of the German Government which claimed that the Federal Court could not judge the validity of a Community regulation for the simple reason that these were not laws of the German State but Community regulations which only the Court of Justice was allowed to recognize, the Federal Court considered that since there was no legitimately elected Parliament in the Community, nor any detailed catalogue of fundamental rights as in the German basic law, the German judge should keep a check on all Community regulations and Community acts to ensure that they did not contravene the basic German law on human rights.

Such a decision, which runs counter to what we and the Court of Justice in Luxembourg have said, was clearly unacceptable.

This is why the Commission has already made representations to the German Government. I should also stress that this decision by the second Chamber of the Federal Court, was taken by 5 votes to 3 and has been criticized by all those concerned with European law, with the exception of two of its authors.

It is thus an infringement of Community law and the rights of the Court of justice. Does it make any difference that it related to the protection of fundamental rights? Does our Community law have any shortcomings as regards the protection of fundamental rights which might entitle the German judge to assess a question of fundamental rights although this would contravene Community law? I do not think so.

This problem has already arisen in Italy and in 1973 the Italian High Court ruled that it would be impossible for the Community institutions ever to infringe the fundamental rights that are among the natural rights of the democracies making up the Community.

The problem is always present in Italy. Why, then, this resistance on the part of the Italian authorities in 1973 and the German authorities now?

At a conference on the protection of fundamental rights in Strasbourg, German judges claimed that they were still entitled to establish the validity of the Community regulation in the light of the funda-

mental rights laid down in the German constitution. Why? Because in these two countries human rights have been violated and the judges — to their credit — have a strong interest in ensuring that human rights are protected.

I said just now that it would be understandable if we did not protect fundamental rights in the Community. But we do. It is extremely interesting to consider how this system evolved. It was the Court of Justice of the European Communities that, on the basis of what it calls the general legal principles recognized by all our States, worked out the rules for the protection of fundamental rights. It used as a starting point the general legal principles for which it stands the first of which is human rights. It went further and declared that the protection of human rights should be based on the constitutions of the Member States.

It then progressed to a third stage; the Court of Justice stated that it was inconceivable that acts by the Community institutions should be at variance with the constitutions of the Member States, so that human rights in the Community institutions are fully protected under the present system, in the sense that the Community institutions, when they take action or draw up legislation, are obliged to comply strictly with the provisions of national constitutions in regard to the protection of human rights.

Just consider the implications of these decisions! The Court went even further: in the recent 'Rutili' judgement, it referred specifically to the European Convention on Human Rights signed in Rome, based on principles laid down in the texts to which the Convention relates.

As a result of these decisions, European law thus provides the maximum safeguards for the protection of fundamental rights in the Community.

The next stage is the implementation of the Convention; there is thus no interruption in the procedure. This is an important matter and should have been given more attention. We have before us a motion for a resolution which is far from being provocative. The Commission, for its part, has done what it had to, without invoking Article 169 since the Rules of Procedure were applied. But I must point out to the Assembly that the Federal Court is an independent body, over which the Federal Government has no jurisdiction. The position would alter if the second Chamber which took the decision reserved its position in a subsequent case, or if the first Chamber to which the case was referred took a decision opposed to that of the second Chamber, in which case the matter would be referred to the Plenary Assembly.

I therefore call upon the Assembly, on behalf of the legal Affairs Committee, to adopt the motion for a resolution submitted to it by the committee.

(Applause)

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

Mr Broeks. — *(NL)* Mr President, the fact that the German Federal Constitutional Court has found that it has the right to examine EEC decisions against the Basic Law of the Federal Republic is not only a matter of the greatest interest for lawyers, but is something which they and the whole Community should follow closely, as point 6 of the resolution rightly advocates. The main point here is not whether Community law should take precedence over national law, but whether basic rights should be explicitly incorporated in the Treaty of Rome. The judgement of the second Senate of the Constitutional Court in Karlsruhe is the source of useful and interesting legal viewpoints which are set down in the excellent and extensive report by Mr Rivierez and in the earlier discussion by Mr Jozeau-Marigné in response to questions by our colleague Mr Lautenschlager. Apart from the legal aspect of the problem we would like to go on shortly to consider the practical political implications.

On the legal aspect we can be brief. Our group wholeheartedly supports firstly the primacy of Community law over national law and secondly the belief that human rights and freedoms are implicitly guaranteed in the Treaty of Rome and that the incorporation of explicit provisions is quite superfluous.

On the first point we would like to state that if Community law does not take precedence over national law then the conclusion of the three Treaties, now merged into a single Treaty, was void and the sooner we give up the work of the EEC the better.

The second point is more important since it has a direct bearing on the situation in question. The Second Senate of the Karlsruhe Constitutional Court has after all stated that as the German Basic Law contains some 19 articles on fundamental rights, and as fundamental rights are not explicitly incorporated in the EEC Treaty there is justification for checking whether fundamental rights are being respected by the EEC.

Now, what was important was not the ultimate effect, since the Senate ruled that basic rights were respected, but the claimed right to scrutinize legislation. Fortunately this view did not find the support of all the Senate; there was only a small majority in favour of the ruling namely five judges in favour and three against the right of scrutiny.

As things stand at present the scrutiny referred to in the judgement of the Second Senate is not dangerous, but it could become dangerous if the First Senate also found in favour of the right of scrutiny. However, should the First Senate come out against this right, as

we hope it will, in accordance with German law all the judges, i.e. the First and Second Senate combined, will have to make a corporate decision and here there is hardly any danger. But if the First Senate, or at least a majority of its judges, find there is a right of scrutiny, this right will have to be accepted in Germany and no one in that country, not even the Government or the Bundestag, will be able to do anything about it. It is hardly conceivable that the Basic Law could be amended in Germany. Legally it would be a very regrettable situation and then — but only then — the European Parliament and the Commission and the Council would have to give consideration to the explicit incorporation of fundamental rights in the Treaty of Rome. But fortunately, from the point of view of the practical aspect, the political situation today is hardly changed. After all the relevant judgement of the Second Senate states, on the basis of a scrutiny, that the basic rights have been respected.

It is difficult to see bodies of the Nine Member States coming to any other decision either now or in the future — all the Member States have ratified the Convention on Human Rights and subscribe to the basic rights laid down in the United Nations Charter and indeed have incorporated them in their own constitutions.

But what would happen if a further EEC decision was brought before the Constitutional Court in Karlsruhe for scrutiny. In such case that Court must either have or request a preliminary ruling from the Luxembourg Court, by virtue of Article 177 of the Treaty. Even if the right of scrutiny is then still upheld, the Luxembourg Court will already have given a ruling.

But it is not certain that the Karlsruhe Court will be asked to scrutinize any further decisions. The next case may go before the First Senate and even if the Second Senate is involved it would only need a couple of new judges to come to a different decision and the majority would be reversed. But if the Second Senate were asked to scrutinize another decision, as I said before the Luxembourg Court would already have given its judgement.

If the decision involved were indeed judged by the Luxembourg Court to be incompatible with fundamental rights, the EEC decision would thereby be null and void and there would be nothing left to scrutinize. If the Luxembourg Court considered that the fundamental rights were being respected, it is difficult to imagine that the judges in Karlsruhe could reach a different decision. Consequently, we believe that there is little danger yet, but we share the rapporteur's opinion that a careful watch must be kept on the situation by the whole Community and in particular the Committee on Legal Affairs.

Broeksz

Despite the mountain of articles which this matter has given rise to, we believe that for the time being Parliament need not be over-concerned. After all, we consider that the fundamental rights and freedoms of individuals are so clearly anchored in the Treaty of Rome and have been so solidly confirmed in past years in the judgments of the Court of Justice, that we have no cause to fear any breach. In all these years there has not even been a single complaint that any one of the fundamental rights has been contravened in any way. For the lawyer this is an interesting question but in practice it is of much less, indeed, I would even say, of very little significance.

President. — I call Sir Derek Walker-Smith to speak on behalf of the European Conservative Group.

Sir Derek Walker-Smith. — The resolution of the Legal Affairs Committee and the comprehensive and informative report which my colleague, Mr Rivierez, introduced with characteristic clarity this afternoon, deal with two matters: the relationship of Community law to national law and the protection of fundamental rights. It is therefore interesting and important to see the reason for the juxtaposition of these two separate matters.

The definition of Community law and national law was thought to be reasonably clear both from the Treaties and from the interpretative judgments of the European Court of Justice. As paragraph 1 of the motion for a resolution makes clear, 'in matters governed by the Treaties: (a) observance of the primacy of Community law over the domestic law of Member States is a condition for the uniform application of Community law'. The words 'in matters governed by the Treaties' are important, as they mark not only the application but the limitation of that principle. They ensure that in matters outside the scope of the Treaties national sovereignty and national powers of decision are safeguarded.

In matters within the Treaties, the pattern is clear. Article 189 makes regulations of the Community in matters within the Treaty self-executing — that is to say, they are incorporated *ipsisimis verbis* into the law of Member States and cannot be unilaterally varied by the individual action of Member States. In the case of directives, although there is greater flexibility in respect of their form, the same principle applies to their substance. That procedure has been deemed necessary to achieve that degree of uniformity of law in certain sectors of our economic and social life required to ensure the economic and equitable functioning of the Common Market.

The corollary of the requirement of uniformity — that Community law prevails in its own domain — is that Community law does not trespass into matters beyond those covered by the Treaties, those matters being left within the sphere of national responsibility

and national jurisdiction. The principle that Community law prevails in matters within the Treaty, and that others are left within the sphere of national responsibility, has long been recognized and consistently followed.

It is very precisely put in an Answer given by the Commission to a Member of this House on 19 February last:

The Commission would point out, however, that it is competent to pronounce on possible infringements of the fundamental rights set out in the Convention only in connection with the application of Community law. Where national law is involved, the question of infringement depends entirely on the rules governing the Convention's applicability and national guarantees of legal protection in the Member State concerned.

So we get this question with this clear position.

How comes it that there were differing judgments in the Federal Constitutional Court of Germany and that the majority judgment of the Second Chamber of that court has been criticized for infringing this accepted principle? The reason — and it is a very respectable reason — derives from the view of that court that the protection of fundamental rights in Community law in the absence of a specific code falls short both of what is desirable and of the protection offered by the Basic Law of Germany. It derives also from the consequential and understandable anxiety of that court that German citizens should have all those rights which are guaranteed by the Basic Law of Germany, even if not protected by Community law.

It is perhaps an odd situation to arise, after nearly 20 years and against the background of the generally-accepted understanding of the relationship between Community law and national law. It has, of course, arisen from the paradoxical circumstance that there is a void in the Treaty concerning socio-economic fundamental rights and that no guarantees are specifically written into the Treaty to protect them. It is perhaps strange that the founding fathers of the Community made no such provision. No doubt the reason is that such rights were thought to be matters for the European Convention on Human Rights, to which all Member States now adhere.

But the rights guaranteed in the European Convention are broad human rights, what we call 'civil rights' arising in a personal and political context. They are all of primary importance, but are not the kind of rights considered by the Federal Constitutional Court of Germany. They are not rights related to the economic sector, which is the main subject-matter of the Treaty.

So if we look solely at the written instruments, there is a void in the absence of guarantees or protection for this type of fundamental right. They are not expressed in the European Convention because that is dealing with a different form of right. They are not expressed in the Treaty because the Treaty is silent as to rights. I

Walker-Smith

have specifically referred to a void in written instruments in the Treaty, and that void exists; but I have deliberately restricted my reference to that, because the European Court of Justice has been conscientiously seeking to supplement the deficiency by its judgments and by its principles, which it seeks to enforce. These have recently been clearly and succinctly stated in the Nold case, referred to in the valuable report of the Commission on Fundamental Rights.

We are left, therefore, with the position that we have an important decision to make and that we are — or, in my opinion, should be — concerned not with issuing reprimands to the Federal Constitutional Court of Germany as if these eminent jurists were naughty children. Not at all. What we have to consider is whether the protection of rights — this void in the written constitution of our Community — can be sufficiently safeguarded by the evolution of case law in the European Court or whether further action and initiatives are required, particularly by the formulation of a specific code envisaged and advocated by the majority judgment of the Federal Constitutional Court.

To this matter we shall return very shortly. The Legal Affairs Committee will be considering the report of the Commission on the protection of fundamental rights on 23 June with the able and experienced assistance of Mr Joseau-Marigné as rapporteur. These matters can be further and more suitably canvassed and, if we have a place on the agenda, one hopes that there may be consideration of Mr Joseau-Marigné's report in the next part-session of Parliament.

I conclude with two brief observations. The first is an expression of appreciation of the work of our respected and valued colleague, Mr Rivierez. He and I attended the special conference convened by the Council of Europe in Strasbourg a year ago, at which conference were present, amongst others, many distinguished judges from the Federal Republic of Germany. He made a characteristically distinguished contribution to the discussion on that occasion.

My second observation is to emphasize that the question of fundamental rights is no arid, technical or merely legal matter. The protection of these rights is a *sine qua non* of a free and democratic society. A duty lies on all parliamentarians and lawyers to seek the best, most appropriate and effective mechanism to achieve that object.

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

Mr Santer. — (F) Mr President, I should first like to thank Mr Rivierez for his concise and practical report on a legal question of great complexity and considerable importance to the development of our Community law.

May I now make a few observations in regard to the decision by the German Constitutional Court.

First I must express my disappointment at what I am inclined to regard as a reversal of the the Federal Constitutional Court's case law and certainly as a setback to the hitherto satisfactory development of Community law. Although in 1967 the Court ruled that Council and Commission regulations were the acts of a specific supra-national government body and could not, as such, be the subject of a constitutional appeal (*Verfassungsbeschwerde*) on the basis of paragraph 90 of the *'Bundesverfassungsgerichtsgesetz'*, a procedure applicable only to acts of the German Government, the second Senate of the Court has now decided that these acts are now subject to verification as to their constitutionality, in accordance with the underlying principles of Article 100 of the basic law, relating to the verification of constitutionality.

It is true that the Court's decision of 18 October 1967 merely excluded the possibility of constitutional appeals (*Verfassungsbeschwerden*) but the arguments against such appeals should also apply, by the same token, to the verification of constitutionality. The Constitutional Court agrees; however, it now claims the right to declare regulations inapplicable in Germany.

My second observation, which is much more serious, concerns the challenge to the authority of the Court of Justice of the Communities and its decisions. The Constitutional Court, in this decision, openly takes issues with the Court of Justice, for instance when it casts doubt on the danger to the Community if Community law did not take precedence over constitutional law. The comparison with the position of general international law (pursuant to Article 25 of the basic law) and foreign law in the German legal system is particularly inappropriate in this respect. Furthermore, the Constitutional Court does not hesitate to question the Court of Justice's intentions, ascribing to it views that it has never expressed. In fact, the Court of Justice has never expressed any opinion, even indirectly, on the provisions and the scope of German constitutional provisions.

Even more important is the danger that Community regulations will be ruled inapplicable in Germany if the Constitutional Court intends to adhere strictly to the catalogue contained in the basic law. The Constitutional Court would thus lead the Federal Republic to violate the Treaty and the Commission could take the case to the Court of Justice to establish that the Treaty had been infringed. The conflict between the two jurisdictions would be an additional factor in the breakdown of the system.

My third point is this: this political decision, which is supposedly 'European' in tendency, will undoubtedly be taken as a reflection of the present unfavourable attitude to European integration. It is of vital importance that the Community should be made more

Santer

democratic. It seems unlikely that the Constitutional Court's decision will be very helpful in achieving this.

It would also seem advisable to allow the Court of Justice's case law in relation to fundamental rights to develop before considering drawing up a catalogue of rights.

In the light of these comments, Mr President, we the European Parliament, should solemnly reaffirm — as the motion for a resolution does in the first paragraph — that in the areas governed by the Treaties, the uniform application of Community law is dependent on Community law taking precedence over the national legislation of the Member States, thus ensuring that all citizens of the Member States are equal before the Community law.

However, the problem seems to me too serious for us merely to waste time in regretting the past. As politicians and representatives of our people, we must learn a lesson for the future. One of the questions arising from the Federal Constitutional Court's decision, a question which must be our primary concern, is how to establish the legitimacy of the Community system when there is a 'deficit of democracy threatens' which the development of European integration and calls the Community's whole existence into question.

The Community system will only be fully accepted when the belief in its legitimacy is sufficiently strong and sufficiently widespread.

In this connection, may I make two remarks which I think are positive and constructive. I would draw your attention to the study by Professor Pescatore, judge at the Court of Justice of the European Communities, which appeared in 1974 in volume 5 of the 'Cahiers du Droit Européen', in which he suggests that an initial course of action, which could enable the 'deficit' in the Community to be made up, would be to develop the existing parliamentary institution in the present system.

The implications of this proposal are twofold.

In the first place, it would be necessary to give firm support to all moves to reinforce the influence of parliament in the Community system, to allow it to exercise greater initiative and control and in particular to integrate it more and more in the decision-making procedure.

The symposium on European integration and the role of Parliament organized by the European Parliament in Luxembourg in 1974 put forward a number of practical suggestions on this point. The role of the national Parliaments must also be taken into account. I know that this view is not shared by everyone, insofar as it could have a divisive effect if the national parliaments maintain or regain their influence in the Community system, but at the same time, to prevent the development and consolidation of a supra-national

power exempt from all effective democratic control; it is essential to try and integrate the national parliaments in the Community process until such time as an equivalent body exists within the Community.

This solution would not be without its problems and dangers, but it must be accepted as a temporary remedy if we are to reinforce the practical and material legitimacy that the Community system is acknowledged to have insofar as it carries out vital tasks of importance to all the citizens of Europe.

Finally, and this is another prospect for the future, all those who wish to consolidate the Community system, to provide a sound basis for effective operation, to counteract opposition to its primacy, must sincerely hope for the successful introduction of measures to invest the Community with the official legitimacy which alone can ensure it a permanent place among the political organizations based on democratic legitimacy: I mean, and this is my last point, the direct election of the European Parliament and the full integration of the institution in the Community's legislative process.

Mr President, those are the observations I wished to make on this question, observations prompted by concern as to the development of Community law, and I have also tried to suggest a few possible solutions which I earnestly hope will be effective.

(Applause)

IN THE CHAIR : MR MARTENS

Vice-President

President. — I call Mrs Ewing

Mrs Ewing. — May I begin by congratulating the rapporteur on his report and saying that I agree with it.

I come here with a unique contribution to make in that I am probably the only qualified Scottish lawyer here — and there is something, I think, to offer, because Scottish law was almost about to be codified in 1707, as was the law in most of Europe. We were a European-influenced country in our legal arrangements and in our legal education. Then, of course, we had an association with England, a very close association, a common market indeed, and we were affected by the law of England.

There are only two great systems of law known to the world — the English system, which is a unique effort of the English genius, and that of the other countries which followed the Roman conception of law in the Renaissance period. Scotland was part of Europe in that connection. We are a bit like the State of Louisiana, uniquely influenced, with a foot in both camps. In a country of five million people, which is

Ewing

small to have its own legal system, one is aware as a lawyer — and I was once an academic lawyer — that that is not many people if we are to depend on case law.

I turn to page 50 of the report, where the question is put — and it is a fundamental question—should a catalogue of fundamental rights be drawn up or should we depend on case law? It is obvious that we must depend on case law for quite a long time, because to draw up a fundamental catalogue is not a matter of tomorrow or next week or even next year, not if it is to be a matter of grading upwards, because we all agree that none of us would want to lose any of the fundamental rights he has. All of us would agree that we would like to learn from the rest of Europe and to get more fundamental rights rather than fewer. We happen to think in Scotland that we are particularly strong on the fundamental rights concerning criminal cases. I mention that area in particular. No one in Scotland would be happy to be downgraded to the English or French system, although the English system is rapidly catching up with the Scottish system in this matter.

What I would suggest is that, while we know that we shall have to depend on case law, all the Member States should be pouring their best efforts into aspiring to a written catalogue of fundamental rights, accepting that this will not be easily achieved and that no one shall be downgraded, and agreeing that we shall all borrow the best ideas from each other to upgrade the fundamental rights of our own citizens to the best that exists in every field in every Member State.

There is a great deal of talk about these fundamental rights but very little definition of what they are. Obviously this is where the complication arises, because some of them involve judicial affairs such as one's rights when one comes up against justice. Some of them concern the fundamental rights of public meetings. Some of them concern political rights to join a trade union. Some of them concern the right to travel by public transport, or to have a job and to have consideration in many ways in respect of the economic situation. It is not a simple question.

Having said that, and while accepting the view of the rapporteur, I feel that we must depend on case law for the moment. All of us should be aiming at what must be better — which, surely, is a written code of fundamental rights. Why is it better? It is not necessarily better for the lawyers, and I speak as a lawyer, because, of course, if things are not too clear lawyers get more work. But obviously the law is the servant of the people, or should be, and people should be able to understand what their rights are; and it is much easier to do so if they are written down and if people do not have to go to a lawyer to ask what the case law says about their fundamental rights. In other words, the law should be knowable.

I would also say that in the Community there is constant reiteration of the rights of small peoples. I

know that I shall be accused immediately of getting on to my Scottish Nationalist platform, but for once I will not do that. I shall suggest, about this Community, that a phrase that describes it was used once in *The Economist* at the time when Britain was arguing the case, the phrase 'stealthily a super-Power'. This article explained that there was big bloc in America and another in Russia and that therefore Europe had to be a third bloc. To me there was something about that article that was not attractive or appealing. Of course I am a decentralist, which will not be a surprise to any of you, and I suggest that the unitary conception of the Community is not particularly attractive. The exciting point about the Community is the mixture of individualities of all the countries that come here. The last thing, surely, that anyone would want to do is to iron out these significant differences.

I am aware of what my party in Scotland hopes to achieve. Although nothing is certain in politics, and I agree with Sir Harold Wilson, who said ... 'A week is a long time in politics', I hope that my party will win a mandate for independence in the next election ...

Mr Dalyell. — No.

Mrs Ewing. — ... We shall find out. But I am also aware that there are peoples in Europe in quite a different position, who may not aspire to that to which my country aspires as a fundamental right.

There are people who might aspire to a protection of their essential right to speak their language, to have their language published in newspapers and to speak it in the courts and elsewhere. We have an infinite variety in Europe, which makes Europe an exciting and attractive part of the world.

I suggest that when considering fundamental rights we should look at any conception of a monolithic European centralized state with some suspicion and ask whether it could ever achieve fundamental rights — because fundamental rights bring us back to the individual: the individual is not cast in any one mould.

I may perhaps end on that subject by saying that if we are considering the future of this Community as being a supra-national one, the question remains whether there will be some kind of unitary arrangement or whether we shall look separately at the peoples of the South Tyrol and Brittany. I think that the people of Scotland can look after themselves: I am not especially worried about them. I hope that does not sound too arrogant, and I may be wrong in my political forecast. I hope not. Some of my friends think that I am wrong. We must wait and see.

There are different kinds of culture in Europe. Some of them need protection. These are fundamental rights. I should like to speak up for these people, just as I would speak up for any person in custody if I were his advocate.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I wish to make only a few short comments. First of all, I should like to say that this is certainly one of the most interesting debates we have had for many years. I am very grateful to the Legal Affairs Committee and to the rapporteur for dealing with this matter in such great detail.

No one could, in fact, doubt the principle that Community law should take precedence over national law. Since we have a European Court of Justice, we cannot allow a national court to call into question the principle that the European court can and must examine basic concepts in its own right.

On the other hand, however, we are naturally afraid — and this applies particularly to Germany — of any developments which may jeopardize fundamental rights. We cannot, therefore simply abandon safeguards, at least not from the legal point of view. This is the dilemma, or tragedy, which always occurs when two principles of equal value come into conflict and one can be saved at the expense of the other. This is why I asked leave to speak. If the Legal Affairs Committee and the Commission could adopt joint measures to clarify the situation — this is something which is not provided for in the Treaty but which should nevertheless still be possible — or if they could try to formulate the fundamental rights in full at European level and make a European Court of Justice responsible for them in a constitutional system, the national constitutional courts might then be able to forget their misgivings and we should again reach unity ...

(Cries of approval)

... I am saying this to draw attention to the danger we are in, even at Community level. We know that there are Communist elements in Germany, we know how such elements have developed in various States and we know that all totalitarian regimes, whether left wing or right wing, represent a danger to fundamental rights! If these fundamental rights could really be safeguarded at European level, many national courts would be able to forego additional safeguards ...

Mr Broeks. — (D) Mr Strauss is not as dangerous as all that!

(Laughter)

Mr Aigner. — (D) ... That is a question of perceptiveness and objectivity, Mr Broeks. However, if I accept your comments, you should be all the more ready to draw the relevant conclusions from this debate and try to contribute to the safeguarding of fundamental rights at Community level. If the fundamental rights were safeguarded the problem would become less acute and we should be able to take a somewhat broader view of matters instead of considering only the legal aspects as we are now.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — I had a somewhat colourful discussion with the Labour Government Whips whether I should be here today. The clinching argument was that I could not leave the whole field to Mrs Ewing. Indeed, I think that her speech needs some reply. I shall make it in brief, point by point.

Mrs Ewing first spoke of the essential right to speak a language. I have news for our colleagues. That right is not denied in Britain. Anyone who wishes may learn the Gaelic language. The only problem is that schoolchildren must choose, because of their school timetables, between learning Gaelic, French or German. I should prefer any child of mine to learn French or German rather than Gaelic, since that might be more useful to them in the world in which they are growing up. But that essential right is not denied in the United Kingdom.

We may speak about the ironing out of significant differences. The United Kingdom and the other governments of the Nine have not tried to iron out differences between peoples. There is no evidence of that. It is no use pretending that there is.

We are told that Mrs Ewing is a great decentralist. One of the worries about the argument going on at present throughout Europe is that perhaps those who want smaller units, such as Scotland, are not the decentralizers. As I understand it, the policy of the Scottish National Party, to which Mrs Ewing belongs, is the establishment of a central police-force in Edinburgh and a central educational set-up in Edinburgh. That is different from the Government of the United Kingdom, in London, which believes in decentralization to the local authorities. Tonight at six o'clock Mr Spénale is kindly entertaining 50 regional councillors who are visiting this Parliament tomorrow and the next day. I am a believer in regional and local government and not in national government of that kind.

We speak about the right to public transport. No one denies the right to public transport. There is only the small problem that petrol prices make it difficult to run rural bus services. That is true throughout the Community. It is not a question of saying that there shall not be a bus from Achiltibuie to the Kyle of Lochalsh. That is not the argument. The argument may be that few people would travel on it and that it might be extremely expensive to run. Let us not hear anything about the right to public transport, with the implication that it is denied.

Let us say that we in Western Europe respect the rights of the 'small peoples'. Here there is a problem. For instance, the previous speaker comes from Bavaria. Does Mrs Ewing say, in view of the evidence given last week by our colleague Mr Patijn, that we must have a Europe of the Ten? That question was

Dalyell

put to Mr Patijn. As always, his answer was brilliant. He said, 'You mean the Europe of the 26'. Let us face the fact that the break-up of one Member State will set off a chain reaction in Britain, the Auvergne, Corsica, Sicily and Val d'Aosta. That is the issue. Is that the kind of Europe that we want? ...

Mrs Ewing. — Yes.

Mr Dalyell. — ... If the honourable Lady says 'Yes' to the United States of Europe, she should first clear it with our German colleagues. I put that point in Copenhagen to Helmut Schmidt, the Chancellor of the Federal Republic of Germany. His reply was sharp. He said, 'If you think that I shall allow the break-up of Bonn just for the problems of the Scots, you had better think again'. Let us face the problem. It always pays to make a bargain. Those who speak about the United States of Europe should clear the matter with our French, German and Italian friends — and, indeed, the Benelux countries, for they must ask the Belgians whether they wish the Flemings and the Walloons to separate. That is the issue. Those who presume to speak for the peripheral peoples of Europe must be clear about the kind of Pandora's box that is being opened.

Finally, I refer to the honourable Lady's remark to the effect that the people of Scotland could look after themselves. As a Scot, I do not take that attitude. We may think that we have oil, which may last for 20 years, and some of which may be ours. However, I remind Mrs Ewing and her colleagues that if we are to conduct that kind of discussion, the people with the best claim to the oil — as they have two-thirds of it — are the Shetlanders. The Shetlanders are not Scots.

They are Vikings, and they have made it clear that they would rather be governed from London and Brussels than from Edinburgh.

I give way.

Mrs Ewing. — On a point of order, Mr President. What has the speech of the honourable Member to do with the report which is before us?

Mr Dalyell. — I was sitting here quietly in my place like a mouse until I heard Mrs Ewing speak. She went overboard, and therefore I went overboard.

Deep down there are important issues of what happens to the small peoples. When I hear people say that they will speak up for people in custody, I ask, what Scotsmen are in custody? By whom are they placed in custody? No one has put us in prison. It is wrong to presume and to have the impertinence to speak up in the European Parliament for 'the people in custody'. My people are not in custody. Nor are any of the peoples in Western Europe.

(Applause)

Mrs Ewing. — That was a disgraceful speech.

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (F) Mr President, allow me first of all to congratulate Mr Rivierez for his very calm report and to say that, as he stated, the Commission was seriously concerned about the decision of the German Constitutional Court of 29. 9. 74 and that it immediately wrote to the Federal Government to inform it of its fears as regards the primacy of Community law and the maintenance of its uniformity. As the rapporteur has pointed out, it is true that for the time being this decision constitutes merely an infringement of the by definition sole competence of the Court of Justice of the European Communities. We are thus faced with the potential infringement of Community legal order. We nevertheless agree with your rapporteur that a potential infringement of the Community legal order is an infringement of the EEC Treaty.

The Commission's decision to institute the procedure laid down for infringement of the Treaty was not an easy one. Our Legal experts have explained to your Legal Affairs Committee why we decided not to institute the procedure for the time being. The motion for a resolution before us does not call for it either. We feel that was a wise move but we are extremely grateful that the problem had been discussed in full in the resolution before Parliament. I am convinced that a clear and bold approach by Parliament together with the measures taken by the Commission will achieve the desired effect.

The Commission — and the Federal Government — hope that the dangers and risks that the Federal Constitutional Court decision presents for the uniform application of Community will never materialize. We must, however, remain vigilant and the Commission will, in accordance with its Treaty obligations, continue to follow closely the situation engendered by the decision and will not hesitate to use the powers provided for in the Treaty if need be.

This case has shown that our legal order has not yet been completely assimilated and that applies not only to the Federal Constitutional Court but also to the Courts of other Member States. We must, therefore, continue to persuade without relaxing our vigilance.

We have submitted a long report on fundamental rights which is now being discussed by your Legal Affairs Committee. The case law of the Court of Justice of the European Communities is aimed at developing and extending fundamental rights; the Rutili and Defrenne decisions mentioned by Mr Rivierez are examples. In our opinion, this case law does all that can be done at the present level of integration.

You are going to debate this report and you will have to repeat today's discussions which in my opinion is essential. This subject is of common concern to us

Ortoli

and I feel that the Court of Justice expressed it perfectly in its decision. I hope you will agree with us in saying that the effort and the struggle to increase fundamental rights should not result in the breaking up of legal uniformity and integration. You will say so by adopting the resolution before you. By discussing the report we have submitted and I hope by adopting its conclusions I think you will say so too.

President. We shall now consider the motion for a resolution.

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 1, tabled by the rapporteur:

Replace the words 'such as' by the words 'in particular'

I call Mr Rivierez.

Mr Rivierez, rapporteur. — (F) Mr President, in paragraph 2 we mentioned the legal principles of the Court of Justice of the European Communities.

We state that they are inspired not only by the constitutional traditions common to the Member States but also by international instruments for the protection of human rights with which the Member States have cooperated to which they have exceeded and that is why we wrote 'such as the European Convention on Human Rights'.

Since we drafted this motion for a resolution, however, the Court of Justice has gone further in its legal principles and has made express reference to the European Convention on Human Rights. That is why I ask Parliament to say 'in particular' instead of 'such as' the European Convention on Human Rights.

Since I have the floor, Mr President, I would ask your permission to point out that as regards the terms used in the motion for a resolution and in the report itself, the term *Urteil* in the German version is bad and should be replaced by *Beschluß*.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, the last statement by Mr Rivierez has left me somewhat perplexed. By replacing the words 'such as' by the words 'in particular' the possibility of giving examples is restricted rather than the opposite. If the phrase 'such as the Convention on the Rights of Man' had stood we could have put in: the constitutions of all nine countries. The use of the words 'in particular' makes this impossible. My apologies to the rapporteur, but I prefer the original text. Perhaps this is a linguistic point peculiar to the Dutch version; I would not make so bold as to pass judgment on the French text. I am not so keen on the Dutch version of this amendment.

President. — I put Amendment No. 1 to the vote. Amendment No. 1 is adopted.

I put to the vote paragraph 2 so amended.

Paragraph 2 so amended is adopted.

I put paragraphs 3 to 7 to the vote.

Paragraphs 3 to 7 are adopted.

I put to the vote the motion for a resolution as a whole incorporating the amendment which has been adopted.

The resolution so amended is adopted.¹

9. Draft estimates of Parliament for 1977

President. The next item is a debate on the report drawn up by Miss Flesch on behalf of the Committee on Budgets on the draft estimates of revenue and expenditure of the European Parliament for the financial year 1977 (Doc. 130/76).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, honourable members, the draft estimates of revenue and expenditure of the Parliament for 1977, which you have before you, meet the requirements for stability and extended your limitation. Nevertheless, the committee felt that account should be taken of the creation or regrading of posts because of the increase in Parliament's activities and of increased appropriations because of this increase and because of higher costs.

The preliminary draft estimates drawn up by the Secretary-General were based on the same considerations that guided the Committee on Budgets.

The committee nevertheless felt it should go further in encouraging economy and financial rigour and during its work it reduced a variety of appropriations amounting to some 491,600 units of account. It should be remembered that the draft estimates as they now stand do not yet include increases liable to result from decisions on the adjustment of the salaries of staff in all the institutions since these decisions have not yet been taken and it is not Parliament that takes them.

It is not, therefore, materially possible at this stage to take account of decisions that have not yet been taken but we can return to these questions when the draft annual budget of the Communities for 1977 is discussed. Since we will also have to reconsider our own draft estimates.

You will have noted, Mr President, honourable Members, that the report by the Committee on Budgets was not unanimously adopted by its members and I should like to explain what I shall call these negative votes. The members who felt unable to support the report as it now stands favoured greater austerity and greater financial rigour. That is the meaning of the 'no' votes to the report. The members

¹ OJ C 159 of 12. 7. 1976.

Flesch

concerned felt that the majority of the committee had not gone far enough in reducing the proposed appropriation. Most of the committee did not share this point of view and felt that account had to be taken, as I have just said, of the increase in the activities of Parliament — on the one hand and the increase in certain costs resulting from increases in various appropriations and from the creation of certain posts on the other — but within reasonable limits.

I, Mr President, share this point of view and I should like to add on a purely personal basis which in no way commits the Committee on Budgets that I feel that if we ourselves are not willing to accept a certain discipline, in other words, if we are not willing to reduce expenditure on Members of the institution and our political groups, we cannot refuse our administration increased appropriations to cover the increase in activities and increased costs. In other words, despite some initial hesitation on my part, I fully share the view of the majority of the committee as presented in the report before us.

Various general questions were also raised by Mr Notenboom and Mr Patijn in the Committee on Budgets. Because of lack of time, these questions were not fully discussed. Either more information is required or a more detailed reply is required from the administration or the Bureau or the questions should be discussed in greater detail when we discuss the Budget for 1977 in autumn.

The Committee on Budgets felt obliged yet again to insist on the need for rationalizing the secretariat's services. Although it is agreed that the possibility for rationalization was objectively limited by the multilingual system and the dispersion of the places of work of our institutions.

It has nevertheless requested that a study be made of more effective use and stabilization or even reduction of staff. Despite what I shall call its good intentions and its desire for economy and rigour, the committee has agreed to the creation of 36 permanent posts in the establishment plan and one new temporary post and a reserve of 22 posts corresponding to the number of officials it seconded to the political groups.

As regards the 36 new permanent posts and the new temporary post, I refer you to the written report. You will remember, Mr President, that the reserve of 22 posts corresponding to the number of officials seconded to the political groups was a problem that gave the Committee on Budgets and Parliament cause for concern last year during discussions of the draft budget for 1976. Last year we thought we could solve this problem by means of a gentlemen's agreement which in our opinion could have been made between the political groups and the secretariat. However, this gentlemen's agreement never saw the light of day. That is why the Committee on Budgets finally agreed with regret again this year to create this reserve since it felt it was the only valid solution to the problems

arising not in the political groups but in the secretariat.

It stressed however that these 22 posts could be filled only if some of the 22 officials seconded to the group returned to the secretariat. The Secretary-General has also undertaken to use these posts only if absolutely necessary. In other words, if, when an official seconded to a political group returns to the secretariat, a normal post is available in his career bracket and grade in the establishment plan the Secretary-General would use this post rather than the reserve posts we are now proposing which should in our opinion constitute a real reserve.

The reserve post could also obviously be abolished.

The Committee on Budgets also felt that in general an attempt should be made to reduce the reserve in the future and that representations should be made to the Council for the relevant new provisions of the staff regulations to be adopted so that the post left vacant by officials seconded in the interests of the service would become available.

The Committee on Budgets also noted Bureau decisions on the creation of various new posts which are listed in paragraph 7 of the explanatory statement. The least one can say Mr President is that these Bureau decisions were not over-enthusiastically received by the Committee on Budgets. However, the Committee felt unable to reverse the Bureau's decision since it is the Bureau that has the final say on the establishment plan.

The Committee on Budgets also approved the regrading of various posts. Details are given in the report and I need not repeat them there.

The committee also reserved the right to reconsider the question of the organization of its own secretariat and of the secretariat of the sub-committee on budgetary control in autumn when it will take account of the decisions of parliament on the role and function of parliamentary control and expenditure. At the same time it will reconsider the question of regrading various posts requested for the financial control division.

You will remember, Mr President, that last year, following the example of the other institutions particularly the Council, Parliament established a large number of local staff. Parliament agreed on that occasion to take into consideration only those cases in which it was clearly apparent that the duties involved were permanent, supervisory or other duties not covered by a description in the staff regulations.

This year, the Staff Committee proposed that all local staff should be established. After considering the various aspects of this question, the Committee on Budgets and the Bureau finally proposed to Parliament that it should adhere to the principles laid down last year, in other words to take into consideration only those cases which met the two criteria I have just mentioned: permanence and responsibility.

Flesch

The Secretary-General is thus required to consult the Staff Committee and then draw up proposals for discussion after Parliament reassembles in September or October.

As regards the political groups and their secretariats, the Committee on Budgets has endorsed the proposed amendments to the establishment plan. It requests however that there must be no further modification after this consolidation, at least until there is a substantial change in Parliament's activities as a result for instance of its selection by direct universal suffrage when the political groups would obviously be faced with other needs.

As regards the estimates proper, regardless of the establishment plan problems I have just summarized, expenditure has increased by 6.05 per cent over 1976. I should like to point out however, that this expenditure does not take account of increases that could result from decisions on the adjustment of staff salaries which we will have to return to in autumn.

I also feel it is worth stressing, Mr President, that the proposed increases in appropriations do not allow for the possible impact on expenditure of the election of Parliament by direct universal suffrage.

Depending on the decisions to be taken by the Council in the very near future, at least we hope it will be in the very near future, a supplementary budget could obviously prove necessary.

Those, Mr President, are the remarks I wanted to make on the draft estimates. You will note that they were not particularly enthusiastic but I believe they reflect what the Committee as a whole felt it was possible to propose at this stage since I have just said there are a number of problems that remain open that we will have to reconsider when Parliament reassembles.

(Applause)

IN THE CHAIR : MR SPÉNALE

President

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

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I should like to thank the rapporteur for her excellent and informative report. Her achievement is particularly praiseworthy in that, as she has just admitted, she drew up the report not as a labour of love but as a duty. However, it is sometimes necessary in a Parliament to work not only for enjoyment but also out of a sense of duty.

The deliberations on these estimates hinged on two fundamental decisions. First, should we at this stage

adapt our budget and expenditure to direct elections (we hope that a decision on this matter will soon be forthcoming), or should we wait? We decided to wait, because we did not want to complicate the normal debate on the estimates with deliberations on the new structures of this Parliament. Secondly, we wanted to know how we could keep rising costs within bounds by means of rationalization without impairing the efficiency of Parliament. As is the case every year, we had simply to accept a large number of difficulties. The most important of these is undoubtedly the language problem. I should like in particular to extend my cordial thanks to our linguistic services — not only the interpreters, with whom we normally have a close relationship since we come into contact with them personally in the committees, but also the translation service, which for the most part works quietly with us in the background. Our translation service is an invaluable asset in Parliament. We simply take it for granted that it functions as well as it does in six languages without really realizing how much work is involved behind the scenes. I should therefore like to take this opportunity to extend my sincere thanks to the translation service and all those involved in it.

A further problem is the question of the seat of Parliament. This is something, however, which we are unable to solve ourselves. On the basis of various studies, I estimate that we could save between 10 and 20 % of our expenditure — and this is a lot of money — if we had a single seat. Although this is a political decision that certainly cannot be taken in the budgetary context, we should nevertheless ask the competent members of governments not to continue to put this matter off as they have done in the past but to make a serious effort to reach a decision and to find a solution.

I should like to draw attention to only two or three problems which I believe are particularly important. The first is information and public relations. In this connection, the secretariat has provided us with a very interesting study for which I should like to express my sincere thanks. This document contains interesting data on the audiovisual sector. For example, in 1975, all the television stations in the Community together devoted eight hours to our meetings. It is interesting to see how this is divided up between the individual countries, the United Kingdom gave the most coverage (3 hours 28 minutes) and Ireland gave the least (2 minutes), followed by the Federal Republic of Germany with 33 minutes.

33 minutes in the Member State with the highest population and 3 hours 28 minutes in the United Kingdom — an achievement indeed for the United Kingdom but not a very praiseworthy accomplishment for the Federal Republic of Germany and its broadcasting authorities.

Aigner

If we now compare this with the number of visitors the situation is exactly the opposite. For example, 250 groups of visitors came from the Federal Republic — in many cases without financial aid — 55 from the United Kingdom and 43 from Ireland.

This is a matter for some thought. In the Federal Republic, where public interest in the work of our Parliament is at its strongest since, if this were not the case, we should not have had so many groups of visitors from that country, television coverage is smaller than almost anywhere else. In other Member States, from which we get very few groups of visitors, i.e. where public interest has not yet been awakened, the coverage is very good. This applies for example to the United Kingdom which gave the best coverage with 3 hours 28 minutes. In my view this is a very interesting state of affairs. I wanted to mention it in the context of our deliberations in the budget to show that there are still fields in which there is scope for action. Thus, we should devote more attention to European information policy. This is not, of course, a question of promoting individual personalities, but rather of concepts, working programmes and the necessary contacts.

I should now like briefly to tackle a second problem. At 9.3 %, expenditure on Members of this Parliament is well below the 10 % limit. In other words, everything else is swallowed up by the 'machine'. This is not intended as a criticism since it is a necessary result of having to work in six official languages. In 1973 the staff complement almost doubled. It is therefore fitting that in the budgetary deliberations we should now adopt a policy of austerity as regards new staff.

A cause of great concern to me and, in my view, to all members of the Committee on Budgets, is the amount spent on rents.

I believe, Mr President, that you should attend to this matter personally, since we are here witnessing developments which are no longer justifiable. We need greater transparency and a rather more objective method for calculating rents. The demands placed on us now are intolerable. The Bureau should attempt, perhaps by means of our own new buildings and leasing procedures, to ensure that expenditure on rents is lower than it is at present.

A further reason for saying this Mr President, is to give you some backing for the negotiations necessary in this field.

We have, however, been fairly generous in respect of one item, namely equipment for the political groups. I believe the members of the committee share my view that the organization of the work of the political groups should be improved, and that the allocation of individual tasks and responsibilities should be more clearly defined. The work of the groups must be made more efficient since it is only in this way that the

considerable expenditure on them can be justified. The Communists also take a very large share of the expenditure for the groups. In a recent edition of a German newspaper Mr Fellermaier accused me of financing the Communists. In reply to this I would say that of course I am not financing the Communists but that the funds are allocated on the basis of the normal system operated by the institutions. If it were left to me the Communists would not get a penny since I do not consider them as an element in European unification but as an obstacle to the decision-making process. I feel I must say this so that I am not tomorrow again accused by a German newspaper or by Mr Fellermaier of collaborating with the Communists.

There are three points which I shall discuss in more detail at a later stage in connection with the amendments — three points to which we should once again devote particular attention and which I should now like to mention briefly. These are Parliament's transport service, the canteen and the upgrading and conversion of posts. By means of amendments I have tried to delay things a little so that we can find time to consider these matters.

I should like to remind the House that we have also had long discussions, for example on the transport services, in almost all the national parliaments. In the Federal Republic we found that the transport service could be run with the same efficiency but at a fraction of the cost by using taxis instead of own car fleet and drivers. In the Bundestag the price per kilometer reached DM 1.30 at which stage the Federal Audit Office sounded the alarm. Here in the European Parliament we have reached a cost of more than DM 2 per kilometer. This is too much; we must review our transport service. Admittedly the car fleet is small but there is already a tendency for it to grow. After direct elections we shall naturally need a suitable transport service because of the large distances involved. We should formulate our ideas in good time so that no one can say we have not checked down to the last unit of account before approving the expenditure.

I should like to conclude with an appeal to the Secretary-General who I do not think is here at the moment. He should really try to make savings in respect of expenditure on both staff and materials; I don't wish to table an amendment on this but perhaps, Miss Flesch, we could discuss one in autumn. He should also consider whether savings could be made internally — I am thinking in terms of 5 to 10 % for expenditure on personnel and materials — so that we can make the administration of our funds, particularly as regards expenditure on materials, a little more rigorous and transparent, and bring it more into line with the budget.

There are many points where there is still room for criticism but I shall not deal with them in detail at

Aigner

this stage. My appeal, however, goes both to the General Secretary and to our Financial Controller, who I hope will be a little more strict in deciding whether or not to withhold his approval. In the future we shall also require greater strictness in our internal control activities.

I should like to conclude by thanking the rapporteur once again for putting so much effort into the preparation of these draft estimates.

(Applause)

President. — Mr Aigner, I would like to return to three points which you raised during your speech.

Firstly, I am sure that no-one in this Assembly will suspect you of wishing to 'over-finance' the Communists.

(Laughter)

Secondly, you asked the Presidency and the Bureau to consider the question of rents. We are considering this matter closely. With regard to Strasbourg, in particular, we are negotiating firmly and awaiting the considerations of the Committee on Budgets on this matter, the full extent of which will become apparent only when we have decided on what our staff will be after direct elections.

Finally, with regard to your call for economy to the secretariat, I can also assure you that the Bureau is aware of this problem.

I call Mr Shaw.

Mr Shaw. — I wish to speak only on this subject very briefly because Miss Flesch has dealt with the matter fully. In committee she covered all the problems with tremendous thoroughness. She has put a great deal of time and work into everything she has done. I am certain that everybody in the Committee on Budgets and in Parliament will be grateful to her for her work.

It is right that Miss Flesch should have put in this time. If we cannot be seen to be looking after our own affairs in a proper and efficient manner, there is little reason why we should be trusted to look after the affairs of others. I therefore believe it right that we should be seen to be giving priority to the efficient conduct of our own budgetary arrangements.

Looking at these problems, I agree that we should regard them as on-going problems to be considered not just once and then forgotten. We should continually see how the problems are developing, or being resolved, and how the methods of tackling them are changed to meet the changing circumstances. I believe that, under the leadership of Miss Flesch, this is what we have been doing.

Certain points of detail have been raised. We should be grateful to Mr Aigner for the response that we have had from you, Mr President. Your observations will help us greatly.

I agree with Mr Aigner that there is an urgent need to settle the problem of where Parliament sits. We are very much alive to the cost of changing the seat of our meetings. Once that is resolved, we shall be able to consider with a much clearer mind the problem of meeting the needs of Parliament. Indeed, we may well be able to streamline many of the methods that we use.

I wish to take up one point raised by Mr Aigner concerning the difference in the number of parties that come from various countries and also the amount of coverage given by television. There is a growing interest in the United Kingdom in what goes on in the European Parliament and in the coverage given by television. The problem about attending Parliament must clearly centre on the distance and ease of travel — namely hopping on a bus and travelling along an autobahn for a few hours rather than making a trip across the sea or in an aircraft. We all know — I have experienced this today — the problems of travelling to and from the European Parliament. That has much to do with the fewer number of visitors to Parliament from the United Kingdom. It is not that people do not wish to come here: they wish to come here in great numbers. However, it costs a considerable amount of money to make the trip and they cannot do it in one day. It takes several days for them to make the trip, and it also entails a considerable amount of organization.

As regards the points raised by Mr Aigner in his amendments, I believe that these amendments are of substantial interest to us all. However, I must tell Mr Aigner that my group has discussed this subject as a matter of principle and, very reluctantly, we agree that, interesting as the points raised in the amendments are, delicate matters concerning the staff should be discussed in detail in committee and not in plenary session. It is far better to discuss the details of such matters with the experts than to try and debate them in plenary session. I am bound to say, Mr President, that that will be the view that we shall take when looking at any amendments.

I end, as indeed Mr Aigner ended, by repeating my congratulations to Miss Flesch for all the tremendous work she has done and in the sure knowledge that she will continue to lead us through this process for this budget and make quite sure that all these points and many others are given their full consideration before finality is reached.

(Applause)

President. — You were right to raise the question of the amendments, Mr Shaw; the Committee on Budgets, which is the body responsible, must be able to meet to consider them.

I call Mr Lange, chairman of the Committee on Budgets.

Mr Lange. — (D) Mr President, ladies and gentlemen, Miss Flesch has pointed out that the Committee on Budgets were extremely careful in the preparation of the preliminary draft estimates of Parliament. It agreed that a number of matters, including the points contained in the three amendments, should be discussed in the course of the budgetary procedure, i.e. after the presentation of the general budget. It would therefore be useful to include these amendments in this procedure, as Miss Flesch has already suggested, and not to treat them now as though they took priority over the other problems of the budget. In this connection it would therefore also be useful if we could agree to deal with all these remaining problems, which in the meantime must also be discussed with the President, at a later stage and, as we have already said, if we could avoid adopting an *ad hoc* position at the moment on only three of the points.

It should also be emphasized that the rapporteur drew attention to the need for us to adopt ourselves a policy of austerity in respect of expenditure on materials. If we wish to impose certain restrictions on other institutions on the basis that we are the budgetary authority and it is up to us to establish the budget, we should also have the courage of our convictions and adopt a policy of austerity ourselves.

I should like to remind the House that, as Mr Gerlach's deputy, I justified and requested a provisional discharge for the 1975 budget, pointing out that only 95 % of the appropriations set aside for the financial year 1975 were used, leaving a residue of 5 %.

I should like to add that, leaving aside the increases in salary which, as Miss Flesch has already said, are decided on by the Council and not by Parliament, the increase in the 1976 budget amounts to about 15 % in comparison with 1975 (if we include the salaries the increase is about 25 %). Again leaving aside the salaries the increase in the 1977 budget is about 7 % in comparison with the 1976 budget. If we include the salary increases decided on by the Council, the figure is about 16 to 17 %.

When we remember, however, that 5 % of a much lower budget was not used, no one can maintain that even if rising costs are taken fully into account, the increase in the 1977 budget can in all conscience be defended. This means, Mr President, that in the continuing budgetary procedure we should once again pay special attention to this matter since we should then be able to achieve a balance with the budgets of the Council and the Commission, i.e. the entire general budget of the Community.

We should not therefore now adopt an *ad hoc* position on any particular problem. In my view the

committee and Parliament are under an obligation to consider conscientiously the individual items in the budget in order to assess the real need for the increase in the 1977 budget and, if necessary, to make appropriate cuts so that Parliament, as an institution like the other two (I am excluding the Court of Justice here) can with greater justification ask the Council and Commission to do the same.

I feel I must say this to make it very clear what policy the Committee on Budgets basically believes should be followed — even though it has adopted this motion for a resolution by a majority.

(Applause)

President. — I am grateful to you, Mr Aigner, for having reminded us of the objectives of economy and common sense which we must observe in this connection.

To enable the Committee on Budgets to comment on the amendments, I propose that the vote on the draft estimates should be postponed until a later sitting.

Are there any comments ?

That is agreed.

On the other hand, the chairmen of the political groups have unanimously asked that the Committee on Budgets should not meet tomorrow morning during Question Time, so as not to disturb the proceedings during Question Time. I shall leave it to Mr Lange to find an appropriate time for the meeting, which will not be easy. As for the vote, it can be held at 10 o'clock on Friday morning.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, could we perhaps hold the vote on Thursday afternoon ? On Friday — to judge by the attendance list submitted to the groups — a lot of people will have left. We could easily vote on Thursday especially since we already have votes on Thursday.

President. — Mr Aigner, it will be easier to settle the question you have just raised tomorrow, when we will know when the committee is able to meet and when the documents are to be distributed. If you are in agreement, we shall therefore arrange the vote for tomorrow.

At the end of this debate, I would like to thank the Committee on Budgets, Mr Lange, all those who have spoken in the debate, Mr Aigner and Mr Shaw and in particular our rapporteur Miss Flesch for the careful, detailed and competent work which has been done. This will enable Parliament to decide on its own budget with an awareness of its responsibilities which will be all the greater as in this area its judgment is final.

10. *Division of competence as regards the staff regulations*

— The next item is the motion for a resolution tabled by Sir Derek Walker-Smith on behalf of the Legal Affairs Committee on the division of competence between committees as regards the staff regulations of officials and other servants of the Communities (Doc. 141/76).

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Mr President, I beg to move the motion in the name of the Legal Affairs Committee in regard to responsibility for Staff Regulations of Officials and Other Servants of the Communities.

This is a motion under Rule 38 (2) of our Rules of Procedure. It is an exceptional rule to invoke in this Parliament and it may indeed, Mr President — and you with your long and distinguished experience of this Parliament will know far better than I — be that this is the first time that it has been used.

Rule 38 wisely determines that where the primary responsibility for any subject in regard to allocation between committees is unclear or in dispute, then Parliament itself should resolve the matter, and Parliament, of course will wish to resolve it wisely. Having regard to the facts of the case and the principles involved, in my respectful submission to you, Sir, and this Parliament, though it may be difficult to apply in marginal cases, the point is easy to identify and is simple to state. The principle is quite simply that logic and the efficient conduct of our parliamentary business should decide in which committee primary responsibility for any subject should be vested.

In both the cases which it is my duty to bring before this Parliament this afternoon — I say both, because what I am now saying as to the generality of the matter and the attitude of the Legal Affairs Committee applies to both, and I will not, of course, repeat those generalities when we come to the next motion — the Legal Affairs Committee takes the view that the application of this principle, as I have stated it, would result in assigning the primary responsibility for these subjects to the Legal Affairs Committee.

We of that committee put forward our case solely on this broad ground of principle. We are certainly not animated by any desire to push forward the frontiers of our jurisdiction for any expansionist motive. Far from it! We have already a heavy and exacting task to perform in any event. Nor, certainly in the case of the Staff Regulations and matters pertaining there to, is the subject-matter one which any sensible person — and we in the Legal Affairs Committee are eminently sensible people, if I may say so — would seek to add

to the existing burden of his duty merely for the pleasure of dealing with the subject or through any motive of aggrandisement. Far from it! No glamour, no kudos attaches to this subject, only toil and trouble. For those who assume the responsibility it is a classic case of the dust without the palm. We put forward our motion, therefore, solely on the high ground of principle, the logic of the case and the efficient conduct of our business.

I can refer very briefly to the specific subject-matter of this motion, though I shall have to take a minute or two longer on the subject of competition. Staff relations and matters allied of competition. Staff relations and matters allied thereto and arising therefrom derive from contract and as such are basically matters of law. We in the Legal Affairs Committee have just concluded a long and difficult examination of the intricate problems associated with the rights of trade unions and professional organizations to appear before, or to have representation in, the European Court of Justice.

These matters are, of course, concerned with money — when one thinks of it, most things in life are — which is where the Committee on Budgets comes in. But we have no desire to shut out the Committee on Budgets. On the contrary, we take no narrow or parochial view in this matter, and you will see, Sir, and the Parliament will see, that our motion ends with the words:

... while the Committee on Budgets shall be asked to deliver an opinion on any budgetary implications which such amendments might have.

I am sure that those opinions would be as valuable in content as they would be gladly delivered.

On those grounds of principle, therefore, we ask that the responsibility be dealt with on the lines adumbrated in that motion which I now have the honour to move. We submit ourselves to the will of Parliament and ask acceptance of this motion.

IN THE CHAIR : MR MARTENS

Vice-President

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

Mr Fellermaier. — (D) Mr President, ladies and gentlemen. Unlike my honoured colleague, I cannot recommend the House to adopt these two motions. I don't wish to deal with this question formally, although in fact one could do so.

Rule 38 of the Rules of Procedure reads:

1. Committees shall examine questions referred to them by Parliament on behalf of the Bureau.

Fellermaier

2. Should a committee declare itself incompetent to consider a question, or should a conflict arise over competence . . . , the question . . . shall be placed on Parliament's agenda . . . at the request of one of the committees concerned.

A correct interpretation of the Rules of Procedure clearly indicated that Parliament can only settle a dispute involving a specific point. However, our colleagues on the Legal Affairs Committee want something quite different : they want a fundamental redistribution of responsibilities among the committees so that, as regards the Staff Regulations, the primary responsibility would lie not with the Committee on Budgets, as in the past, but with the Legal Affairs Committee.

Moreover, they want all economic questions involving legislation on cartels, dealt with in Articles 65-90 of the EEC Treaty, to become the future responsibility of the Legal Affairs Committee, even though these are general questions of economic policy and are not concerned with the application . . .

President. — Mr Fellermaier, would you please allow Sir Derek to speak on a point of order.

Sir Derek Walker-Smith. — I apologize for interrupting Mr Fellermaier. I moved only the first of those two motions : I had not addressed myself to the arguments in respect of competition as such. I have not yet moved that motion. I understood that the two motions were not being taken together and that we were concerned here only with that relating to the Staff Regulations. In a few minutes I shall move the motion on competition and adduce the arguments of my committee in respect thereof.

Although I previously included certain general observations which were common to both motions, I specifically said that I was not dealing with the merits of the competition issue until I came to it.

I am sorry to have interrupted Mr Fellermaier, but I think it is right that I should make that point now. Perhaps we shall have a more fruitful discussion if he will comment on my arguments on the competition aspect after I have made them, rather than in anticipation thereof.

Mr Fellermaier. — (*D*) — Mr President, for the sake of simplicity and to avoid the need to make two speeches, I merely wished to make clear that my group is not prepared to support the Legal Affairs Committee on either of the two motions, for the following quite straightforward reasons. In March, at the beginning of its constitutional year, this Parliament establishes the responsibilities of its committees for a period of one year. I would strongly advise any member of the House against attempting, in the middle of the year, a totally new distribution of the committees' responsibilities. Having acquired new

responsibilities for the Legal Affairs Committee today, at the expense of the Committee on Budgets and the Economic Affairs Committee, tomorrow you will turn to other committees. Then, Mr President, throughout the year we shall forever be involved in redefining the committees' responsibilities, since initial success will whet their appetite ! I can assure our colleagues on the other committees that we too are dissatisfied with the division of competence. If we comply with the Legal Affairs Committee's request then, in all fairness, we must listen to the claims that some other committee might put forward. This is why we consider that the proposers would be well advised both to clarify the political basis of their motions, and to withdraw them until March 1977, when after a decision by Parliament, the redistribution of responsibilities among the committees will be discussed in the groups and in the Bureau.

However, if our esteemed colleagues on the Legal Affairs Committee insist on a vote being taken today, then I can straightaway say that, in any event, my group will try to ensure that both motions are rejected, since they are quite unacceptable. I have no fundamental objections to holding discussions on whether responsibilities should be re-defined. What I do object to is that this matter should suddenly be raised, in the middle of summer in Strasbourg, rather than being held back until March 1977. This also applies to the lawyers on the Legal Affairs Committee, who have the advantage of being the wisest of the wise. I think in this case they should use their wisdom to accept the suggestion that we defer the discussion until March.

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

Mr Aigner. — (*D*) . . . It is often the case that people who are not lawyers often discuss things in a more 'legal' manner than the lawyers themselves.

In the name of my group, Mr President, I would ask the House not to vote in favour of this motion for a resolution so as to avoid a distortion of the debate, and particularly since in the other institutions the subjects of debate are seen not merely in legal terms but in quite different terms, for example those of careers, etc. I would therefore ask on behalf of my group that the motion for a resolution should not be adopted.

Mr Aigner. — (*D*) — Mr President, ladies and gentlemen. I should like to state my opinion on the first motion concerning the division of competence as regards the staff regulations. I do not agree with Mr Fellermaier that the question of responsibilities should not be raised on this particular occasion. We are at present involved in discussions on the regulations of officials. Every committee must have the right

Aigner

to extend its competence if it believes this to be necessary. There is no reason why this should necessarily be at the beginning of a parliamentary term.

However, for technical reasons I unfortunately do not share Sir Derek Walker-Smith's opinion, since discussions on the regulations of officials inevitably raise fundamental legal questions. Of course, the Legal Affairs Committee must be fully represented at these discussions. However, 80 or 90 % of the discussions on the regulations of officials are concerned with career conditions, budgetary considerations, the administrative structure, promotion etc. In my view, to consider everything only from a legal standpoint would simply make the discussions too one-sided. I am myself a lawyer and know that unfortunately lawyers often have a tendency to do this. This criticism is particularly directed at my colleague Mr Broeks, who sees literally everything from a legal point of view...

Mr Broeks. — (*D*) I am not a lawyer!

President. — I call Mr Memmel.

Mr Memmel. — (*D*) Mr President, I am not quite sure whether we are now discussing No 120 and No 121 or whether we are discussing No 120 only; Mr Fellermaier referred to No 121 and Sir Derek Walker-Smith also mentioned it. If we are discussing No 120 only and voting on No 120 only, I shall sit down at once...

(Cries of 'Sit down!')

... but if we are also discussing No 121, I would like to say a few words.

President. — At the moment, we are debating only the first motion for a resolution,

President. — I call Miss Flesch.

Miss Flesch. — (*F*) Mr President, I should like to express my agreement with what Mr Fellermaier and Mr Aigner have said. It seems to me that these matters of Staff Regulations are, by their very nature, highly complicated, as we observed the last time we discussed amendments to the Staff Regulations in this House, amendments which, incidentally have still not been approved by the Council.

The questions relating to the Staff Regulations certainly involve legal problems, but it is just as certain that they have budgetary implications too. I know that in our national parliaments the problems of the rights and obligations of civil servants and their careers are dealt with by various committees. In one parliament, it is the Committee on Communal Affairs and the Interior which deals with these matters; in another parliament with which I am very familiar we have a special committee on the public service; and in others other committees are responsible for these

matters. We in this Parliament decided at a given moment to entrust them with the Committee on Budgets, which has now acquired a certain amount of experience in the matter.

Mr President, I believe we should all think this proposal over together and that it would be a mistake to take a decision here and now without first reactivating discussions in other bodies. I am thinking in particular of the Bureau of Parliament. The point is that our committees often encounter problems of competence and these problems recur time and time again. Between the Committee on External Economic Relations and the Committee on Development and Cooperation, for example, there are very often areas in which no one is very sure which committee is materially competent. In such cases we have always relied on the Bureau for a decision, if necessary after consulting the political groups within the enlarged Bureau.

I am convinced that it would be a bad idea to vote on this motion for a resolution at this stage, without first holding a preliminary examination. I therefore go along with the proposal made by Mr Fellermaier, who has asked Sir Derek Walker-Smith to withdraw, or at least hold over this motion for a resolution so that we can return to it at a later date.

President. — I call Mr Broeks.

Mr Broeks.— (*NL*) Will Sir Derek please answer our request that the motion for a resolution be withdrawn?

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — The simple answer is that I have no authority to do so. I am not here as a plenipotentiary from the committee; I am here under a direct instruction following a decision of that committee that this motion be tabled under Rule 38 (2). I do not feel that I am entitled to withdraw it on my own responsibility.

Of course the matter may be looked at again in March next year. We raise it now with respect to what Miss Flesch said, as that is what the Rules tell us to do: we did so under Rule 38 (2).

The Parliament will make its decision. There will be no hard feelings, whichever way it goes, certainly on my part and I am sure on the part of the Legal Affairs Committee. If the responsibility for dealing with the Staff Regulations is given to the Committee on Budgets, I shall bear the deprivation with philosophical equanimity. The matter will no doubt be looked at in March. By then it may be — who knows? — that if the Committee on Budgets wins the day today it may wish to hand the matter back next March. I do not know. In the meantime I ask for a formal decision of the Parliament, as that was what I was instructed to do by the committee of which I have the honour to be the chairman.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is not adopted.

11. *Allocation of responsibility for matters concerning competition*

President. — The next item is the motion for a resolution tabled by Sir Derek Walker-Smith on behalf of the Legal Affairs Committee on the allocation of responsibility for matters concerning competition (Doc. 142/76).

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — I beg to move the second motion standing in the name of the Legal Affairs Committee.

I shall not repeat the statement of principle, which I made in the preceding motion, as to the methods by which matters such as the logical and efficient conduct of parliamentary business should be judged. The Legal Affairs Committee considers that the result of the application of that principle is that it is logical and appropriate for primary responsibility to be with the Legal Affairs Committee. We realize the importance of staff relations in view of the devoted service of the Community staff. However, the matter which we are now considering is much wider, cutting, as it does, across the economic life of the Community in important respects.

The safeguarding of competition, in the interests of the consumer and the maximum efficiency of industry, is one of the corner-stones in the arch of the Community structure. It has a vital rôle to play in the functioning of the Common Market, in the free exchange of goods and services and in achieving the best deployment of Community resources.

Article 3 (f) of the Treaty defines the objectives of the Community and includes as one of them the institution of a system ensuring that competition in the Common Market is not distorted. Those aims are given effect to in Article 85 and some following articles of the EEC Treaty.

Restraints on competition take two main forms — restrictive agreements and monopolies of scale. Each of those is dealt with fully and faithfully in the relevant articles of the Treaty and in the regulations and directives made thereunder. Article 85 prohibits restrictive agreements by way of price-fixing, market-sharing and the like. Article 86 deals with the abuse of a dominant position in the Common Market — that is to say, with the question of monopolies of scale.

Article 87 places a duty on the Commission and the Council to make regulations and directives giving effect to the principles set out in Articles 85 and 86 — that is to say, the prohibition of restrictive agreements and the abuse of monopoly.

All that is set out in appropriate legal language imposing legal requirements and legal sanctions by way of detailed rules. There are provisions for fines and penalty payments.

There are provisions in Article 89 for investigation and enforcement by the Commission. These are legal requirements and legal provisions which are couched in the language of the law and give rise to legal procedures.

The records of the European Court of Justice are full of cases dealing with competition and its alleged infringement, with restrictive agreements and the abuse of monopoly.

All this shows that we are here concerned with legal matters of the first importance. A decision that these matters are not the primary responsibility of the Legal Affairs Committee might be construed, at any rate by some, as a weakening of the resolve of this Parliament, and therefore of the Community, in respect of competition, and the enforcement of procedures designed to that end.

I readily concede that it is not solely a matter of law. These matters have their economic aspect. Again our motion takes account of that. Obviously we have no desire to exclude the Committee on Economic and Monetary Affairs from this matter. On the contrary, our desire would be to work closely with it. That is shown in the concluding words of our motion, which read:

all documents relating to competition on which Parliament is called upon to pronounce shall in principle be referred to it as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

If the primary responsibility is accorded to the Legal Affairs Committee by the decision of this House, we shall seek to work harmoniously, constructively and conscientiously with all, and especially with our dear colleagues — that is no mere form of words as they are our dear colleagues — in the Committee on Economic and Monetary Affairs.

But in my respectful submission to this Parliament, primary responsibility should, in accordance with the principle which I ventured to adumbrate earlier, be vested in the Legal Affairs Committee. That is the concluded view of the Legal Affairs Committee arrived at only after anxious consideration and reconsideration, only after weighing every factor carefully in the balance. To that view we have conscientiously come, impelled only by the desire to discharge to the full, and to the best of our collective ability, the duties which properly belong to us. I commend that view to the House on behalf of the Legal Affairs Committee and ask their acceptance of it.

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

Mr Memmel. — (*D*) Mr President, Ladies and Gentlemen. The Legal Affairs Committee of which 13 members were present—enough to form a quorum — unanimously approved this motion for a resolution.

My Group considered this motion yesterday. We also held a debate and a vote in which only one vote was cast in favour of the motion while the overwhelming majority of the Group spoke against it. I do not wish to delay the matter further. That is all I wish to say as spokesman of the group.

(*Laughter*)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — I would like to advance the view to the House that they should reject the motion for a resolution so eloquently put forward by my colleague, Sir Derek Walker-Smith.

The House had an example earlier today of a field in which the unquestioned supremacy of the Legal Affairs Committee, looking at it from the committee standpoint, was obviously justified. I refer, of course, to the report that was submitted to the House by Mr Rivierez. Here was a rôle for which the Legal Affairs Committee was most adequately suited and in which, I am quite sure, the House would agree that it was extremely well served.

Sir Derek desires to extend into the whole field of competition the same principles as he was kind enough to adumbrate in the case of the Staff Regulations, and he does this on the principle that questions of competition are primarily a matter of law. Having regard to the various provisions, which he was kind enough to quote, of the Treaty itself, and on the same assumption, practically all questions affecting the Community's common agricultural policy, which issues shoals and shoals of rules and which involves a considerable amount of interpretation, ought first to go to the Legal Affairs Committee.

But that is a proposition that cannot be sustained. When I first came to this Parliament one of the documents that came into my possession was the Fourth Report on Competition Policy, issued as a supplement to the Eighth General Report from the Commission of the European Communities. A short, casual look at that document would make it abundantly clear that the matters coming under the whole purview of competition, as seen by both the Commission and the Parliament, are quite unsuitable for submission to the Legal Affairs Committee as being the committee primarily concerned.

I shall not weary the House by going through this report, but perhaps if I read some of the headings and

sub-headings it will be immediately obvious that the correct committee to discuss these matters is primarily the Economic and Monetary Affairs Committee and possibly also, in some instances, the Political Affairs Committee itself. For example, Part I of this report relates to competition policy towards enterprises. No question of legal interpretation arises there. The first chapter deals with main developments in the Community's policy in relation to rising prices, a specific examination of the oil industry, and so on. Further on, we find Part II dealing with competition policy and government assistance to enterprises. This discusses state aids — both general and regional aid systems. It goes further and deals with aid systems for specific industries or sectors, including ship-building and the textile industry, and aid systems financed by para-fiscal charges. It goes into questions of systems for providing general aid, aid to encourage new technological developments and aid for environmental purposes.

One of the most important sections of this report, lying well outside the formal question of legal competence when considering the application of Community law to a specific series of events, discusses the development of concentration within the Community. It deals in a general political and economic sense with national and international mergers, it goes into a detailed assessment of the economic effects of concentration in industry within the Communities, and it discusses even further concentration trends in selected industries in the Community between 1969 and 1972, considering the methods used, changes in the degree of concentration, industry to industry and country to country differences and examples of development in selected product markets.

These are general affairs for direct and primary consideration by the Committee on Economic and Monetary Affairs. No amount of legal construction that Sir Derek Walker-Smith can bring to bear on the subject can take these affairs out of that category. In so far as they go further than economic and monetary affairs, undoubtedly they concern political affairs.

I respectfully suggest that the House reject the resolution.

IN THE CHAIR : MR SPÉNALE

President

President. — I call Mr Carpentier

Mr Carpentier. — (*F*) Mr President, ladies and gentlemen, a number of legal problems have been raised in this debate, problems which might fall within the terms of reference of the Committee on Economic and Monetary Affairs and the Political Affairs Committee. If I may, I should like to ask a

Carpentier

highly specific question, since the problem of competition has also been raised.

It has been reported in the press that agreements are in the pipeline between the German, Luxembourg and Dutch iron and steel industries. I should like to know whether it is up to the Legal Affairs Committee to take a decision on the matter and if the establishment of such a cartel, would not be contravening the agreement and rule on competition of the Community?

If it is considered that this does not constitute an infringement of the said rule, other countries may then start signing similar agreements in other areas and thus jeopardize Community solidarity.

I would ask my colleagues and also the competent committees to examine this problem with the greatest care in order that we might find a solution to it.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — I will give the answer now, in two sentences. On the facts as stated, it would depend whether the agreement in question was one within Article 85 having as its object or effect a prevention, restriction or distortion of competition in any one of the five ways set out — market-sharing and the like.

Whether it was so is a question of the detailed facts of the case. No sensible lawyer ever pronounces an opinion without having studied the facts very closely, and I certainly would not fall into that temptation. In the end, if the matter comes finally to be resolved judicially, it is a matter for the European Court of Justice, because we are not a judicial body but merely a deliberative Assembly.

President. — We are, of course, concerned in this debate with the question of the allocation of responsibility between the committees and that alone.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is not adopted.

13. *Parliamentary control of Community revenue and expenditure*

President. — The next item is a debate on the report drawn up by Mr Cointat on behalf of the Committee on Budgets on the role and function of Parliamentary control of Community resources and expenditure (Doc. 143/76).

I call Mr Cointat.

Mr Cointat, rapporteur. — (*F*) Mr President, the two principal, priority powers of a Parliament are budgetary power and the power to control revenue and expenditure.

The European Parliament henceforth has budgetary power and is even empowered to deliver a final opinion but its competence in the area of control has still not been closely defined.

Hence the importance of the report submitted to Parliament today. The Committee on Budgets indeed devoted four lengthy meetings to drawing up the report that I have been asked to present to you and spent many hours of often heated discussion in trying to arrive at a unanimous position on the report.

I shall therefore try to sum up as briefly as possible this report on the control of Community revenue and expenditure.

At the meeting of the European Council on 1 and 2 December 1975 it was agreed that the President of the Council and the President of the Commission — and I quote the document published at that time — ‘would be asked to contact the President of the Assembly to study the role that this Institution might play, by means of a committee or sub-committee, in controlling Community expenditure.’

The Committee on Budgets has extended the scope of the debate since it considers that control does not concern Community expenditure alone; it also decided, after a somewhat difficult discussion, that it also concerns resources.

Having said this much, I would point out that Parliament is willing to accept the responsibilities arising from this control and that these responsibilities have, in the course of time, developed in a favourable direction. Up to 1970, for example, the Council alone gave discharge in budgetary matters; since 1970 the power of discharge is held jointly by Parliament and the Council. Finally, the Treaty of 22 July 1975, which is in the process of being ratified, will give the power of discharge to the European Parliament.

The Assembly had, however, already studied this problem and adopted a resolution presented by Mr Schmidt on 27 June 1974. It had at that time set up a sub-committee on budgetary control — whose first chairman was Miss Colette Flesch — which had met on numerous occasions, had given the 1971 discharge and examined the question of the European Court of Auditors and the Computer Centre. The second sub-committee which had been chaired by our colleague Mr Gerlach had concerned itself with preparing the draft estimates of the European Parliament and supervising their implementation.

In this report I have confined myself to repeating what had already been decided by Parliament in 1974. I have taken account of the experience and the work of the two sub-committees under their respective chairmen, Miss Flesch and Mr Gerlach, and I have merely added a few further comments to what has already been achieved with a view to framing a real policy of control.

Cointat

Budgetary control covers a number of different aspects. First of all there is internal or financial control; then there is external control which is exercised by an Audit Board within the Commission of the European Communities which will become the Court of Auditors. There is also the possibility of more technical control, such as the detection of fraud and irregularities; finally on top of all that there is the control exercised by the European Parliament.

This means, as I pointed out in my report, that this parliamentary control should be less technical, less of a bookkeeping operation, but essentially political, and must combine all the other forms of control carried out within and outside the Commission.

But the Committee on Budgets also stressed that the subject of parliamentary control must be general and relate not only to the resources and expenditure which are included in the budget but also all resources and expenditure which are not included in it, a certain number of which have in fact been pointed out in the report of the Committee on Budgets.

The Committee on Budgets also felt that this control was retrospective and should not be subject to a time-limit since it is, by its very nature, permanent, provided that there is no interference in the day-to-day management of funds, for which the Commission alone is responsible. Of course, Parliament combines the other forms of control and cannot therefore operate alone. It will thus have to have a particularly close relationship — we called it a 'special' relationship — with the Court of Auditors, with the Community's administrative bodies and also with the national authorities.

Finally, on a general level your Committee on Budgets feels that there can be no real control unless it is backed up by sanctions and that it is therefore necessary to devise a system of warnings and of penalties, in order to operate that this control might if necessary be really effective. Of course, we felt that sanctions of a negative type would be formal rather than effective as a mere warning does not mean very much. At the other end of the scale there is the motion of censure which, as experience has shown, is hardly ever adopted, but I do not wish to anticipate the results of the voting which will be held in this Chamber. We prefer the positive action provided for under Article 92 of the Financial Regulation, by which the Commission may be brought into action and satisfaction obtained in matters of control. However, we thought — and this is still a controversial point — that there was also a danger involved in the deterrent of publishing the records of proceedings of the committee or the sub-committee, thus publicizing any irregularities or instance of mismanagement. We shall probably come back to this point when the voting is held on the motion for a resolution, paragraph 6 of which is the subject of an amendment.

Finally, Mr President, with regard to the practical organization of control, we have not introduced any changes to the existing system, namely a sub-committee on control of the Committee on Budgets consisting of 9 members plus 9 substitutes.

As far as responsibilities are concerned I should point out that my report seeks only to give rough guidelines. This is a matter in which flexibility is required and the Committee on Budgets therefore feels that experience will gradually make it possible to determine the precise responsibilities of this sub-committee. Normally speaking, the latter will report to the Committee on Budgets but we were of the opinion that it is essential in urgent cases for the sub-committee with the approval of the Committee on Budgets, to be allowed in particular to report directly to Parliament, outside the context of the annual report, which it is already entitled to do, and to retain, to a large extent, the initiative as regards its own work. The sub-committee on control will naturally have to meet very frequently if it wants to do its job properly and this means that it will need resources, a secretariat in particular, but in this respect I think everyone agreed that we should keep the same secretariat for the sub-committee and for the Committee on Budgets, provided that it was given extra resources. We did not discuss what these resources should be, Mr President, because it was not the proper place to do so. We think that this is a matter which can be deferred until consideration of the 1977 budget but we hope that Parliament will decide to grant these resources since, if it does not do so, the sub-committee on control will not be able to carry out its task, which would be highly regrettable from the point of view of Parliament's powers.

In conclusion, Mr President, I would stress that this problem is of vital importance for the powers of this Parliament, that this sub-committee for budgetary control is ready to start work and that it needs funds to do so. It is my hope that it will help to give our Assembly even greater sway in all the discussions which are due to continue between the Commission and the Council.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission (F) — Thank you, Mr President, for allowing me to speak at this early stage, thus giving me the opportunity to continue what amounts to a kind of duet that has now been going on between the Committee on Budgets and the Commission of the European Communities for some years. Each time the supervisory sub-committee has been mentioned in this House I have had occasion to state on behalf of the Commission how much we appreciate the extension of the means of control to be gained from increasing the effectiveness of the powers of the Committee on Budgets and of Parliament.

Cheysson

I did so on 11 April 1973 when the sub-committee was first set up, and thereafter when Mr Manfred Schmidt put forward certain suggestions in his report on its working methods, and subsequently in the various meetings of Miss Flesch's sub-committee, and lastly when a final decision to set up the sub-committee was taken on 27 June 1974 whose terms of reference you are considering today.

The rapporteur, Mr Cointat, — whom I should again like to thank — very correctly stresses in his report that control of expenditure is only one aspect of a whole, involving an overall analysis of Community budget problems and the means of carrying it out, such as the preparation, discussion and adoption of the budget, and budgetary authorization, a matter we shall have an opportunity to discuss tomorrow, and the implementation of the budget, where we are concerned with both on-going retrospective control, and with the discharge.

Parliament has an important part to play in all these procedures, as is to be expected of any parliament in a parliamentary democracy. The powers of the European Parliament are gradually increasing in the light of experience, and it is interesting to note that experience has taken precedence over the treaty of 22 July 1975, since that treaty has still not come into force.

On this point, Mr President, I should like to express the anxiety felt by the Commission at the delays that seem to have arisen in ratifying this treaty.

(Applause from certain quarters)

At present, two countries, the United Kingdom and Denmark, have ratified the treaty, and two others, Ireland and the Netherlands, are about to do so in a few days; others are heading in the right direction. It would seem, however, that some countries have barely made a start or have done nothing at all. This is a serious problem because it means that there is a risk of the deadline set at the end of 1976 not being met, whereas this House considers that deadline as extremely late as it is, and it now seems that it will not be met. I should like to return to the matter of control of expenditure as one aspect of the overall problem. The rapporteur rightly states in paragraph 16 of his report that there are three aspects of this control: internal control by the Financial Controller; internal and external control by the Audit Board; external control by the supreme authority, the European Parliament.

At the executive level of control by the Financial Controller there is a connection between operations concerning implementation of the budget and control; there is, moreover, here, a certain similarity between your activities, as carried out by the control sub-committee of the Committee on Budgets, and our own. The Financial Controller's department can act independently on its own responsibility within the Commission, and this is an essential point, whatever certain parties may think of it. It can act on its own

decisions; it is advised by a special supervisory board which has already achieved excellent results and had now taken to sending out its 'flying squads', about which so much has been heard in recent years and which are now beginning to carry out systematic checks in conjunction with the authorizing officers, supported by specific controls in cases of queries or suspicion.

Something is, therefore, being done. But is it enough? Without hesitation, the Commission endorses the view expressed in paragraph 2 of the motion for a resolution to the effect that Community control is organized and operates in a wholly unsatisfactory manner. It is particularly difficult to apply it to national institutions, which we must not forget account for 80 % of the budget, and there can be no question of extending the powers of the Community administration while the national administrations have so much responsibility. Controls must be tightened up and cooperation between national administrations must be made as efficient between all departments as it is already between the customs authorities, which are the only departments to have anything like adequate cooperation, in other words, the Member States must take steps to ensure that irregularities and frauds in relation to Community legislation are defined and acted on under national legal systems in the same way as irregularities and fraud with regard to national financial legislation. There is room here for a great deal of improvement.

We firmly hope that the control committee will soon be replaced by a Court of Auditors as the official body of internal and external financial control.

Allow me to note, Mr President, that while the idea of a Court of Auditors was first raised in this House, it was the Commission that provided the first complete breakdown of its functions. I say this in order to stress how firmly the Commission is convinced that the authority of the Court of Auditors should be based on the authority of the nine principal members, who must be selected — and here I wish this to be understood by the Council and hence by the governments of the Member States — in highly unusual conditions.

We give our full support to the authority of the Court of Auditors, to its independence and to ensuring that it has the means to act effectively in the light of the experience of those who will be its advisors. At the same time, we are dismayed at the delay in concluding ratification and I should like to recall the statement made by the Heads of State and Governments in Rome to the effect that they would take the necessary steps to ensure prompt conclusion of the ratification procedures with a view to enabling the Court of Auditors to take up its duties before the end of 1976.

I wonder whether this declaration of intent, made with all the solemnity of a summit conference, has any chance of becoming a reality.

Cheysson

Mr President, the Court of Auditors is of the utmost importance to the Audit Board and to this House. One of the biggest problems is, as we have just said, the control of the national administrations. Now, the text adopted by this House and approved by the Council, and which forms the basis for the Treaty, gives the Court of Auditors certain rights. When these rights are recognized by treaty and ratified, they will create powers under national law corresponding to the powers which Parliament can now only recognize in political and moral terms. Ratification is thus essential.

The ultimate control must of course be that exercised by Parliament. As Mr Cointat states in his report, this control should not be mere technical or book-keeping control, it should be political. We are in complete agreement. Such control should be of a general scope. It concerns the overall correctness of the operations. Being political, it is concerned with the basic criteria governing the operations. It is permanent. It relates to the various aspects of budgetary expenditure, whether entered in the budget of the Communities or, by a derogation which we hope will be very temporary, recorded elsewhere, and to receipts and loans, for we hope that these will also be included in the budget. Such control is retrospective, as the rapporteur notes, and I should like to express the Commission's appreciation for the data he has provided in the corrigenda to paragraph 19 of his report. We entirely agree that control by the Audit Board must not be allowed, paradoxically, to curtail the responsibility of the Commission in budget matters, since it is precisely in order to highlight the importance of that responsibility that control should be strengthened.

How will control be exercised? Paragraph 8 of the motion for a resolution gives a general outline and the rapporteur has rightly stated that a great deal of flexibility, imagination and innovation will be necessary.

We agree totally on the forwarding of documents concerning the implementation of the budget. As regards the hearing of officials and experts responsible for the implementation of the budget, we agree in principle although we shall later have to define what is understood by 'those responsible for the implementation of the budget', since there are liable to be different interpretations as between the Commission, which sees the operations from the inside, and those who see them from outside.

As regards the special visits to carry out investigations and checks, some of us are already familiar with certain operations that have already been undertaken, such as those concerning the satellite bodies around the Commission, which enjoy a certain degree of independent management, and which one of you was good enough to inspect recently. All this seems to me excellent.

It is therefore unnecessary to say that the cooperation of the Commission has been obtained. It is there automatically, since we are subject to your control and to your decisions. It is there also because that is the best way to get things done.

On the subject of cooperation with the national administrations, to which I have already referred, I feel that the political authority of this House will sometimes have to come into play. I also feel that the Court of Auditors must be the basic instrument of that authority. The different forms of control must be reconciled and combined, not just simply strung together. The fact that the rapporteur felt able to quote that statement from the Commission shows the extent of the agreement between our two institutions.

The rapporteur refers, towards the end of his report, to sanctions. There are of course two ultimate weapons: the refusal to give a discharge and the motion of censure on the Commission. The latter has never been used convincingly and the Commission is naturally reluctant to be Parliament's first victim.

Above all, however, there is our life together. Here, while I have endorsed the views put forward by Mr Cointat, I wonder if the value of this kind of publicity is not perhaps overstated. What would in fact happen? If the control sub-committee or the Committee on Budgets has any queries, it will approach us. Since we have a common interest, we shall provide explanations. If it still wants to take matters further, it will conduct an enquiry and arrange for the Court of Auditors to carry out supplementary checks and inspections as necessary. If it then has any criticism to make it will of course do so by publishing the report of its proceedings. But in that event, there will already have been considerable publicity in other ways, the matter will have been put to the plenary assembly in the form of oral questions, or put on the agenda for debate or as a motion of censure on the Commission.

Publicity will thus be taken into consideration at all times by those who draw up subsequent reports, whether they are published or not. The Commission needs Parliament's support too much to be indifferent to its opinion. It would also like to express its great satisfaction at the prospect of the consolidation of an entire range of measures that should enable the budget to be used as a means of analysing, preparing and implementing a number of policies that will perhaps one day be the policies of a united Europe. We therefore wish the sub-committee and its current chairman, Mr Aigner, the very best of luck.

(Applause)

President. — Mr Cheysson. I am grateful to you for your speech; in particular, I would draw attention to the words and 'life together'. I am sure that we can achieve a great deal together.

President

I call Mr Dalyell to speak on behalf of the Socialist Groups.

Mr Dalyell. — The report before the House is recognized by the Socialist Group, on whose behalf I have the honour to speak, as being one of great importance because it deals with the powers of Parliament in the control of expenditure and is to be seen in the light of powers which Parliament already asserts in the realms of authorizing expenditure.

We must agree that under the Treaty of 22 July 1975, which Mr Cheysson has told us still awaits ratification in various Member States, Parliament will be given exclusive right of the discharge of the Budget. On the point of ratification, my group takes note that so far only two countries — Britain and Denmark — have ratified the Treaty and that two others — the Netherlands and Ireland — will, it is hoped complete the process of ratification within the next few weeks. My group takes the view that it is vital that the message goes out from here today that the other five Member States must not hold up this Treaty, which is so important for the future of this House. If I may draw an analogy from the North Sea programme, it is like that elusive weather window — one has to do things in good summer weather, otherwise one misses it for a whole year. I suspect that the situation is very much the same in relation to this matter.

It is now vital that we examine the best means of carrying out these responsibilities. Mr Cointat's report sets the course and, in the view of the Socialist Group, sets it generally correctly, although my noble friend Lord Bruce of Donington hopes to catch your eye a little later, Sir, to offer some qualifications.

As well as this new institutional requirement, all of us have at one time or another become aware that there are problems connected with the implementation of the Community Budget. We have all read the newspaper reports, sometimes exaggerated, of frauds of Community funds, and we are all of us aware that Community regulations sometimes seem to leave loopholes. We think of malt, and certain meat problems. We think of certain ships unloaded in certain ports to manipulate funds for middle-men. These reports may be exaggerated and may have little foundation, but they are very damaging to the idea of the Community.

As the institution which is supposed to represent public opinion, we have as a Parliament to register public concern about the misuse of Community funds and we have to do more than that. We have to get action taken where possible. The idea of setting up a sub-committee of the Committee on Budgets responsible for supervising expenditure is not new. Such a sub-committee existed, for example, before my country became a member of the Community.

It was felt by nearly all Members that this sub-committee should become a permanent feature of the

work of Parliament and that its responsibilities and rights should include powers of information and investigation. As Mr Cointat spells out clearly in the resolution, this means the right to have forwarded to the sub-committee all documents relating to Community expenditure, the right to hold hearings of officials and experts from Community institutions and Member States and the carrying out of inspections visits to Community institutions and national bodies.

This body will work hand in hand with the present Audit Board and Court of Auditors when it is set up. I wish to stress that we are not trying to meddle with the Court of Auditors, let alone assume that we can do the work of the Court of Auditors. It is a question of coordination, not of trying to do each other's work. Mr Cheysson was right to refer to its independence. I merely add that we have a saying that too many cooks can spoil the broth. I hope that that will not be so and that we shall keep out of one another's hair and have a harmonious relationship rather than trying to do each other's work.

The sub-committee will have a full work-load. There is the responsibility for preparatory work on the annual discharge of the budget. There will also be the three-monthly reports on the implementation of the budget adopted at the end of the previous financial year. There will be the specialist reports on different Community funds — agricultural, social, regional and the like. In addition, this will be a regular occurrence. It is vital that the sub-committee should also be able to examine particular matters of interest and of the moment by means of the expedited procedure. In other words topicality is extremely important.

When some new — or alleged — scandal crops up, even in the form of newspaper reports, the sub-committee should be able to act, quickly investigate the reports and report to the Committee on Budgets and, with the agreement of that committee, to Parliament. Only in that way shall we be able as politicians to fulfil responsibilities which the Treaties have conferred on us and which the European Parliament will expect us to carry out.

By those means, we can allay fears about the possible misuse of public funds and, in so doing, perform a service to the process of European integration.

Mr Cheysson used the striking phrase 'our life together'. In parenthesis, may I say that I hope he will consider in future that when they have major statements to make as happened yesterday, he and his fellow Commissioners should make them in Parliament? I read a very full report in *The Times* this morning about what he said regarding the *Mystère*. It occurred to me that, in the interests of 'our life together' in Parliament, this statement should have been made to Parliament by the Commissioner as opposed to some rather anonymous source in Brussels.

Dalyell

There will, of course be times when we find that the reports that seem to portend some scandal are well founded. When this is the case, we shall be able to make firm recommendations for action to guarantee that existing loopholes are closed. The Committee on Budgets devoted a great deal of time to examining Mr Cointat's report. Four meetings were devoted to it. On behalf of my group, I congratulate Mr Cointat and his colleagues for the very able work they put in, often reconciling divergences of opinion which were based on different practices within our Member States.

Amendment No 1, tabled by Mr Broeks and Mr Behrendt, would change paragraph 6 of the motion so that authorization from the Committee on Budgets would have to be obtained before the publication of minutes and reports of the sub-committee's proceedings. This seems to me to be in no way an attack on the substance of the resolution and could be approved as such, thus avoiding any need to have recourse to changes in the Rules of Parliament.

It merely remains for the Socialist Group to wish Mr Aigner great success in the work that he and his committee will undertake.

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

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, because of the lateness of the hour I will confine myself to a few remarks. First I would like to thank Mr Cointat most sincerely. We worked together very closely in preparing this report and I must say that the 7 members of the sub-committee were in full agreement with the conclusions. All our decisions were made unanimously so that we can say that the conclusions we have arrived at are those of Parliament and not of some small committee.

I should also like to point out, Mr President, that the way this control committee works will determine Parliament's control. Although this committee must report to Parliament it will remain Parliament's instrument. Consequently, Parliament must do everything to ensure that this instrument can carry out its task. It is clear that Parliament as such also takes on additional responsibility vis-à-vis the general public. I can therefore imagine that in Mr Cheysson's place I too will be very happy to have such a committee since it means that responsibility for control is now shared. It also means political protection in an area where control has come to grief or been successful. This not only applies to combatting fraud, but also, for example, to harmonizing the way in which Community law is applied at national level. Recent cases of misappropriation of funds — and I am thinking of the agricultural fund — were for the most part, not so much a matter of fraud but were due to the fact that the wide divergence in the interpretation of Community law framework at national level has led to different financial consequences in the individual Member States.

Control will also affect Parliament's budgetary consultations and the consultations with the Commission which in turn will leave further unavoidable organizational and other consequences.

We are faced with two tasks, namely to work the concept of this control and secondly to decide what form the organization of this concept should take.

I need say nothing further about the concept itself. I wish to stress what the rapporteur and Mr Cheysson have said. Mr Cheysson's statement has helped to clarify an important point, namely that internal control is fully independent. Until now such a clear definition was lacking in the discussions on internal control. If this is the case then progress has also been made in the area of cooperation with Parliament.

It goes without saying, Mr President, that Parliament is unable to exercise technical control. Parliament can only coordinate the instruments and perhaps determine the points of emphasis for internal and external control with a particular goal in mind. It is certainly right and proper that suggestions and initiatives should come from political quarters. But the nine members of Parliament cannot carry out technical control as such. This requires internal and external control instruments.

I am very grateful to Mr Cheysson, for his appeal to the Council or rather to the Member States. We need the Court of Auditors. I need not repeat that the control committee is too weak a body; this has been explained and discussed often enough here. We need the Court of Auditors and it must be set up as quickly as possible. And no government should try to find reasons to exempt itself. We shall make the public aware of the fact that if this treaty is not ratified soon then it will be impossible to exercise the control which the Member States themselves have called for. Public opinion must be mobilized in order to arrive at an independent Court of Auditors.

It goes without saying that this parliamentary control must be more than just another control. It is the political support the control — if I may express it in this way — of the political authority which is necessary both for the Member States and also for our administration.

As the Commission's right of decision will not be affected, there should, I believe, be no difficulties from this quarter. And once the Commission is prepared to cooperate with us, especially with regard to internal control, then there will be no difficulty from our side either.

Let me say a final word on organization. We have postponed this discussion until the debate on the budget in autumn, but — and I say this to my colleagues — if this committee is to be operational — and it must be operational — then the nine Members of Parlia-

Aigner

ment who will have a double function to perform — they also sit on other committees — cannot be left to do the work on their own. You must provide them with a minimum staff whose sole function it will be to prepare this control and they must also be given a permanent seat in Brussels.

I cannot, for example, require our nine members to travel to every committee meeting with suitcases full of control documents, the number of which is increasing daily. We need a permanent location and in normal circumstances Brussels is the only place for this control committee and for this staff. Mr President, I particularly request you to see to it that we receive the necessary organizational requirements in our House in Brussels. That is also necessary.

The building there is big enough to meet our modest request for a permanent office where we can keep our papers.

The work of these nine colleagues will not be easy. I only hope that they will be able to find time to do the work. I would also like to remind you that these nine colleagues are undertaking additional responsibility on behalf of Parliament. The task will not be easy, and I share Mr Cointat's opinion that we should not at the beginning try to discuss right down to the smallest detail the concept and the definition of responsibilities as well as the organization of our work, but that they should be allowed to work themselves out in practice. Thus our views even on organizational matters are not very precise. We feel that at least four or five people could be recruited for this work from available parliamentary staff and that we will need at most a further two A grade officials for the job.

We shall have to discuss organizational problems again in detail in autumn if by then we have formulated in detail the views of the Committee on Budgets and the responsibilities of the control Committee.

I should again like to thank Mr Cointat most sincerely for his excellent report.

(Applause)

President. I call Mr Shaw to speak on behalf of the European Conservative Group.

Mr Shaw. — I felt it wrong that I should allow this occasion to pass without voicing the opinion of my group on this matter, because I think that, since it first came here, my group has played an important part, through Mr Rafton Pounder and, of course, above all, through Sir Peter Kirk, in pressing for this sort of organization and this sort of control.

We are all very grateful to Mr Cointat for the great care he has taken in preparing this document. I think that everybody who had a hand in helping him was very much of the same mind as himself. The main point that comes out of it is that he has retained throughout the document a flexible approach because, as he so rightly says, we are not sure until we tackle

the tasks before us exactly how we shall build up our organization. While he has made quite clear what our objects are, the means of achieving them clearly will become more evident as time goes on. We owe him a lot for having retained that flexible approach.

May I say, from all the members of the sub-committee, that we accept the fact that our new chairman has a big task ahead of him and we give him our loyalty and, above all — and I think I should say this publicly — we give him the pledge that we shall turn up at all the meetings. If there is one weakness above all others that we have in this Parliament and in the meetings of the committees, it is the failure by Members to attend on all occasions. I know there are many reasons, but it makes the work of the committees very much more difficult, as you yourself, Mr President, have found, as I recall, on many occasions in the past. This committee, I believe, is of such importance that we must pledge that we shall attend meetings. If we expect witnesses to come many hundreds of miles to give evidence to us, the least we can assure them is that, without any doubt and whatever our other commitments, we shall be there to attend to our business.

My colleague, Mr Dalyell, mentioned the routine tasks that were being put on this committee. It may well be that we shall take them in our stride in the early days of our work as a committee, but as time goes on I believe we shall find that the specific points that we ought to be examining in depth will take up more and more of our time. It may well be that we shall have to seek relief from some of the more routine annual tasks in order to meet the workload of special enquiries in depth, which must always remain, I believe, our first priority.

On behalf of my group I welcome this document.

(Applause)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — In view of the lateness of the hour I will not detain the House long.

In expressing some of the misgivings I have concerning the motion for a resolution that is before us, I wish to state here and now, although I do not wish to argue the point, that I think that Parliament would have been better advised to form a full and independent committee to deal with this vital question. In this connection it was, perhaps, a pity that Parliament was denied the opportunity of seeing a report that I prepared last year, which dealt with this aspect of the matter. I think that the terms of reference of this sub-committee are far too wide, bearing in mind the slender resources and numbers of the committee. I sincerely hope that it will succeed, and it will certainly have my good wishes and co-operation in that respect, but I very much fear that the ultimate responsibilities will be far too heavy for a sub-committee to bear.

Lord Bruce of Donington

I have only one other point to add, Mr President, and that arises from the remarks that were made by Mr Cheysson, with whom I so very rarely disagree that this must be a unique occasion. It concerns the publication of the proceedings and evidence given before the sub-committee. I shall not argue the matter now, in view of the lateness of the hour; however, I should like to go on record as saying with the greatest possible emphasis that until the proceedings and minutes of evidence of this sub-committee or its successor are automatically published and made available to the world, the sub-committee, or even the full committee, will lack stature and will be unable to perform the functions which are now in its terms of reference. I issue that warning most emphatically.

Subject to that, it would be churlish of me not to wish the sub-committee well, which indeed I do. I sincerely hope that it will be able to fulfil the functions that are set out in the resolution.

(Applause)

President. I call Mr Lange, chairman of the Committee on Budgets.

Mr Lange. — *(D)* Mr President, esteemed colleagues. Four of the previous speakers were members of the sub-committee I only wish to say — since almost all have spoken for themselves that they can count on the support of the committee and, I believe, of Parliament. The Committee has noted, indeed is convinced, that the nine members of the Control Committee can be relied on to perform the task allotted to them. So much is at stake for Parliament and for the Control Committee, that they will have to be relieved of some of the other tasks of the Committee on Budgets if they are to carry out their special assignment.

On the other hand, this will mean that the other members of the Committee on Budgets will have to work harder. I say this quite openly, Mr President, since the work of so many members of this important committee leaves something to be desired. I also wish to state that the members I have in mind — but whom I shall not name — will receive from me a letter in the name of the committee asking them either to cooperate or to resign their mandate. A similar letter will be sent to the political groups; otherwise we shall not be able to perform the task which Parliament has given us.

We now have the sub-committee. I am convinced that it will be able to perform its task. We have tried to be as flexible as possible so that the organization of the work and the conclusions to be drawn can grow out of experience rather than be narrowly defined at the outset. I therefore believe that in setting up the sub-committee of the Committee on Budgets — the Control Committee — that Parliament has a new opportunity of showing that it is willing to take responsibility in cases where others are reluctant to do so. I am

saying this quite deliberately in view of the behaviour of certain organs within the Community. I therefore wish our colleagues every success in their task. They shall have our support. However, at the same time they shall have to submit their activity to the control of the Committee on Budgets.

President. The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 5 to the vote.

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6, I have Amendment No 1 tabled by Mr Broeksz and Mr Behrendt:

This paragraph to read as follows:

6. Authorizes the Committee on Budgets to publish, if it thinks fit, the proceedings and reports of the sub-committee.

I call Mr Broeksz.

Mr Broeksz. — *(NL)* Mr President, when we were discussing the order of business yesterday, we asked that this report should be referred back to committee and that the Committee on Budgets should also be consulted. This request was based on the fact that we consider the sub-committee for supervising expenditure to be particularly important, and too important to come into conflict with the Rules of Procedure. This was unfortunately the case with point 6 which accorded the sub-committee rights which are explicitly excluded by Rule 39 of the Rules of Procedure: We wished to investigate the possibility of giving special rights to this sub-committee, incorporating the necessary provisions in Rule 39. We were hoping that the Committee on the Rules of Procedure would make a corresponding proposal so that it would not be necessary to amend point 6. This procedure seemed to us to be more fruitful than the course we have had to take, of restricting the powers of the sub-committee to those provided for in Rule 39. This Rule states that 'Sub-committees shall report to the committee that set them up'. They do not therefore have the right to issue independent reports or any other kind of document. In our view this sub-committee under Mr Aigner is so important that an exception should be made for it to Rule 39. That was not possible yesterday: you corrected us and we accepted with the best grace possible since it was your proposal. Yesterday Mr Behrendt and I were forced to ask that the proposal contained in point 6 should be modified in line with the possibilities offered by Rule 39 of the Rules of Procedure.

I hope that our proposal will be accepted in these circumstances. We ask the Committee on the Rules of Procedure to look into whether this sub-committee on the supervision of expenditure can be given broader powers than those laid down in Rule 39. We hope that the outcome will be notified in the report of the Committee on the Rules of Procedure.

President. — What is the rapporteur's position?

Mr Cointat — (*F*) Mr President, the problem with paragraph 6 concerning the direct authorization of the sub-committee of the Committee on Budgets to publish the report of its proceedings, or giving such authorization to the Committee on Budgets as a whole, was the subject of long debate in the committee, which took a long time to decide in favour of one formula or the other. But its choice was finally made with total conviction.

Speaking on behalf of the chairman of the Committee on Budgets, I feel able to say that the committee would have been satisfied with either formula. I can therefore only leave the matter to the decision of the House. I believe that if the House adopts the amendment tabled by Mr Broeks and Mr Behrendt, everyone will be in agreement and there will be no difficulty. I would add, Mr President, that when the vote has been taken on this motion for a resolution, the Committee on the Rules of Procedure and Petitions can be asked for its opinion and will be able to inform us if the Rules of Procedure are in conformity with Parliament's sovereign decision.

President. — This is more difficult than it might appear.

Committees may not publish their proceedings. In this case, a sub-committee would be able to publish its proceedings without any action being taken by the committee to which it belongs. If you vote in favour of that, the result might be an amendment of the Rules of Procedure. But can the Rules of Procedure be amended without consulting the committee responsible for considering such amendments?

I call Mr Cointat.

Mr Cointat, rapporteur — (*F*) I am aware that the amendment tabled by Mr Broeks and Mr Behrendt raised certain difficulties: matters are simpler under the actual working arrangements of the committees.

That is why I indicated that I was not abusing the confidence of the Committee on Budgets when I said that the Assembly could accept amendment No 1. That is the first point.

Secondly, I said just now that the European Parliament had the sovereign right to decide on its working methods. I added that once the resolution had been put to the vote, together with the amendment by Mr Broeks and Mr Behrendt, Mr Hamilton's committee could then be expected to consider whether the Rules of Procedure should then be amended. That is the basic point.

If we adopt the amendment, we are agreeing that the Committee on Budgets will have the right to publish the proceedings and minutes of its sub-committee as it sees fit. Once this has been decided it will be up to Mr Hamilton's committee to determine whether the Rules of Procedure should then be amended.

That is how I see the problem.

President. — I call Mr Aigner.

Mr Aigner.— (*D*) Mr President, we are now at the definition stage and are facing the problem of considering how the different control instruments of the Member States can be fused into an overall concept at Community level. That was the starting point. But one leading idea stood out from among the various considerations, namely that the European Parliament's control instrument — apart from a few exceptional cases — has the powers of an investigating committee. I accept this. After all, Mr Broeks, we agreed to the amendment. If we now vote for it, Mr President, then we would only be attempting to arrive at a synthesis on one point of the sort which exists at national level.

There will certainly be no case in the foreseeable future where the sub-committee will want to publish a report over the heads of the Committee on Budgets. That could only occur in very exceptional circumstances if a case arose where it was necessary, for example, to investigate an incident of fraud, or if the committee or the sub-committee is in doubt whether the documents are correct etc. Then, as a last resort, one would have recourse to the sanction of making the whole process and investigation public. I therefore suggest that we decide on the motion and that the responsible parliamentary committee then decide whether an amendment to the Rules of Procedure is called for. The Committee on the Rules of Procedure and Petitions can then decide whether or not it wishes to amend the rules. If it does not wish to amend them, then a motion will have to be put to Parliament to have this right of the sub-committee on budgetary control revoked. That would be the normal procedure.

This case will certainly not arise before the audit since so much time will elapse before the control begins that the question will certainly be examined two or three times in the light of the Rules of Procedure. I would therefore ask the President not to make matters more difficult but to allow the motion to take its course and then refer it to the sub-committee on budgetary control. If necessary, we can then discuss the matter further,

President. — I call Mr Broeks.

Mr Broeks. — (*NL*) Mr President, I hope that it is still not too late for the House to understand that our request of yesterday to hold the matter up for another month and have it investigated by the Hamilton committee was not so stupid. Fortunately you failed to ask me, Mr President, whether our request was fully compatible with Rule 39: in that case I would have had to answer no. You failed to ask, but I should have admitted it myself: it is not fully compatible with Rule 39. But meanwhile there is a further way open to us. The matter should first be referred to the committee which will hold things up for some time. I am convinced that if ever the Aigner sub-committee should come forward with such a proposal the Hamil-

Broeks

ton committee will already have looked into the matter, since I have said in no uncertain terms that this is a matter of great necessity. If this sub-committee is really to enjoy the powers that such a sub-committee should have then we shall have to amend our Rules of Procedure. There hardly seems any other way of doing things.

The amendment submitted by Mr Behrendt and myself makes this possible. I myself am convinced that if the sub-committee were to present such a proposal to the Committee on Budgets, the Committee on Budgets would have to reject it as things stand at the moment. To ensure that there are no difficulties the Committee on the Rules of Procedure must first propose an amendment to the Rules of Procedure and then we could adopt without further ado the point 6 proposed to us now in the Cointat report. There would not then be any difficulty.

I do not think it is right for Mr Cointat to say we are autonomous and that we can therefore simply amend the Rules of Procedure.

This might be possible if there were not a special committee, but not when a special committee has been appointed to look after this matter. We cannot proceed as if the committee did not exist. What Mr Cointat suggests is impossible. You cannot accept his suggestion, Mr President, any more than anyone else in your position could. This is a new state of affairs for this Parliament. If such a problem arises it must be put to the relevant committee, which should then be requested to report within a short time. We could say for example that we wish to come to a decision on this whole matter this July: but then Parliament would have to accept an amendment to Rule 39.

Only then could we adopt point 6 of Mr Cointat's resolution as it now stands. This is what we hoped to set in train yesterday since we consider this sub-committee to be so exceptionally important and we do not want to restrict its powers.

President. — It is unfortunate that a text on the responsibilities of the committees should contain a provision involving an amendment of the Rules of Procedure. We cannot consult Parliament on this without prior consideration. The Bureau and the committee responsible must comment on this. I am sorry if I appear to be supporting the Socialist Group on this, but I must ensure that the Rules of Procedure are observed.

I call Mr Yeats.

Mr Yeats. — We can deal with this matter very simply. I suggest that we now vote against paragraph 6 so that it ceases to form part of the resolution. There is no problem then in passing the rest of the resolution, and the Bureau and the committee concerned can then consider the matter.

President. — Thank you, Mr Yeats, for your interesting suggestion. I must point out that neither the text nor the amendment is in keeping with present procedures.

I call Mr Lange.

Mr Lange. — (D) Mr President, quite apart from your statement and contrary to your view, which certainly cannot be simply ignored, it is possible to take the view that a specific procedure has been evolved for a special task which is not covered by the existing Rules of Procedure. The House can therefore conclude that either the original text of paragraph 6 or the text as amended in accordance with Mr Behrendt and Mr Broeks' proposal should be definitive. If the House so decides then the Rules of Procedure will have to be changed.

I am convinced, Mr President that the House has the power to do so: this House is sovereign to the extent that it can amend its own Rules of Procedure ...

Mr Broeks. — (D) No, it cannot!

Mr Lange. — (D) Indeed it can! I therefore take the view, Mr President, that you should allow the House to vote on Mr Behrendt's and Mr Broeks' proposal and that the Committee on the Rules of Procedure and Petitions can then deal with the matter. I do not understand why so many difficulties are being raised about a question concerning which everyone is convinced that it is particularly important and demands special measures. I would therefore be very grateful, Mr President, if you would allow a vote to take place on Mr Broeks' and Mr Behrendt's proposal.

President. — It is my duty to warn the Assembly of the consequences of its decisions and to inform it of whether or not they are in keeping with its procedures. I would remind you of the provisions of Rule 54 of our Rules of Procedure:

Motions for resolutions amending these Rules shall be printed and referred to the appropriate committee.

I would add that the Bureau must take a decision.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I am sorry but I cannot agree with you. We are now discussing how Parliament can lay the basis for the parliamentary control which we have been demanding for years, in such a way that it will be able to function. I cannot therefore give the Committee on the Rules of Procedure and Petitions the right to decide whether Parliament is justified in exercising this sovereign right. If Parliament wishes to do so ...

President. — Mr Aigner, we cannot give a committee the right to decide. A committee is asked to give an opinion to enlighten Parliament. The Bureau, in turn, gives its opinion on any case where the Rules of Pro-

President

cedure are to be amended. The Assembly then has the sovereign right to decide. However, this right is not sovereign unless other provisions are observed. I shall put the matter to the vote, but I must warn the Assembly against any procedural abuse. I am sorry to have interrupted you, Mr Aigner. Please continue.

Mr Aigner. — (*D*) ... Mr President, you must recognize the importance of the vote. Parliament has the sovereign right to decide that it will set up an instrument with these or those rights. If it has so decided and it then emerges — I am sorry to mention this but this report has been available for 3 months — that the Rules of Procedure do not completely cover this decision, then action can be taken. The Rules of Procedure can be applied to the full; the matter can be studied, the Bureau can intervene. If it emerges that the Bureau has different views, then we must go into reserve and the right which Parliament has given itself is then again in question.

I only want one thing, Mr President, namely, that this Parliament will finally have a central Committee. In practice, however, nothing at all will be decided since, in the weeks to come, we will not get an investigating committee with a control committee.

President. — I call Mr Cointat.

Mr Cointat, rapporteur (F) — Mr President, we have a great deal of respect for your office. You chair the debate and we accept your decisions on procedure.

I can envisage two solutions that will enable us to vote on this text this evening. They are as follows: either the amendment tabled by Mr Broeks and Mr Behrendt is put to the vote — and it will be adopted, since there is virtually a general consensus — and the Committee on the Rules of Procedure and Petitions consulted subsequently — or, the motion is put to the vote without paragraph 6, which would be deleted as proposed by Mr. Yeats, on the understanding that the Committee on the Rules of Procedure would be asked for its opinion on the problem raised by paragraph 6. There can be no other solution than one of these two, and we therefore leave the matter in your hands, Mr President.

President. — In my opinion, the only possible solution would be to delete paragraph 6 which amends the Rules of Procedure in an abnormal way which I cannot accept. It would, of course, be understood that the suggestions contained in that paragraph should be forwarded to the committee responsible, that the Bureau would consider them and that on a future occasion, in July if you wish, Parliament would take a decision.

I call Mr Broeks.

Mr Broeks. — (*NL*) Mr President, as I understand it Mr Yeats has moved a point of procedure. I would ask

you to call for a vote on this. If it is passed then we no longer need to discuss point 6 any further.

President. — I put to the vote the deletion of paragraph 6, as proposed by Mr Yeats and accepted by Mr Cointat.

Paragraph 6 is deleted.

In view of the moral undertaking into which we have just entered, the text of paragraph 6 and, possibly, the amendment by Mr Broeks and Mr Behrendt will be referred to the Committee on the Rules of Procedure and Petitions, which shall draw up a report, and Parliament shall take a decision. This decision in no way nullifies the existence of the control committee.

I call Mr Aigner.

Mr Aigner. — (*D*) In that case, Mr President, I would beg to move that the result should be submitted during the next part-session. I believe that is your intention.

President. — I have promised as much, Mr Aigner. I call Mr Broeks.

Mr Broeks. — (*NL*) Under these circumstances, I feel I am justified in withdrawing the amendment. This will facilitate the committee's proposal.

President. — The amendment by Mr Broeks and Mr Behrendt is thus withdrawn.

I put paragraphs 7 to 11 to the vote.

Paragraphs 7 to 11 are adopted.

I put to the vote the resolution as amended by the deletion of paragraph 6.

The resolution is adopted.¹

13. *Implementation of the Community budget for 1976 — Implementation of the appropriation in the 1976 budget for financial and technical aid*

President. — The next item is the joint introduction of two motions for resolutions on the implementation of the 1976 Budget:

— motion for a resolution tabled by Mr Cointat on behalf of the Committee on Budgets on the implementation of the budget of the European Communities for the financial year 1976 (Doc. 96/76);

— motion for a resolution tabled by Lord Reay on behalf of the Committee on Development and Cooperation on the implementation of the appropriation in the 1976 Community Budget for financial and technical aid to non-associated developing countries. (Doc. 126/76).

I call Mr Cointat.

¹ OJ C 159 of 12. 7. 1976.

Mr Cointat, rapporteur (F) — Mr President, when we adopted the budget for the financial year 1976, a new precedent was set: the Council abandoned the principle of no decision, no appropriation in the budget. We therefore have to face up to a new situation, namely that of having succeeded, thanks to our effective cooperation, in acquiring a number of appropriations in the 1976 budget that have no basis in law. The problem is to determine how we should proceed to enter these appropriations and enable the Commission to implement the budget.

The Committee on Budgets was consulted in respect of three appropriations in particular: one of 2 500 000 u. a. concerning non-associated developing countries entitled to benefit from commitments by non-governmental bodies, one of 1 million u. a. in respect of house-purchase loans to staff and one of 20 million u. a. for non-associated developing countries.

The Committee on Budgets, felt in common with the Council, — and I believe I can stress, without abusing the confidence of the latter, that it has not yet reached a final decision — that in the case of appropriations for small amounts for minor operations, there was no need for a specific decision in order to implement the budget and that the Commission could, by virtue of Article 205 of the Treaty, take the necessary action prior to informing the Council by official communication.

On the other hand, the appropriation of 20 million u. a. relates not to a minor operation or a small amount but to an overall policy in the medium or long term. The problem here was to determine how this appropriation should be released and the relevant action taken.

The Commission of the European Communities forwarded a communication to the Council on this matter, but the Council took no action. In the Committee on Budgets we found ourselves considering two hypotheses. According to the first of these, it was not Article 205 but Article 4, which concerns the tasks and powers of the various institutions, that was relevant. In that case a vote in favour of a budget would not be sufficient grounds for proceeding with expenditure unless a decision authorizing it had been taken. This is no easy matter, because the Commission initially proposed 100 million u. a., Parliament decided in favour of an appropriation of 40 million u. a. and a decision was finally taken, in agreement with the Council, in respect of 20 million u. a.. The second hypothesis was that Article 205 was relevant, in which case it would be up to the Commission to implement the budget. On the other hand the Committee on Budgets, referring to a resolution passed by the Council on 16 July 1974 noted that the Council had reached a decision for nearly two years. This is, to say the least, somewhat strange.

After discussion, the Committee on Budgets decided in favour of the latter hypothesis, whereby the

Commission would use the 20 million u. a. when it saw fit, the Council having so far failed to reach a decision.

That, Mr President, is what I have to say of this motion for a resolution and the appropriation of 20 million u. a. for the non-associated developing countries.

I would add that, looking ahead, we hope a fully defined budgetary policy will be drawn up in respect of general policy operations and operations on a large scale, so that we can tell exactly where we are going. We are in agreement today, but for the future, it would be as well if we all made our positions perfectly clear.

President. — I call Lord Reay.

Lord Reay. — The resolution which I am introducing on behalf of the Committee on Development and Co-operation is in identical terms to those of the resolution which Mr Cointat has introduced on behalf of the Committee on Budgets.

The Committee on Development and Co-operation believes that the 1976 Budget, which included the provision for 20 million units of account for non associated developing countries, was legally adopted and should be implemented and that the Council has no right to refuse to do so. Under the provisions of Article 203 of the Treaty, it is Parliament that adopts the budget after obtaining the votes required on the modifications which have been submitted to it by the Council on the amendments of Parliament. In this instance, as Mr Cointat explained, in the draft budget that we received from the Council there was no provision at all for funds for non-associated developing countries, although, of course, in the draft budget which had been submitted to the Council there was a provision for 100 million units of account. We amended the draft budget to include a provision of 40 million units of account. The Council returned that to us with the proposal that it should be modified to 20 million units of account.

The terms the Council sent us for this modification are as follows:

The Council acknowledges the need to create a budget heading for financial co-operation with the non-associated developing countries and to enter appropriations in it as proposed by the European Parliament.

However, the Council is unable to adopt the amendments proposed by the European Parliament in their entirety in view of the austerity to which it is committed this year.

The Council therefore proposes entering an appropriation of 20m u.a. in Article 900 — financial cooperation with non-associated developing countries — which will provide an adequate sum to enable this new action to proceed.

Lord Reay

Therefore, it seems to us entirely wrong for the Council to go back on the attitude which it took and which it expressed to us at that time by saying, 'No. This cannot be implemented, because the European Parliament has no right to vote appropriations for policies not yet adopted by the Council.'

In proposing its modification to our amendment, the Council explicitly conceded that Parliament had such a right in this case. It therefore seems to me that it is inconsistent, dishonourable and very possibly illegal for the Council to act in the way in which it is now acting. It also seems very unattractive for the image of the Community at large that the Council should act in this manner on this specific budget proposal.

We are here concerned with establishing the principle that the Community should have an aid policy towards those countries which are not covered by the Lomé Convention. As a matter of principle, that was accepted by the Council in January 1975. It would not be doing much more than establishing a principle, because 20 million units of account, the figure to which the original proposal of the Commission of 100 million units of account had been reduced, would not go very far in providing aid to the massively-populated poverty-stricken countries which would be eligible under it.

The Committee on Development and Co-operation believes that the principle itself is of great importance. Aid can never be the principal means by which the developing countries as a whole reach a higher level of economic development. Nevertheless, if such aid is directed — and the Commission has produced proposals for the use of 20 million units of account with which, although the Committee on Development and Co-operation has not discussed it, I would not find much to quarrel — towards the poorest countries and to those sectors within countries where the recipients can most efficiently be assisted to help themselves — and in this context I point out that the Commission had intended that the principal target should be to stimulate food production in the developing countries — in those circumstances aid has a definite value in itself. Aid is also a token of our intention to become, and to remain, a Community which, on an international level, acts in a responsible, constructive and far-sighted manner and which recognizes the levels of

interdependence which have been reached between developing and industrialized countries. Unlike an extension of trade preferences, aid to non-associated countries could not be resented by the countries who are beneficiaries under the Lomé Convention.

For all those reasons I think that this Parliament should proudly maintain the position which it has won as an initiator in this matter and should overwhelmingly vote in favour of the resolutions.

President. — I would remind the House that the debate and vote on these two documents will be held tomorrow during the joint debate on the oral questions by Mr Aigner.

15. Agenda for next sitting

President. — The next sitting will be held tomorrow, Wednesday, 16 June 1976 at 10 a.m. and 4 p.m. with the following agenda

- Question Time ;
- Vote on the motion of censure (12 noon) ;
- Socialist Group motion for a resolution on market equilibrium in the milk sector ;
- Debate on the election of the European Parliament by universal suffrage ;
- Council and Commission statements on the Nairobi Conference followed by debate ;
- Oral question with debate to the Council and Commission on the Community's external relations ;
- Joint debate on the oral question to the Council on the budgetary powers of Parliament, the oral question to the Commission on the implementation of the 1976 Budget and the Cointat and Reay motions for resolutions on implementation of the 1976 Community Budget, and vote on these two motions for resolutions ;
- Klepsch report on the EEC-Iran economic relations ;
- Oral questions with debate to the Commission on EEC-US trade relations.

The sitting is closed.

(The sitting was closed at 8.45 p.m.)

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IN THE CHAIR : MR SPÉNALE

President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Question Time*

President. — The next item is questions addressed to the Conference of Foreign Ministers of the Member States of the European Community, to the Council and to the Commission of the European Communities (Doc. 140/76), in accordance with the provisions of Rule 47 A, paragraph 2, of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with these rules.

We shall start with the questions addressed to the Conference of Foreign Ministers of the Member States

President

of the European Communities. The President-in-Office of the Conference of Foreign Ministers is requested to answer these questions and any supplementary questions.

I therefore call Question No 1 by Mr Hamilton :

In view of the note sent by Her Majesty's Government to the Sanctions Committee of the UN Security Council, which accuses four Community Member States of assisting the airline AFFRETAIR in breaking the economic sanctions imposed by the UN against Rhodesia, will the President of the Conference give an assurance that this matter will be discussed at its next meeting, in order that economic sanctions against Rhodesia may be enforced as strictly as possible by all Member States ?

Mr Thorn, President-in-Office of the Conference of Foreign Ministers — (F) The Rhodesian question has been a constant concern of the Nine, who have followed it closely at all appropriate levels within the framework of political cooperation.

Particular mention should be made of the European Council's statement on Rhodesia of 1 April 1976, in which the Nine affirm their intention to continue to apply strictly the decisions of the Security Council concerning Rhodesia. Consequently, the four countries mentioned in the note which the United Kingdom addressed on 9 April 1976 to the Security Council Committee set up under Resolution 253 of 1968 on Southern Rhodesia are carrying out an enquiry into the facts stated in this note. In accordance with the request by the UN Secretary-General, they intend to advise the above Committee as soon as possible of their conclusions and comments on this matter.

I would add that the AFFRETAIR Company referred to no longer exists as such. On 5 May this year the Government of Gabon decided to dissolve it and incorporate it into the national company of Air-Gabon.

Mr Hamilton. — Does Mr Thorn not agree that the breaking of sanctions by Member States of the Community has been a continuing process over the years and ought not to have been tolerated for so long ? Would he not further agree that it is of considerable importance to the Community to be seen to be on the side of the black majority not only in Rhodesia but in the whole of 'South Africa, and can he say what further vigorous steps are being taken by the Council to ensure that this happens ? May I add, in parenthesis, that I am very glad that the principle has now been established that we can ask questions of the Council of Foreign Ministers.

Mr Thorn. — (F) I shall not comment on the last remark.

As for the rest, Parliament will understand that I can give neither an affirmative nor a negative answer at the very moment when an enquiry has to establish

whether or not any blame is to be apportioned. So I shall not draw any conclusions now. We shall see, as a Community of nine, whether and to what extent these accusations levelled against certain Member States are justified. For my part, I hope that the nine Foreign Ministers will study this question and keep it in mind — indeed, I can assure you that they are already doing so.

President. — We turn now to the questions addressed to the Council. The President-in-Office of the Council is invited to reply to these and to any supplementary questions.

Question No 2 by Mr Cousté has been withdrawn.

I call Question No 3 by Mr Terrenoire :

Does the Council intend to place on a forthcoming agenda the general question of relations between the Community and China ?

Mr Thorn, President-in-Office of the Council — (F) As the honourable Member is aware, the Commission is at present holding talks with the Chinese Mission to the European Communities with a view to exploring the possibility of negotiating a trade agreement between the EEC and the People's Republic of China. In accordance with customary procedure, the Council will, for its part, examine the question of relations with China as soon as it receives the Commission's report on these talks.

Mr Terrenoire. — (F) While we are waiting for an agreement to be concluded between the Community and China, and since the current bilateral agreements between the Member States and China are on the point of expiry, what rules at present govern relations with that country ? Are these bilateral agreements being extended ?

Mr Thorn. — (F) Firstly, I was not prepared for this supplementary question, which requires a fairly detailed reply. To my knowledge there are not very many bilateral agreements between China and the Member States of the Community, or at least as many as some may think.

Secondly, these agreements will not be extended, which does not, however, seem to present any problems.

Mr Dalyell. — May I say as a member of the Scottish Trade Delegation to China, and having had contact with the Chinese representation in Brussels, that one of the factors that makes them a little sad is that so few of us Europeans are learning the Chinese language even now ? May I ask the President-in-Office whether since so many talented children go to European schools, some thought should be given to making provision for the teaching of Chinese when a child's imitative linguistic ability is at its highest in these schools ? This is a matter which deserves serious

Dalyell

consideration, bearing in mind how seriously the Chinese take us.

Mr Thorn. — (F) I was afraid that the honourable Member was going to ask us to learn Chinese! I would only have agreed to do so on behalf of my successor! (Laughter) I do agree that we should all think about this question. I would point out to the honourable Member that Chinese is taught in many universities in the Community. However, in spite of my interest in the People's Republic of China, I feel that we should not further complicate the language problem which we already have in the community by introducing Chinese as a Community language.

(Laughter and applause)

President. — I call Question No 4 by Mr Fletcher :

Will the Council explain their rules governing the representation of Member States by civil servants, instead of by Ministers at meeting of the Council of Ministers ?

Mr Thorn, President-in-Office of the Council.— (F) The Council has already had occasion to state its position on the matter raised by the honourable Member when replying to the written question by Mr Broeksz :

The practice of the Council has always allowed the participation of senior officials in the discussions of the Council, and this is consistent with the Treaties. Article 150 of the EEC Treaty and the corresponding Articles in the other two Treaties, which authorize the delegation of the votes, imply that it is not necessary for all Member States to be represented by Members of the Council as these are defined in Article 2 of the Merger Treaty. The vote may be delegated to another Member of the Council.

The Council can do no more than confirm this position.

Mr Fletcher. — Would the President-in-Office confirm that representation of Member States by civil servants at Council meetings is not only undemocratic but leads to serious delays in the decision-making process and is therefore undesirable? It impedes the task of the Council, which is to make decisions. Unless Ministers are there to make these decisions, the job of the Council is nullified to that extent.

(Cries of 'Hear, hear' from certain quarters)

Mr Thorn. — (F) Gentlemen, I have spoken to you on various occasions of the problems involved in the functioning of the Council, which I should think do not differ in essence from the problems you are faced with in your own parliament. In this respect your Parliament admittedly has certain procedures which make it easier to form a quorum and to replace Members who are not available during plenary sittings and committee meetings. The Council has, to a lesser extent, the same difficulties, but it is much more diffi-

cult to conduct proceedings with a limited quorum than it is for you, as is borne out by this morning's attendance. We have recently taken a number of measures which are in line with what Mr Fletcher is advocating and have held meetings of Ministers in which the Ministers took part alone or with a very limited number of civil servants. The limited meetings often take place with Ministers, under-secretaries of State and two assistants.

These efforts can only be limited in scope, depending on the availability or non-availability of Ministers. Personally, I agree that the Ministers should always be present. Try to convince them of this by the national means at your disposal. It is a real headache for a President of the Council to have to start late and to have always to change the agenda because those who were absent at the beginning of the meeting want to speak in a debate at 4 p.m., for example, when the early arrivals are already leaving. All this is obviously not very productive for the work of the Council of Ministers.

But the President can do nothing to change it because his powers are extremely limited.

I agree with the honourable Member and think, like all of you, that in order to achieve efficiency and in the interest of the decisions to be taken by the Council this problem will have to be reviewed as a whole, account being taken of the fundamental requirement that the Ministers with the power of decision must be physically present.

(Applause from the European Conservative Group)

Mr Hamilton. — Is Mr Thorn aware that the British Ministers are not able to attend because of the bloody-mindedness of the party to which Mr Fletcher belongs, which is not allowing our Ministers to attend these meetings ?

(Protests from the European Conservative Group)

President. — I call Question No 5 put by Mr Cointat in his capacity as rapporteur for the Committee on Budgets; since Mr Cointat cannot attend, the chairman of this committee will deputize for him :

In its resolution of 5 April 1976,¹ the European Parliament called for the inclusion in the budget of appropriations for financial cooperation with Malta and reserved the right, should the Council object, to initiate the conciliation procedure; on 23 April 1976 the Council adopted a regulation on the financial protocol of the Association Agreement with Malta. Does the adoption of this regulation mean that the Council has accepted the principle that the appropriations for this and other financial cooperation agreements should be entered in the budget, since otherwise it should have informed Parliament so that the conciliation procedure could be opened ?

¹ OJ No C 100 of 3. 5. 1976, p. 8.

Mr Thorn, President in Office of the Council. — (F) The Agreement with Malta is one to which both the Community and the Member States are signatories.

The fact that the Council has adopted a Regulation (No 939/76 of 23 April 1976) concluding the agreement (this has not yet been notified to Malta as required by Article 2 of the said Regulation) does not affect the question of whether appropriations for financial cooperation with Malta should be entered in the Community budget or provided by national budgets.

The question of the entry in the budget of appropriations for financial cooperation with third countries will shortly be raised in the context of the interinstitutional dialogue on certain budget matters.

Mr Lange. — (D) Mr President of the Council, it would have been useful if you had informed Parliament of the steps you have already taken, since Parliament expressly demanded in its resolution of 26 April that these funds should be entered in the budget.

Is the Council therefore prepared to enter these funds and, if it cannot give an immediate answer, is it prepared to discuss this either in the tripartite talks to which you referred or under the conciliation procedure with the representatives of Parliament? I presume that the Council is also aware of our intentions regarding the inclusion in the budget of various funds from having read the text which Parliament submitted to the Council after having passed a resolution calling for greater truth and clarity in budgetary matters.

I would be grateful if in this context the Council could subscribe to Parliament's views and I await your reply, Mr President.

Mr Thorn. — (F) I am very well aware that the Council must consider it as its bounden duty to take a decision on this matter. I cannot inform you of what has not yet been discussed by the Council. It is impossible for me to give you information about a debate which has not taken place. I sincerely hope that it will take place, perhaps in July, and that if it does, my successor will then come and inform you of it. It is clear that we must take a decision of principle on Malta and the agreements with the Maghreb countries, for otherwise I cannot see how the national ratification procedures can be brought into operation. That is my reply to the main part of your question.

With regard to the problem of budget entries, it was taken up by the Council at the beginning of April, and I reported on it in this House on the very day after that meeting.

Parliament also knows that several Member States are requesting that, as was the case for the Lomé Convention, new financial commitments should be expressed in European units of account and no longer in the old budgetary units of account. It is a problem with which

you are familiar. And it is that which, at first sight, prevents entries in the budget.

However, the Commission has proposed a new feature: from 1978 all expenditure and income in the budget are to be expressed in European units of account. That is a solution which will make entries in the budget possible without insuperable technical difficulties.

It is on this assumption that we are continuing our work, which I feel has enjoyed some success recently. This allows us to hope that we shall at last find a solution of the sort advocated by your committee and approved, I think, by Parliament as a whole.

President. — I call Question No 6 by Mr Nolan, for whom Mr Yeats is deputizing:

As thousands of school-leavers and graduates are now about to make themselves available for employment, can the Council indicate any measures which have been adopted or action which will be taken by the Member States and the Community which will offer these young people an opportunity of finding suitable work?

Mr Thorn, President-in-Office of the Council. — (F) The need for young people to have access to employment and to the professions is among the constant concerns of the Council.

By its Decision of 22 July 1975, the Council authorized the Social Fund to take action to assist projects likely to promote the employment and geographical and occupational mobility of young people under the age of 25 who were unemployed or seeking employment. Priority was to be given to young people under the age of 25 seeking employment for the first time.

In addition, at its most recent meeting on 18 May 1976 the Standing Committee on Employment discussed the possibility of Community action being undertaken regarding the training of young people and in this context examined the outlines of a possible recommendation to the Member States.

It is now up to the Commission to submit formal proposals to the Council.

Furthermore, the Resolution of the Council and of the Ministers of Education meeting within the Council of 9 February 1976, comprising an action programme in the field of education, makes provision in paragraph 22 for the preparation of a priority report on the problems encountered by young people in their transition from study to working life.

Work is in progress on the implementation of this part of the Resolution, and ministerial discussion should be possible before the end of this year.

Mr Yeats. — Would the President of the Council not agree that in a number of Member States the position is causing extreme concern both to the young people who have little prospect of finding work and also to

Yeats

their parents? Would he agree, further, that the only practical matter that he has mentioned in his reply is the provision for young people made in the Social Fund last July? That was a futile and misleading gesture, in view of the fact that at the same time the Council made considerable cuts in the budget of the Social Fund as laid before it by the Commission.

Mr Thorn. — (*F*) On a purely Community level, the only instrument of action at our disposal is the Social Fund. In my reply to the main question I told you what had been said on this point; like you, I think that restrictions must not be applied to this particular matter. But I have the impression, from what I have been told, that at the level of the Ministers of Finance and Economic Affairs priority will be given to the problems you have just mentioned. I agree with you that this is far from satisfactory. What we need is either far greater scope for action or national policies which are more in line with each other. I hope that the Tripartite Conference to be held in Luxembourg next week will enable us to make considerable progress in this direction.

Mr Osborn. — Would the President of the Council see that this is on the agenda of the next meeting of the Ministers, as I believe that this summer the situation will be grave. Certainly that is the evidence I have from Sheffield and the South Yorkshire area, which is an intermediate area and not a development area as such, and it seems to be reiterated all over Europe. Is he aware that the position is graver this year than it has been for many years and is in need of urgent action?

Mr Thorn. — (*F*) I have really nothing to add; this is one of the aspects which will be dealt with in the debate to be held next week at the Tripartite Conference.

President. — Since they are on the same subject, I call together Question No 7 by Mr Albertsen:

What steps has the Council taken to ensure that the views of the small Member States are/were represented at the Caribbean summit meeting between the USA, Britain, West Germany, France, Italy and Japan?

and Question No 8 by Mr Berkhouwer:

What is the opinion of the Council on the new economic summit conference (second Rambouillet conference) convened by President Ford for the end of this month in Puerto Rico, to be attended on the European side only by the Federal Republic of Germany, the United Kingdom, France and Italy, without the European Community being represented in any way?

Mr Thorn, President-in-Office of the Council. — (*F*) Mr President, in calling these two questions together you have underestimated the Council's ability to split hairs: two separate answers have been prepared for me! ...

(*Laughter*)

Mr Berkhouwer. — (*F*) I hope they are not contradictory!

Mr Thorn. — (*F*) ... Not at first sight!

(*Laughter*)

In reply to Mr Albertsen, I shall first of all repeat that the Council — I mean the *Council* and not the nine Ministers — has so far not discussed the Puerto Rico Summit. Moreover, it is not a question of making sure that the small countries, themselves a part of the Community, are represented in Puerto Rico but that the Community as such is represented there. The four Member States at present invited will not be able to represent the Community and, as far as I know — at least that is what their Ministers said as recently as last Saturday — they have no desire to do so. Adding on a delegation from the small countries would not solve the problem but, on the contrary, would mean the recognition — which we want to avoid — of two categories of Member States by those very States which, for obvious reasons, have the least to gain from it. If there is any advantage to be obtained from the Community's being represented in Puerto Rico, and I am personally convinced that there is, it must be represented in matters which fall within its competence and in accordance with its own procedures.

I shall now reply to Mr Berkhouwer's question. The Council has not yet had an exchange of views on the meeting to which the President of the United States has invited leaders of some of the Western industrial powers.

As you know, the Foreign Ministers discussed this question at their 'informal' meeting last Saturday at Senningen in Luxembourg. Our exchange of views was frank, intensive, long and thorough and revealed very broad agreement — and some disagreements — on the need to hold prior consultations between Member States on such invitations in order to make sure that nothing is then done which might prejudice the positions which the Community as such may adopt, either within its own spheres of competence by virtue of the Treaties, or by virtue of decisions which, like those taken at the meeting of the European Council in Rome on the North-South dialogue, oblige the Member States to adopt a common position on certain questions. As you may know, Mr President, ladies and gentlemen, our associates are meeting in Luxembourg today in a final attempt to establish whether, in view of certain facts which I have judiciously brought to your attention, there is any way in which the Community can be represented as such at the Puerto Rico Summit.

Mr Albertsen. — (*DK*) It was stressed on another occasion that the President of the Council of Ministers is an excellent diplomat, and I must say that on this occasion he has shown that he possesses the qualities which make this an apt description. His answer was very much a diplomat's answer, i.e. an attempt to describe what has happened here in extremely cautious terms.

Albertsen

I should like to put a supplementary question in the light of this answer. I should be grateful if he would tell me whether the Council will consider as soon as possible the matter of conferences attended by individual Member States, at which Community interests are discussed, or whether they will adopt a position in principle.

When the President of the Council says that they have discussed the possibility of the Community's being represented when questions affecting the Treaties are under discussion, I get the impression, from what I know about these matters, that this means that such representation will apply throughout the entire conference convened by the American President, since, as is well known, all the subjects to be discussed involve the Community and its interests. The subjects include the economic situation, financial problems, questions of trade policy etc., all of which are matters which concern the EEC Treaty. It would, therefore, seem right to reject this method of working and to state here what principle is to be applied.

Mr Thorn. — (*F*) Gentlemen, as I have just told you, and as you are already aware, there has not been a Council meeting since the invitations were made, or rather since the accepted invitations were made public — since there is a slight difference in meaning and a difference in time. So what did we do?

At last Saturday's meeting in Senningen, we placed this item on the agenda which comprised consideration of European elections and the Tindemans report. I feel that this was a normal, logical measure in line with the wishes of Parliament, which has always called for an end to the 'schizophrenic' situation in which we meet sometimes as a conference on political cooperation and at other times as the Council, and also as nine individual Ministers. These nine Ministers who make up the Council were, for once, all present, which is not such a bad show. Your country was duly represented by two Ministers. Thus on this occasion we were able to have a really thorough exchange of views.

It is a question of knowing how the problems are to be tackled, how Community interests are to be protected by Community representation. On this occasion the nine Ministers stated that the Community authority extended only to questions covered by the Treaties. At one time, you will remember, certain leaders of our Member States pointed out at conferences such as those held at Rambouillet and Puerto Rico that no decisions were taken on such occasions, only 'pre-decisions', a new and rather odd term whose importance and implications I do not yet fully appreciate.

I do not know exactly what a 'pre-decision' is, but I have the impression that the Community would then

only be able to take 'post-decisions' (*Murmurs*), and that is what I want to avoid. This is why I believe that the Community should, even at the so-called 'pre-decision' stage, approach those problems which are a Community responsibility.

You are going a little too far in demanding that at conferences of this type, where problems which concern the Community directly or indirectly are discussed, the talking should be done not by the individual Member States, but by the Community as such.

I must tell you frankly that this view has even less chance of prevailing than the one which I am advocating, even if only because these informal conferences are often called by certain of the world's leaders who wish to have personal contacts and to exchange personal ideas for reasons which I shall not specify but which you can very well imagine.

Despite the high opinion which I may have of myself as President-in-Office of the Council, I fear — probably wrongly — that certain of the world's leaders are less interested in knowing my opinion than that of other leaders.

Mr Berkhouwer. — (*NL*) Does the President of the Council agree that it is completely contrary to the basic political principles of the Community to distinguish among the nine partners between large or supposedly large and small or supposedly small Member States, and what is the President of the Council, a Community institution, doing to ensure the presence of the European Economic Community as such at economic summit conferences such as the one called by President Ford as part of his election campaign?

Mr Thorn. — (*F*) I do not know why, after all I have just said, Mr Berkhouwer should see fit to make another criticism and to ask what the President of the Council can do. In some countries, one of which he knows rather well, it has even been said over the last two weeks that the President of the Council had done too much in this matter when reacting to the calling of this conference. That is why I would not like to dwell on the subject now. I have taken advantage of the first opportunity, and 'informal' meeting, to discuss this question for hours on end. We have now almost reached agreement, notably on the fact that in future, as far as Community problems are concerned, the Community is to be represented, and not the large or small countries. Then, to consolidate this fact and so that those directly concerned can come round to this way of thinking, we are asking for this point to be discussed at the next European Council.

Mr Berkhouwer, all I can do is, firstly, react spontaneously to the invitation at a personal level, while adding that I am the President-in-Office of the

Thorn

Council and that I am expressing my personal opinion ; secondly, ask the other eight Foreign Ministers to discuss it with me for a whole day ; thirdly, call a meeting of our immediate associates in Luxembourg in an attempt to reach agreement before Puerto Rico ; and fourthly, ask that this item should be placed on the agenda of the next European Council.

President. — At the request of the Council, I propose that all the questions on this subject be put first, after which Mr Thorn would give an overall reply to them, thereby saving us time.

Are there any objections ?

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, a joint reply to six questions would be an affront to the right of individual Members to put questions during Question Time.

I would ask you, Mr President, to ensure that the Members are treated equally by applying the guidelines for the conduct of Question Time, as laid down in our Rules of Procedure.

President. — In that case, put your question, Mr Fellermaier.

Mr Fellermaier. — (D) Mr President of the Council, if — and your replies indicate that this is likely to be so — neither the President of the Council nor even the Commission will be taking part in the Puerto Rico Summit, will this not strengthen the impression of a number of Member States that the Commission, as the guardian of the Treaties, is becoming more and more a secretariat and is no longer an institution of the Community ?

Mr Thorn. — (F) Yes, I fear so.

Mr Dalyell. — Considering the distinguished and constructive role of the central banks of the Benelux countries and their Governments, first in defence of the lira and secondly in defence of the pound, may I, as a member of one of the larger countries, say that any conference without their presence seems to me to be incomplete ?

Without setting any kind of Chinese puzzle to the President-in-Office, may I ask in the context of the Americans, what is the difference between a 'pre-decision' and a *fait accompli* ?

Mr Thorn. — (F) I have already replied on this point. I fail to see the difference and am still trying to find it.

(Laughter)

Mr van der Hek. — (NL) If the President-in-Office on the Council does not know the difference between

a 'pre-decision' and a *fait accompli*, how can he then now be working on a compromise proposal to enable the Community to take part somehow in the decision-making process ?

Mr Thorn. — (F) In my initial replies to Mr Albertsen and Mr Berkhouwer I thought I had made it clear that we should not arrange for the small States to be represented, since we do not want the large and small countries to be represented separately.

What we want is to have the Community represented as a whole.

I am certainly not looking for a compromise to allow the small countries to be represented. In Luxembourg today we are trying to come to an agreement whereby the Community is represented with regard to Community problems.

As for the 'pre-decisions' and decisions, I am not trying to reach any compromise.

Mr Patijn. — (NL) Does the President of the Council know whether the four Member States — the United Kingdom, France, Italy and the Federal Republic of Germany — stipulated, when accepting the invitation, that the Community should also be represented ?

Mr Thorn. — (F) To my knowledge, nothing was stipulated.

Mr Laban. — (NL) In view of what he said in reply to Mr Patijn's question, does not the President of the Council consider that we have been landed in this situation because of the fact that the four large Member States will be attending the summit conference without having had any consultation ? This meeting will be discussing important matters which concern the Community as a whole. The small Member States have not been invited, despite the fact that they contribute more than their fair share in investments and loans to enable Britain and Italy, in particular, to restore their economies and to stabilize their currencies.

Mr Thorn. — (F) The honourable Member will appreciate that I can answer only the first part of this speech. For the reasons he has just outlined, I think that the most important thing to come out of last Saturday's meeting in Luxembourg is the agreement of the nine Ministers that in future, if an invitation to a meeting of this sort is sent to a Member State of the Community by the Japanese authorities, by the President of the United States, etc., the country invited will consult the eight other Members of the Community before making any individual reply.

Sir Brandon Rhys Williams. — While the Community remains so deeply divided on economic and

Rhys Williams

monetary policy and practice, do we not have to recognize that it is inevitable that we should suffer humiliations of this kind?

Does not our weakness arise directly from the years of indecision by the Council of Ministers in working out an effective Community monetary pact and implementing the decision to set up a European Fund for Monetary Cooperation as an effective Community institution?

(Applause)

Mr Burgbacher. — *(D)* Mr President of the Council, do you perhaps agree with me that we ourselves are to blame for the treatment being received by our Community in Puerto Rico? A Community which is unable to *spea*k with one voice cannot expect to be *invited* as representing one voice. Is it not up to the Council and the countries involved to pave the way for 'the single voice of the Community' before we start complaining about an invitation which takes no account of the non-existent single voice?

(Applause)

Mr Thorn. — *(F)* I fully agree with you, Mr Burgbacher. To prevent this, we should work out common positions more and more quickly and more and more frequently. We should also see to it that such meetings do not make a common policy even more difficult. That is what must be avoided.

It is up to the Community and each one of us to behave in such a way that in future our friends realize that it is the Community which is to be invited, even though for certain problems they may invite some Members of our Community who are more especially concerned. I regret that our friends did not do this, but the first stone must not be cast at them, because if we had behaved otherwise, this idea would have come automatically to them.

Mr Terrenoire. — *(F)* Does the President of the Council not consider that these countries not invited to this conference should not be unduly worried, since, on the one hand, the Rambouillet conference produced no results and, on the other hand, it would seem that electioneering rather than economic considerations are behind this invitation?

Mr Thorn. — *(F)* I disagree with you on certain points, Mr Terrenoire, but I think that the small countries, and one in particular, will not suffer any disadvantage by not going to Puerto Rico. That is not the problem.

At Rambouillet, too, it was said that no decisions were to be taken. In the event, all the newspapers reported that two decisions had been taken, which subsequently were modestly termed 'pre-decisions'.

Later on, oaths were sworn by all that is holy that no one would ever attend meetings like that again.

Now a meeting has been organized and accepted with alacrity. We are told that there are special reasons for this, that no decisions are to be taken, or at the very most some 'pre-decisions', but that there are never to be any more of these after that.

My fear is not that certain Community countries are not being represented somewhere or other. If at such a conference Americans, Canadians, Japanese, French, British, Germans and Italians agreed on something, I would feel like saying 'What's good for them is probably good for my country too'. That is not the problem. What is worrying is that confidence in the Communities is being badly eroded. We have our Treaties. Are certain sectors covered by the Treaties? Does everyone respect the Treaties? Are decisions being taken by the nine countries or only by some? Are the problems which come under the Treaties of Rome and Paris going to be solved in Puerto Rico or Tokyo, or in Brussels or Luxembourg?

President. — We now turn to the questions to the Commission. I would ask the Commission representative responsible for the subject involved to answer these and any supplementary question.

I call Question No 9 by Mr Früh :

What steps does the Commission intend to take in the light of the proposal from the European Office of Adult Education of 19 March 1976 for the promotion of European courses for young workers and farmers at residential extension colleges and other residential adult education centres, and what timetable does it envisage for drawing up the corresponding proposal to the Council?

Mr Brunner, Member of the Commission. — *(D)* Mr President, at the end of May the Commission received a proposal from the European Office of Adult Education. This proposal is being examined. This is a subject which we have already discussed in Parliament as a result of a report by Mr Laban, namely, what can be done to propagate the European idea in the context of adult education.

In the context of funds for information purposes we have the Kreyssig Fund. If additional projects were to be financed out of this in order to support projects of this type, we would have to look into the possibility of extending this Fund.

Further, a memorandum on adult education is being prepared and will soon be forwarded to Parliament. Also, as part of the action programme of the Ministers of Education — although this programme relates mainly to different subjects —, we are currently examining what can be done to create additional opportunities in further education for young

Früh

employees, and we shall also be tabling a proposal on the subject in the Committee on Education.

Mr Früh. — (D) In view of the present situation in the Community — as the last question has shown, confidence is on the wane —, can we afford to spend a long time discussing whether we should not do something, whether existing funds should be extended, etc? Do you not also think it is asking rather too much of young employees and young farmers — people concerned with their training, profession and daily problems — to expect them to place in the correct context the difficult problems which Europe causes them?

Anyone who travels around to outside meetings cannot help noticing time and time again that in this period of recession young employees are suddenly less and less willing to accept freedom of movement, because they are afraid of losing their jobs; or that young farmers, when there are difficulties, look for those responsible and say the whole thing must be abolished.

I think therefore, that, without confining ourselves to what has been proposed by the European residential adult education centres, we should now lose no time in doing something for Europe by means of condensed information, so that the people for whom this Europe is to be built do not lose confidence.

It is impossible for them to get information from newspapers, headlines, etc.

How is a young person to be in favour of this Europe when he reads headlines such as: 'Europe's paymaster' and so on. That is not information. This means we have here a really important, decisive task, and I would be very grateful to you if we could make swifter progress in this direction; the money needed to do this would be — even if money is in short supply — without doubt the most profitably invested money, Mr Commissioner.

Mr Brunner. — (D) I agree with you that it is important that we should act in this matter and act quickly. But it must be borne in mind that then we would probably not manage with the funds at present earmarked for information. We will be very grateful for your support in making sure that these funds can be increased.

President. — I call Question No 10 by Mr Dondelinger:

Has the Commission discharged its responsibilities under Article 85 and 86 of the EEC Treaty by investigating the agreements made by oil companies in Marseilles and exposed by the deputy mayor of the town, Mr Gaston Deferre?

Mr Thomson, Member of the Commission. — The Commission has fulfilled its responsibilities under

Articles 85 and 86 of the Treaty on the basis of statements made in Marseilles by Mr Deferre. These are related to certain practices of a regional nature involving municipal markets in the region and were the subject of legal action commenced by the French judiciary at the beginning of 1973. Their essentially local character places them outside the criteria for the application of the Treaty of Rome.

Mr Dondelinger. — (F) You would think from Mr Thomson's explanations that the oil port of Marseilles is a minor port. But in the Community there are oil ports on a completely different scale. It would be interesting to know whether there are any agreements, official or semi-official, in force in these ports, or even agreements contrary to Articles 85 and 86 of the Treaty.

Has the Commission already concerned itself with this problem?

Mr Thomson, Member of the Commission. — The Commission is certainly concerned with the general problem of any distortion in trade between Member States in regard to oil. The honourable Member will recollect that there was a recent report on that. But this case is of a local and regional character and I believe that the French authorities have already in 43 separate cases taken action in such matters. The Commission's responsibilities lie in inter-State trade rather than in regional matters.

Mr Dalyell. — I am astonished. What is the criterion for something being essentially of a local nature?

Mr Thomson. — The criterion is whether the trade involved is between one Member State and another Member State of the Community. Where problems arise within a Member State it is for the national authorities of that State to deal with them.

Mr Lagorce. — (F) Mr Thompson answered that it was a local affair, hence subject to local jurisdiction. A French lawsuit has been brought, but we are told in fact that its progress has been impeded.

This being the case, does not the affair become European? Could the matter not be referred to the Court of Justice?

Mr Thomson. — No, sir. The Commission has given most careful consideration to this matter and in the Commission's considered judgment this is not a matter that falls within its obligations under Articles 85 or 86 of the Treaty. It is a matter for the national authorities of the Member State, and the national authorities have been taking action on these matters in a number of cases.

Mr Bordu. — (F) I would remind you that this question has already been the subject of a large number of speeches by our Group and by other colleagues and I should like to know when the report drawn up by the Commission is to be published and whether we ought not to insist that an enquiry should be held to inform all the Members of this House?

Mr Thomson. — The report to which I referred has been published. The Commission recently published its report on the activities of the oil companies. I refer the honourable Member to page 43 of that report, where the matter is dealt with.

Lord Bruce of Donington. — Will the Commissioner say to what extent the Commission carried out investigations—as distinct from purely legal inquiries to determine whether the affairs complained of could be dealt with in the manner that he suggests are within the strict ambit and strict wording of Articles 85 and 86 of the Treaty?

Mr Thomson. — The Commission's judgment is based on an inquiry made by the French national authorities' Technical Commission on Restrictive Practices and the Abuse of Dominant Positions! The Commission, having made use of the material of that inquiry, came to the conclusion that there was no obligation for further action on the part of the Commission. The Marseilles area has a large refining capacity and is responsible for about 25 % of the total refining capacity in France. The consumption in the Marseilles area is about 3 % of the total French consumption. There is therefore no question, on the basis of the facts, that the abuses complained about, which were dealt with within the national context, have any impact on inter-State Community trade, which is our responsibility.

President. — I call Question No 11 by Mr Spicer:

✓ What action does the Commission intend to take to ensure that EEC Directive 71/305¹ relating to the publication of public works contracts in the Official Journal is observed by all Member States?

Mr Gundelach, Member of the Commission. — All Member States, with the exception of Italy, have now made the necessary national provisions for implementing Directive No 71/305 on public works contracts, including what is stated in the Directive about time-limits and procedures to be followed in publicizing tenders in the Official Journal.

The Commission uses questionnaires to carry out on-the-spot checks and calls for reports on controls in the Member States to ascertain whether the type of contract which, under the conditions of the Directive, should be made available for European tendering is in fact made available.

We have created, together with the responsible officials in the Member States, a special body in which we can discuss these reports and any matters which are in doubt, and generally ensure that the procedures are followed.

With the exception of Italy—to which I shall refer in a moment—it appears from the reports which we are receiving, the main elements of which will be available to you in the course of our annual reports, that after some initial hesitation, and perhaps mistakes, the Directive is being satisfactorily applied. Indeed, a considerable number of contracts of considerable value are being offered for European tendering. We are therefore on the whole satisfied—as I am sure Members will be when they see our next reports—with the way the operation is going, including publication and tendering under this Directive.

The one sore spot is the fact that the implementing provisions have not been introduced in Italy. No means of persuasion which we have been able to exercise has achieved the necessary result. The Commission, under the Treaty, has had no option but to submit this matter to the European Court and insist that the European Court should oblige the Member State to fulfil its obligations under the Treaty.

Mr Spicer. — I wonder whether the Commissioner could clarify one point. He has made it clear that Italy is an exceptional case and that action is being taken in respect of Italy, but is he 100 % satisfied that the provisions of this directive are being fully observed by all Member States? It seems quite incredible to me that over the last three years 2536 advertisements have been placed from the United Kingdom, whereas in the case of Germany it has been 1500, and in the case of France 818. That takes into account also the fact that those advertisements were placed, in the case of France and Germany, over a period which was a year longer, dating from August 1972, whereas in the case of the United Kingdom they date from July 1973. I cannot believe that there is this discrepancy in the number of public work contracts that are out to tender. Will Mr Gundelach make quite certain that in future these advertisements are monitored thoroughly and that people are required to observe this directive?

Mr Gundelach. — I did not say that I was 100 % satisfied, I said that, leaving aside the case of Italy, the directive was being progressively more fully and more satisfactorily applied in the other Member States. We do not have complete and up-to-date statistics of the nature to which the honourable Member referred, but the statistics we do have seem to indicate that the imbalance which existed in the 1973 figures—which are the only complete figures we have which provide a comparison between certain Member States—has been substantially redressed in 1974 and 1975.

¹ OJ L 185 of 16. 8. 1971, p. 5.

Gundelach

I am not saying that everything is well under the sun. I am only saying that we are heading towards a more serious application and a fuller application of this directive in all Member States—again, for the moment leaving aside the question of Italy. As I told the honourable Member in the initial part of my statement, we are continually monitoring the application of this directive through constant meetings with officials responsible in each Member State for the tendering procedure in their countries. We are therefore able to step in whenever we are informed, from one source or another, that something does not seem to be working as foreseen in the directive.

Mr Dykes. — Since the Commissioner mentioned the referral of this matter to the European Court for its preliminary consideration, and since we all know that even a solemn, considered judgment of the European Court might not be enough to bring Italy into line, would the Commissioner add, at least in a provisional way, his views on the opinion of some people within the European Court that the ultimate sanction might be applied and that, therefore, a warning should now be given to any companies in Italy that accept contracts from public authorities and agencies that monies paid to them by those agencies may be at risk and liable to be repaid unless the Italian authorities have properly advertized these contracts in the Official Journal?

Mr Gundelach. — I assure the honourable Member that very serious warnings, including warnings of the nature to which he has referred, have already been made to Italy by the Commission.

Mr Broeksz. — (NL) I am glad that now, after my repeated insistence the question of Italy has been referred to the Court of Justice. I shall await the judgment. However, we will never completely set this matter right unless the Council at the same time accepts the Commission's proposal on supply contracts.

Does not the Commissioner agree that it is too easy to get round the judgment on the execution of public works contracts by saying that it is supply contracts which are mainly involved? Supply contracts do not, in fact, come under these regulations.

Mr Gundelach. — As you will undoubtedly be aware, there is another question addressed to me regarding the progress that is being made in the Council concerning the directive dealing with supplies. That question is to be asked by Mr Dykes.

Mr President, if you wish me to answer this question now in this context, I am willing to do so. However, if you wish me to answer the question at the appropriate moment in Question Time, I shall of course do so.

President. — We shall wait for the other question.

I call Question No 12 by Mr Kavanagh:

Can the Commission comment on the fact that although the First Action Programme for the Vocational Rehabilitation of Handicapped Persons, adopted by the Council in June 1974¹ represents Community policy, the present rules of the Social Fund do not permit the provision of financial support for activities which would be in keeping with the intentions of that programme?

Mr Hillery, Vice-President of the Commission. — The intention of the first Action Programme for the Vocational Rehabilitation of Handicapped Persons is to improve the available facilities for such rehabilitation.

At the same meeting at which this Programme was adopted, the Council, by Decision No 74/32/EEC, opened the operations of the European Social Fund in support of handicapped persons.

Whilst it is true that the Social Fund cannot provide the resources for the whole range of actions recommended in the Programme, it can contribute significantly towards improving the employment opportunities for handicapped workers.

Mr Kavanagh. — Would not the Commissioner agree that if the rules were altered, the Social Fund could be used in certain additional specific areas, such as to assist the capital cost of building new training centres and the exchange of staff for training purposes between rehabilitation centres that have been selected to create a Community network of the best training centres.

Would it not also be of considerable benefit to voluntary organizations if it were not necessary as a condition for Social Fund assistance to show expenditure from public funds, provided that their activities had full official support and were up to the required standards?

Mr Hillery. — It is true that the Social Fund could be changed to allow for a great improvement in its aid for this particular group of workers.

The review of the Social Fund is under way. All the matters mentioned by the honourable Member will be considered during the review.

Mrs Kellett-Bowman. — Would not the Commissioner accept that one of the most vital areas in which handicapped people can be helped is in the provision of sheltered workshops? Many of them can make a very good contribution if they are away from the stress of industrial life.

¹ Council Resolution of 27. 6. 1974 OJ C 80/74 of 9. 7. 1974, p. 30.

Kellett-Bowman

Is that not one way in which the Social Fund can very substantially help these people, who are particularly hard-hit in a time of high unemployment?

Mr Hillery. — The First Programme envisaged that handicapped people could be installed in the open economy. This Programme has been adopted. It is envisaged that there will be another programme for people whose working lives are confined to sheltered workshops. This, again, is in course of preparation in the services of the Commission and should be available soon.

Mr Normanton. — We welcome all measures proposed by the Commission which are aimed at helping citizens of the Community who genuinely stand in need of help, but would not the Commission agree that with the limited resources at its disposal, the real priority lies in discovering the cause of diseases and their cure?

Would the Commission, therefore, be prepared to give urgent attention to including in its budget for 1977 an item for research into such crippling diseases as multiple sclerosis and brain damage at birth?

Mr Hillery. — The Commission has already adopted as a priority the use of the best level of treatment and facilities. Information is already available in the Community, together with dissemination of the practices which are found to be most effective.

On reflection, I think that the honourable Member will see that that is the best use that can be made of the current limited resources.

Mr Yeats. — Would the Commission agree that for practical purposes any decision to extend the scope of the existing Social Fund must be related to a decision by the Council to increase the funds available to a realistic level?

Mr Hillery. — Yes. We live in hope that the Commission will budget for an increase in the size of the Social Fund. There has been an increase in the size of the Social Fund each year for the past three years. However, it is true that we could spend a great deal more money on many desirable projects.

President. — Since its author is absent, Question No 13 by Mr Krieg will be answered in writing.¹

I call Question No 14 by Mr de la Malène:

Has the Commission taken effective action to end the distortion of prices of spare parts for cars in the EEC countries?

Mr Thomson, Member of the Commission. — The Commission has employed a series of measures under the competition rules of the Rome Treaty to remove restrictions on competition with a view to preventing the differences in prices which occur in the motor vehicle markets of the various Community countries.

The most important measure has been the establishment by the Commission of general principles for distribution agreements in the motor vehicle sector. These principles appeared in the BMW decision of 15 December 1974. It is on these that the Commission has based its representations to motor vehicle manufacturers in the Common Market.

Mr de la Malène. — (*F*) To put my question more precisely, may I ask whether the Commission intends to do anything about harmonizing the taxes on spare parts.

Mr Thomson. — The Commission is certainly acting on these affairs.

I can tell Mr de la Malène that in the case of the French automobile manufacturers, where there have been arrangements between manufacturers on the rebates to be granted on the sale of spare parts, the Commission has sent a statement of objections to undertakings involved and is now studying the replies that have been received.

I should be happy to give further information to the House in due course about the result of that action by the Commission.

Mr Dalyell. — In reality, can the Commission, with the best will in the world, do very much at all about this problem, which affects millions of our people?

Is not the fact of the matter that garages throughout Western Europe indulge in a form of racket, putting up the prices, and that there is very little that any of us can do about it?

Mr Thomson. — The Commission certainly appreciates the importance of trying to do everything that is practicable about this matter. As so often happens in these cases, there are conflicting considerations to be borne in mind, each one of them important. There is the need that the honourable Member has emphasized to enable the ordinary motorist to get the benefit of spare parts at the cheapest price and not to be made the victim of various price arrangements. On the other hand, there is the need to ensure that the distribution arrangements in general take proper account of the need for safety.

Mr Osborn. — Whilst accepting Mr de la Malène's point, does not this apply to all products sold in the Common Market and not merely to spare parts for cars? Would the Commission recognize that this is a balance between consumer interest and competition?

We are now in a period of a buyer's market for automobile vehicles. Those companies and distributors who do not give service deserve the fate that is coming to them, that is, lack of trade.

¹ see Annex.

Mr Thomson. — There are the conflicting considerations that I have mentioned. As to the harmonization of taxes, that is a different question from that tabled in the Question Time document.

President. — I call Question No 15 by Lord Bethell :

✓ Will the Commission introduce proposals to enable the competent authorities of Member States to issue to any citizen of any Member State, free of charge, a photograph-carrying identity card of uniform colour and style which will enable the bearer to pass through any national frontier post of the Community without hindrance ?

Mr Gundelach, Member of the Commission. — A significant principle on which our Community is based is that of freedom of movement, not only of services, capital or productive resources or goods but also of citizens within the territory of our Community.

The Commission therefore obviously shares the motivation behind the question of the honourable Member. We have taken into account all four areas of freedom of movement to which I have referred, including that of our citizens. We have made a number of proposals and taken a number of actions in order to overcome the impediments and obstacles to these freedoms. We shall continue to do so in the future.

Following what I have been able to say to this House on previous occasions, we are accelerating our programmes in all four areas, including the freedom of movement of citizens.

It is important to bear in mind that what we have to attack is the fundamental problem of the controls and formalities which hinder freedom of movement, in this case, citizens across the borders. I do not think these difficulties have anything to do with the colour or nature of the identity papers themselves, be they passports or identity cards.

As honourable Members know, we are fully in favour of endeavours to establish a unified passport. The unified identity card referred to here is a more doubtful proposition, since some of our Member States do not have identity cards and for very good historical reasons do not want to have them. Be that as it may, the honourable Member is referring to a standard document. We are to discuss that in the context of a standard passport.

That is all well and good, but if the matter remains there, we standardize only the colour, size, type of photograph, cost of the paper itself and so on, without attacking the question of the rights which the bearer has in moving freely round our Community, we have made no significant progress. Therefore I would like to answer the honourable Member by saying that we shall make appropriate proposals within our legal competence but we shall concentrate not on the harmonization of documents but on the real obstacles, the administrative regulations which make the free movement of our citizens more difficult.

Lord Bethell. — Whilst thanking the Commissioner for sharing the motives behind my question I wonder whether he does not share my opinion that movement on this question has been far too slow and that it would have been possible to simplify or even to do away with control of the movement of citizens of Member States between Member States far earlier than this? Does he agree that the provision of uniform identity cards would be a simple and cheap way of making sure that citizens of Member States were identified and were able to move freely from country to country within the Community? Does he also consider that the provision of such a card of uniform size and colour, would have great symbolic significance and would indicate to all citizens of our Member States that they are members of the Community, are becoming closer and are enjoying the same rights of movement ?

Mr Gundelach. — I certainly agree with the honourable Member that progress in this field has far too often been too slow, as it has been in removing administrative obstacles in other areas to the free movement to which I have referred. I have spoken in the House on a number of occasions on this and I have been grateful for the support I have received here. In my reply there was a certain feeling of dismay that when at long last we begin seriously to discuss the motion of a unified passport, there is so much concern for standardizing the document itself, be it an identity card or a passport. However important that may be from a psychological point of view, the true significance lies in the rights which are attached to the holding of that document. I believe the honourable Member agrees, because that is the sense of his question.

What dismays me is that in discussion in the Council there has been a tendency to concentrate exclusively on harmonizing the document, its colour, the language to be used, which name is to be placed first and so on, and to leave aside the question of the rights which flow from the holding of that paper, which is in fact the question of how we facilitate movement. It is not enough to have such a document if it does not carry with it greater rights than those existing today.

Mr Dalyell. — Tomorrow Commissioner Gundelach will be a most welcome visitor in Glasgow to the Scottish Trades Union Congress and will be able to see something of the Scottish scene. Does he not find it odd that while we should be talking of easier movement of citizens and of a uniform passport, honourable Members such as Mrs Ewing and her friends want to land us with a separate Scottish passport ?

(Laughter)

Mr Gundelach. — I believe that I have answered that question, too. The kind of paper and its colour and who issues it are not important to me. What are important are the new rules to be applied all over the Community which will facilitate the movement of people just as we are discussing facilitating the movement of goods and services.

Mrs Ewing. — I knew from the mischievous look on the face of Mr Dalyell that he was about to ask that question. May I assure my colleagues that having a separate passport is of no particular importance and that I am fully in support of the author of the question. But I take the point that it would be better to have a unified passport rather than an identity card. When Scotland is independent we shall be very happy to have a unified European passport.

Mr Normanton. — Would not the Commissioner agree that the fundamental point raised by the question is the establishment of the criteria on citizenship of the Community and that until that is established the issue of an identity card is at best irrelevant and at worst dangerous, having regard to the particular difficulties being experienced by at least one Member State which is faced with an ongoing, continuing flood of immigrants into its territory?

Mr Gundelach. — I do not see any difference in substance between the views expressed by honourable Members. I have rested my case on the fact that while it may be important to consider the document itself and while there may be some advantage in having a standard passport, and a standard identity card, what are essential are the rights of movement of citizens of the Community.

We spoke about movement. That was only one aspect of the right of European citizenship. I do not think that the honourable Member has said anything on the general philosophy which is contrary to the main elements of my reply.

Lord Bessborough. — On the assumption that all Member States issued identity cards, would the Commissioner consider it feasible to make arrangements for Member States to recognize each other's identity cards? Does that arrangement already exist in some Member States which use identity cards?

Mr Gundelach. — Yes. We have had no difficulty there so far. Some of our Member States rely on passports. Others have identity cards which they also use as passports. We have found that the identity cards, where they exist, are accepted instead of passports when people travel to other European countries. No difficulty arises. Therefore I do not think that we should put too much emphasis on one type of identification or the other.

President. — Since its author is absent, Question No 16 by Miss Boothroyd will be answered in writing.¹

I call Question No 17 by Mr McDonald:

What steps are the Commission taking to ensure that the Regional Priorities, for the operations of the EIB, laid down in the Treaty of Rome, are adequately respected?

Mr Thomson, member of the Commission. — The European Investment Bank is an independent European body operating under the Treaty. An examination of its operations since its creation in 1958 to the end of last year shows that by far the most important part of its loans has gone to projects situated in the least privileged regions of the Community.

A representative of the Commission sits on the board of directors of the bank. To enhance the effectiveness of the liaison between the Commission and the bank, and to seek to ensure coherence with the Commission's policies in both the regions and sectors, the Commission instituted an *ad hoc* inter-services group charged with examining all the projects put before it by the bank, on which the Commission is asked to give an opinion under the bank's statutes.

Mr McDonald. — Is the Commission satisfied that the criteria used by the bank in assessing requests for finance are correct? Is it satisfied that the projects approved by the bank come from all sectors of the economy as laid down in Article 130 of the Rome Treaty? I accept that the bank has been forthcoming in issuing loans for many infrastructure developments in the regions, but I think that there has been a lack of acknowledgment. The ordinary public in my part of the Community are not aware that the European Investment Bank is one of the Community institutions. Therefore it is reasonable to expect that there should be a greater liaison between the bank and the Commission. Will that relationship improve in the immediate future?

Mr Thomson. — I am sure that both the bank and the Commission will pay attention to the points made by the former chairman of the Committee on Regional Policy and Transport.

The coming into existence of the regional development fund last year created a new situation in this area and underlines the necessity for ensuring that the liaison between the bank and the regional fund is close. I should like to see the bank and the regional fund working in a partnership on major projects.

I recently helped to inaugurate one of those projects, a vast new water scheme in the North of England, for

¹ See Annex

Thomson

which development capital is partly coming from the bank and partly by means of direct grant from the regional development fund. I think that we should ensure that our arrangements encourage more of that kind of operation.

Mrs Kellett-Bowman. — Is the Commissioner satisfied that all Member States make as full use of the facilities of the bank as they might? Is he further satisfied that the range of requests put forward by Member States is as wide as it might be?

Mr Thomson. — Speaking as the Commissioner for regional policy, I am never satisfied with anything. That is the only way to make progress in this area.

The bank does an excellent job. It must take into account criteria that are different from those of the Regional Fund. It must take into account the criterion of the creditworthiness of the applicant. The bank has more resources available than it has claims. It is important that those in the less privileged regions should be made aware of the facilities offered by the bank and should make the maximum use of them.

Mr Scott-Hopkins. — Does the Commissioner agree that the amount of money available through the Regional Fund is pathetically small compared with that available through the European Investment Bank? What does the Commissioner intend to do about that?

Mr Thomson. — The resources of the Fund are small when compared with the resources of the bank. The Fund has the advantage of making non-repayable grants. The bank makes repayable loans, even though, in terms of a number of Member States of the Community, its rates of interest are reasonably attractive.

President. — Since its author is absent, Question No 18 by Mr Evans will be answered in writing.¹

I call Question No 19 by Mr Rivierez :

Does the Commission intend to propose that the field of application of the Guarantee Section of the EAGGF should be extended to the French overseas departments in view of the fact that, although agriculture in these departments already suffers from numerous handicaps, only tobacco, pineapples and sugar benefit from the guarantee as against approximately 90 % of agricultural products in the metropolitan departments?

Mr Lardinois, Member of the Commission. — (NL) It is not at present our intention to extend the field of application of the Guarantee Section of the EAGGF automatically and without further discussion to the overseas departments; this is not provided for in the

regulations and might lead to speculation. If there is any need to include a particular product in the EAGGF, this can always be the subject of an *ad hoc* arrangement.

Mr Rivierez. — (F) Were there many requests for aid from the Guidance Section of the EAGGF in 1975 from the overseas departments?

If so, in what sectors?

Mr Lardinois. — (NL) I cannot at the moment quote any figures off the cuff.

I shall give the honourable Member a written answer to that question.

Mr Scott-Hopkins. — If the EAGGF guarantee were extended to the 90 % of agricultural products in the metropolitan departments, what would be the cost to the EAGGF?

Mr Lardinois. — As far as I can see, it makes no difference at all, because there are special arrangements, financed by the Community, for all products which are at all important for the overseas departments. I mention in this context tobacco, sugar and pineapples. It could also be applied for example to certain home-grown cereals, but until now there has hardly been any need for this.

President. — I call Question No 20 by Mr Shaw :

Would the Commission agree, in view of the answer¹ given to Written Question No. 402/75,

- a) that much remains to be done before the Community acts relating to the Common Agricultural Policy can be codified and indexed in a fully satisfactory manner, and
- b) that there is a danger that such Community acts may not be uniformly applied throughout the Community if, at the present moment, it proves difficult 'to count "manually" all Community acts in the field of agricultural as requested'?

Mr Lardinois, Member of the Commission. — (NL) I agree with the honourable Member that a lot of work remains to be done before the current codification programme is completed. In the sectors already codified the number of regulations has been reduced by about 75 %. But we cannot agree with the Member's conclusion that the Community regulations are not uniformly applied throughout the Community. I think that I can reassure Mr Shaw on this point.

Mr Shaw. — It seems that there is a great number of Community Acts from which the authority to spend money flows in relation to agriculture. Would the Commissioner confirm my fear that large sums are being spent either with the authority of the Council

¹ See Annex

¹ OJ C 99 of 3. 5. 1976

Shaw

but without involving Parliament, or following an opinion given by a management committee but again without involving this Parliament? I am not asking for detailed information on every single item. That would be quite impracticable. But I would be glad if the Commissioner would agree with me that we should know something of the size of the global sums spent in this way.

Mr Lardinois. — (NL) Any basic regulation which actually lays down what may or may not be financed and any amendment to a basic regulation must be submitted to Parliament for an opinion before it can come into effect. However, the right to implement a number of provisions is retained by the Council or the Commission.

In the case under consideration this is the task of the Commission, in collaboration with the so-called Management Committees. However, this only refers to the implementation of the basic regulations. Parliament is informed of this.

Lord Bruce of Donington. — I am a little baffled by the reply to the question asked by my colleague, Mr Shaw. Is this House to understand from the Commissioner's reply and the answer which he gave earlier to the written question to which my colleague referred, that the Commission does not know how many regulations it has and that it is incapable of counting them? Many of us have had the impression for some time that there is a cascade of regulations issuing from the Commission almost exceeding in height the milk powder mountain which has accumulated. It does not indicate a very satisfactory state of affairs if these cannot be traced and counted.

Mr Lardinois. — (NL) In order to remove the false impression which Lord Bruce clearly has, I should like to say that it is not a question of how many regulations there are in the agricultural sector. The question is how they are divided into different categories.

Because this field is not suitable for computer processing, it is in fact a tremendous task for the existing staff to find this out.

The honourable Member must appreciate that this is a Community system. We can do nothing without basing our action on a regulation. The day-to-day adjustment of levies, as laid down in the regulations, requires a new implementing provision each time. We are concerned here with implementing provisions. In other countries, this is not done by means of regulations, since the system there is based on a different sort of law. But we have no other way of going about it, and so new implementing provisions must be made every day.

President. — I call Question No 21 by Mr Dalyell:

Would the Commission state whether the figure for BFrs 700 000 quoted in the reply to Written Question No 57/76 includes the cost of the *avion-taxis* and the cost of attendance of Members of the Commission at sessions of the European Parliament at Strasbourg and Luxembourg?

Mr Ortoli, President of the Commission. — (F) No.

Mr Dalyell. — The reply is No! I hoped to be able to say that there would be a forthcoming reply, because I do not doubt for one moment that the President is entirely honourable. His honour is not at stake. But, of course, a forthcoming and full answer in the first place would have meant that the incident which was described last month in the French Press as *peu diplomatique* would never have taken place.

Does the President realize that there are very real problems for a peripatetic Parliament and that if there had been better access to this beautiful and hospitable city of Strasbourg from London—and the same goes for Copenhagen; our Danish friends have terrible problems—he would have had the support in the lobbies in 20 minutes time of my right honourable friend Michael Stewart and at least nine out of 10 of the British Labour Members of the House of Commons? Perhaps this Strasbourg access problem today is his loss as much as ours!

Mr Ortoli. — (F) Mr President, I did not think I would arouse such feelings in the honourable Member! I think the rule is to answer the questions. I was asked if a reply which we have given included certain costs, and my answer is no. If there are any supplementary questions, I did not say that I would not reply to these.

Sir Brandon Rhys Williams. — Does the Commission not state plainly that the Council, the Commission and the Parliament should all meet in the same place? Arrangements must be put in hand at once.

Mr Ortoli. — (F) There are rules for this game. Of course, we can go on having questions and answers for two hours, but to give a precise reply I shall add that the average cost of the *avions-taxis* to Strasbourg — they are not used for Luxembourg — is about BFrs 400 000 per part-session.

President. — Since their authors are absent, Questions No 22 by Mr Gibbons, No 23 by Mr Lenihan and No 24 by Mr Herbert will be answered in writing.¹

¹ See Annex

President

I call Question No 25 by Mr Nyborg :

Has the Commission done or contemplated doing anything to combat the pollution caused by routine oil discharges from oil rigs, which is harmful to marine life? (UN experts estimate that these discharges account for close on 7 million tons of oil a year).

Mr Hillery, vice president of the Commission. — As regards marine pollution resulting from the exploration and exploitation of the sea bed, the Community participates in the work conducted under the Paris Convention for the prevention of marine pollution from land-based sources in the North-East Atlantic.

A special working party has been set up to plan the measures to be taken in respect of pollution resulting from drilling rigs. A report by the United States National Academy of Sciences estimates that 60 million tonnes of hydrocarbons are discharged into the sea every year including 80 000 tonnes from oil rigs.

The Community also takes part as an observer in the work following up the London Conference of 1973/75 on the problems of safety and prevention of pollution during the prospecting for, and production of, marine mineral resources in North-Western Europe. One of the working parties deals with the problems of civil liability in respect of that type of pollution.

Finally, the Commission is attentively following the work on the subject conducted during the Third Law of the Sea Conference.

Mr Nyborg. — (DK) You must allow me to point out, that, according to my information, the UN experts estimate that not six but seven million tonnes per year are discharged into the sea, and this is more or less equivalent to Norway's total annual oil consumption. This means then that the quantities involved are considerable and I should like to ask the Commission whether it agrees with me that the economic and marine-biological implications of this problem are so great that they require swift and effective action. As I said, this is an extremely complex matter which involves not only the value of the oil discharged, but to an equal extent the life which is destroyed as a result of this constant discharge of oil into the sea.

Mr Hillery. — The figures are disturbing and the problem is very complex, and its very complexity makes a quick solution either difficult or impossible. However, the Commission is in agreement with the honourable Member as to the urgency of dealing with the problem.

Mr Fletcher. — Is it not a fact that oil tankers and the shipments of oil round the world, cause much more pollution than the oil rigs themselves? Any

examination that the Commission is making of oil pollution in the seas of the world generally, and particularly round our coasts, should include the greater hazard of oil tankers and oil shipments in addition to assessing the damage caused by oil rigs.

Mr Hillery. — As far as I know, this is included in the examination by the Commission and in international bodies dealing with this subject.

Mr Jahn. — (D) What means are there of making the drilling firms or companies directly liable so that, where drilling is being carried out, whoever discharges oil into the water can also be immediately called upon to remove the oil or be made liable for damages?

Mr Hillery. — The tendency of the debate so far is to attribute the responsibility for pollution arising from exploitation of the sea bed as if it were coming from the adjoining territory and as if the work were being done from the land.

I mentioned individual responsibility in my first reply to the question. One of the working parties is dealing with the problems of civil liability involved in this type of pollution.

President. — I call Question No 26 by Mr Dykes :

What state of development has the draft directive on public purchasing policy and public supply contracts reached before final submission to the Council of Ministers?

Mr Gundelach will reply at the same time to the question raised by Mr Broeksza a short time ago.

Mr Gundelach, Member of the Commission. — The Commission submitted an amended proposal to the Council for a Council directive on coordination of procedures for the award of public supply contracts at the beginning of 1973, having gone through the motions with the European Parliament, the Committee on Economic and Monetary Affairs, the Committee on Social Affairs, Employment and Education and so forth. More than three years have passed since that amended up-dated proposal was made. The delay of the Council in dealing with this extremely important proposal from an economic point of view is, to put it diplomatically, very regrettable.

A Herculean effort is being made by the present Presidency and the Commission to break this deadlock. Not inconsiderable progress has been made over the last month. For the first time in more than three years there is now a real hope that this directive may be adopted in the fairly near future. I say this with my fingers still crossed, knowing what may happen in the Council. However, I think it is fair to say that there is a real prospect this time that at long last the directive will be adopted.

Gundelach

Mr Dykes. — Will the Commissioner accept my thanks for his answer and, I am sure, the sympathy of the European Parliament that the Council has taken so long to respond. We share the Commissioner's hope that urgency will now be attached to this matter by the Council of Ministers.

Is the Commissioner able to say whether the directive will include substantially stronger measures for monitoring? Does the Commissioner agree that it would be a good idea if the provision for monitoring these public contracts were to include a provision that each national Parliament, too, would have an annual debate on the subject, bearing in mind that the scrutiny and surveillance procedures in some of the national Parliaments are virtually non-existent?

Mr Gundelach. — No-one doubts the importance of monitoring or of being able to follow whether either this directive or the directive we discussed earlier in the morning is being applied sufficiently close to the rules.

In this directive we are trying to introduce the most far-reaching control and supervisory measures possible, including reporting to Parliament, which will allow Parliament to debate the matter.

As for information going to national Parliaments, I doubt whether it is within our legal powers to insist that that takes place. However, on the substance of the matter, I agree with the honourable Member that it would be beneficial for such surveillance by national parliaments to take place in all Member States.

Mr Spicer. — Could the Commissioner carry that answer a little further forward and refer again, looking backwards, to the point he made about referring to the Court of Justice the case of Italy and non-compliance in those terms?

What is the estimated time factor, particularly if this new directive goes through the Council? How long would it take for a submission to the Court of Justice to be upheld by that Court and to become law?

In other words, how much pressure can we put upon a Member State that is in default in these terms and how quickly could that pressure be put on should the Commission decide that it is necessary to take that action?

Mr Gundelach. — We naturally are not masters over the procedures of the European Court. I am informed, however, that the proceedings of the Court will take place in the fairly near future. Therefore, in regard to this problem, we should soon be able to move towards determining the position concerning the application of the first directive in the case of Italy.

I consider it to be of great importance for the rapid implementation of the new directive that this question be got out of the way in time.

Mr Broeks. — (NL) The Commissioner will understand that, as Parliament's rapporteur on supply contracts, I am especially pleased with this statement. I should just like to have an answer to my question as to whether he agrees with me that until the directive on supply contracts is adopted by the Council, the execution of public works will be considerably held up, since it is indeed possible, through supply contracts, to get round the directive on the execution of public works.

Mr Gundelach. — I would not go so far as to say that the non-adoption of the supply directive has held up the implementation of the public works directives.

As I said earlier, it has made significant progress. However, I agree with Mr Broeks that the picture is not complete and that there will always be some delays and some braking factors in the application of the public works directives until such time — and I hope that will be very soon — as the supply directive has been adopted.

We shall not have achieved our goal until both directives are adopted and sufficiently well implemented.

President. — I call Question No 27 by Mr Liogier :

Given the over-production of peaches in the Community, does the Commission intend to give a favourable reply to the French request to withhold small peaches from the market, and does it intend to reintroduce compensatory amounts for fruit and vegetables, given that the absence of these amounts is at present creating severe distortions of competition, notably between France and Italy?

Mr Lardinois, Member of the Commission. — (NL) My reply to the first question is that on certain fixed dates it is forbidden to put certain varieties of small peaches on the market.

The answer to the second question is that there is no intention of extending the field of application of compensatory amounts to the market in fruit and vegetables. It is the Commission's intention to cut down on these wherever possible.

Mr Liogier. — (F) In the present circumstances, with the upward market trend being reversed, does the Commission not consider that urgent measures are needed, particularly at Community frontiers, to ensure that reference prices are adhered to so that one or other European country does not obtain supplies from outside the Community in contravention of our regulations and to the detriment of fruit and vegetable producers in the Member States?

Mr Lardinois. — (NL) I maintain that this is not necessary, since we consider that the system of reference prices in the fruit and vegetables sector is operating satisfactorily.

Mr Frehsee. — (D) Will the Commission not ensure that, if there is any surplus, the consumers will at last get the benefit of such cheaper peaches, or is it already planning to do the same as happened with the apples, of which I am told 700 000 tonnes were withdrawn from the market instead of being sold at low prices to the consumers?

(Applause)

Mr Lardinois. — (NL) This year we can expect such a large crop of peaches that it will be possible to supply the consumers at a lower price than last year.

President. — Question Time is closed. I thank the representatives of the Council and the Commission for their statements.

3. *Tabling of a motion for a resolution, decision on urgency and inclusion in the agenda*

President. — I have received from Mr Fellermaier on behalf of the Socialist Group, Mr Bertrand on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Allies Group and Sir Peter Kirk on behalf of the European Conservative Group a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the election of the European Parliament by direct universal suffrage.

This motion for a resolution has been distributed as Doc. No 174/76.

It is understood that if Parliament decides to adopt urgent procedure, the motion for a resolution will be placed on today's agenda under this item set aside for a debate on this subject.

I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed.

4. *Motion of censure (vote)*

President. — The next item is the vote on the motion of censure on the Commission of the European Communities tabled by Sir Peter Kirk on behalf of the European Conservative Group (Doc. 109/76).

Under Rule 21 of the Rules of Procedure, voting must be by roll call.

Pursuant to Article 144 of the EEC Treaty, the motion of censure can be adopted only if it secures a two-thirds majority on the votes cast representing a majority of the Members of Parliament, i.e. at least 100 votes in favour.

The name of the Member with whom the roll call will begin will be drawn by lot.

The roll call will begin with Mr Nyborg.

(Laughter)

I ask the Secretary-General to call the roll. Members are asked to reply by: *for*, *against* or *abstention*.

(The roll call was taken)

The following voted in favour:

Lord Bessborough, Lord Bethell, Mr Dykes, Mrs Ewing, Mr Fletcher, Mr Howell, Mr Jakobsen, Mrs Kellett-Bowman, Sir Peter Kirk, Mr Normanton, Mr Osborn, Lord Reay, Sir Brandon Rhys Williams, Lord St. Oswald, Mr Scott-Hopkins, Mr Shaw, Mr Spicer and Sir Derek Walker-Smith.

The following voted against:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Albers, Mr Albertsen, Lord Ardwick, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Bayerl, Mr Behrendt, Mr Berkhouwer, Mr Bermani, Mr Bersani, Mr Alfred Bertrand, Mr Pierre Bertrand, Mr Blumenfeld, Mr Boano, Mr Bourdelles, Mr Broeksz, Lord Bruce, Mr Burgbacher, Mr Caillavet, Mr Calewaert, Mr Caro, Mr Carpentier, Lord Castle, Mr Clerfayt, Mr Concas, Mr Corona, Mr Corterier, Mr Creed, Mr Dalyell, Mr De Clercq, Mr De Keerskmaecker, Mr Delmotte, Mr Deschamps, Mr Dondelinger, Mr Durieux, Mr Espersen, Mr Fellermaier, Lady Fisher, Mr Frehsee, Mr Früh, Mr Gerlach, Mr Geurtsen, Mr Giraud, Mr Giraud, Lord Gladwyn, Mr Glinne, Lord Gordon Walker, Mr Guerlin, Mr Guldberg, Mr Haase, Mr Hamilton, Mr Hansen, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Jahn, Mr Kaspereit, Mr Kavanagh, Mr Klepsch, Mr Kofeod, Mr De Koning, Mr Krall, Mr Krieg, Mrs Kruchow, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Lenihan, Mr Liogier, Mr Lückner, Mr McDonald, Mr de la Malène, Mr Meintz, Mr Memmel, Mr Mitterdorfer, Mr Willi Muller, Mr Emile Muller, Mr Mursch, Mr Ney, Mr Brøndlund Nielsen, Mr Knud Nielsen, Mr Nyborg, Mr Patijn, Mr Radoux, Mr Rivierez, Mr Rizzi, Mr Romualdi, Mr Rosati, Mr Schmidt, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Seefeld, Mr Suck, Mr Terrenoire, Mr Vandewiele, Mr Vernaschi, Mr Walkhoff, Lord Walston, Mrs Wälz, Mr Yeats and the President

The following abstained:

Mr Fabbrini, Mr Hartog, Mr Leonardi, Mr Maigaard

Does anyone else wish to vote?

The ballot is closed.

Here is the result of the vote:

Number of Members voting: 131

Abstentions: 4

Votes cast: 127

For: 18

Against: 109

Since the double majority required has not been obtained, the motion of censure is rejected.

Pursuant to Rule 21 of the Rules of Procedure, I shall notify the President of the Commission and the President of the Council of the result of the vote.

5. *Restoration of the market equilibrium in the milk sector*

President. — The next item is the motion for a resolution, tabled by the Socialist Group, on the restoration of the market equilibrium in the milk sector (Doc. 163/76).

I call Mr De Koning for a procedural motion.

Mr De Koning. — (NL) Mr President, I propose on behalf of my Group that the debate on this motion for a resolution by the Socialist Group should not take place now, but that the motion for a resolution be referred to the Committee on Agriculture. I have two reasons for this request.

Firstly, my Group wishes to avoid a repetition of the debate which we held yesterday. Secondly, my Group considers that we shall have a better opportunity to discuss the Community's milk policy when we come to debate the opinion which we must deliver on the Commission's proposals for amending the milk policy, proposals which we can expect shortly.

I think that referring this motion for a resolution to the Committee on Agriculture will enable us to deal better with the items on the agenda and will increase the efficiency of Parliament's proceedings.

(Applause)

President. — I call Mr Fellermaier to speak against this proposal.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, Parliament decided yesterday, in accordance with Rule 14 of the Rules of Procedure, to place the urgent debate on the motion for a resolution on the situation in the milk sector, tabled by the Socialist Group, on the agenda immediately after the vote on the motion of censure.

On today's printed agenda — and therefore approved by Parliament — the next item is this debate. And this cannot be reversed, Mr De Koning, by invoking the provisions of Rule 32. According to the Rules of Procedure, your request cannot be dealt with until the proposer has moved his proposal. If you decided to adopt urgent procedure yesterday, it must at least be possible to move the resolution today. During the debate if can of course be referred back under the Rules of Procedure; but you cannot refer something back before we have had the opportunity in this House of explaining our reasons.

(Applause — protests)

Ladies and gentlemen, I can well understand why the Conservatives are protesting loudly, since they have suffered an ignominious political defeat in this House,

(Applause — cries) and so I understand the laughter of these gentlemen, who have made fools of themselves during these two days!

But, ladies and gentlemen, if you do not want to hold a debate here and now, why did you agree to adopt urgent procedure yesterday? Mr De Koning's arguments did not simply materialize overnight, and they should therefore have been stated yesterday. Yesterday Parliament decided to adopt urgent procedure, and that is why we insist that we should at least be allowed to move our own resolution and put forward the reasons for it. Then you can apply Rule 32, but not before.

(Mixed reactions)

President. — Ladies and gentlemen, let us not start a procedural debate! Since we have already heard one speaker against the proposal, I call Mr Bertrand to speak in favour of it.

Mr Alfred Bertrand. — (NL) Mr President, I should just like to state the opposite of what Mr Fellermaier has said. Rule 32 of the Rules of Procedure is very clearly worded. Paragraph 1 states:

A representative who asks leave to speak for a procedural motion, in particular:

- b) to move reference to committee;
 - c) to move the closure of a debate;
- shall have a prior right to do so.

The second paragraph of Rule 32 states:

The above matters shall take precedence over the main question, the discussion of which shall be suspended while they are being considered.

I ask you, Mr President, to apply Rule 32 of the Rules of Procedure and to allow Parliament to discuss the request that this motion for a resolution be referred to the Committee on Agriculture.

President. — I put to the vote the request for reference to committee. The proposal is adopted.

(Applause from the right)

I call Mr Laban on a point of order.

Mr Laban. — (NL) Mr President, as good democrats we have to accept a decision taken by Parliament. As far as I know, however, it has never happened in all the time that I have been a Member of this Parliament that a decision has been taken to adopt urgent procedure, only to be followed by the authors of the motion being silenced. We have never taken part in this sort of thing and we shall not do so now. It is a completely undemocratic procedure.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, on behalf of my Group I request that, before we continue with the agenda at 3 p.m., the Committee on the Rules of Procedure and Petitions be convened for a special meeting. My Group considers that the Rules of Procedure have been wrongly applied. We should like this Committee to examine the practical and legal aspects of this matter.

(Applause from the left, protests from the right)

President. — I call Mr Fletcher.

Mr Fletcher. — I should like to support the Rules of Procedure because there is no urgency in the matter now presented by the Socialist Group. The urgency was in the motion of censure. These honourable Members are paper tigers, trying to make this a paper Parliament rather than a place with real teeth and real authority. Therefore, I support your ruling, Mr President.

(Mixed reactions)

President. — Ladies and gentlemen, let us remain calm. As President, I cannot pass judgment on Parliament's behaviour. I confine myself to noting what it was within its rights in doing.

(Mixed reactions)

The proceedings will now be suspended until 4 p.m. The House will rise.

(The sitting was suspended at 12.30 p.m. and resumed at 4 p.m.)

IN THE CHAIR : LORD BESSBOROUGH

(Vice-President)

6. Tabling of two motions for resolutions

President. — I have received two motions for resolutions, with request for urgent procedure pursuant to Rule 14 of the Rules of Procedure :

- motion for a resolution, tabled by Mr Liogier on behalf of the Group of European Progressive Democrats, on measures to be taken to alleviate the effects of the drought; and
- motion for a resolution, tabled by Mr Alfred Bertrand on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Allies Group and Sir Peter Kirk on behalf of the European Conservative Group, on the Summit Conference to be held in Puerto Rico.

These two documents have been printed and distributed under the numbers 175/76 and 176/76 respectively.

I call Mr Cousté.

Mr Cousté. — (F) Mr President, thank you for announcing our motion for a resolution, tabled on

behalf of our Group by Mr Liogier. You are aware that the measures to be taken to alleviate the effects of the drought are really urgent. We have already had an opportunity to speak about them, and I urge Parliament to support us in our motion for a resolution, so that it can be discussed as soon as the agenda permits.

President. — I shall consult Parliament on these requests for urgent procedure immediately after the debate on direct elections.

7. Direct election of Parliament by universal suffrage

President. — The next item is the motion for a resolution tabled by Mr Fellermaier, on behalf of the Socialist Group, Mr Bertrand, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Allies Group, and Sir Peter Kirk, on behalf of the European Conservative Group, on the election of the European Parliament by direct universal suffrage (Doc. 174/76).

I call Mr Bertrand to speak on a point of order.

Mr A. Bertrand. — (NL) Mr President, I note that neither the Commission nor the Council has a representative present. We can hardly start this debate in the absence of the Commission and Council. I would therefore ask you, Mr President, to suspend the proceedings for a few minutes.

President. — I agree, Mr Bertrand.

The proceedings will now be suspended for a few minutes.

The House will rise.

(The proceedings were suspended at 4.05 p.m. and resumed at 4.15 p.m.)

President. — The sitting is resumed.

I call Mr Patijn to speak on behalf of the Socialist Group.

Mr Patijn. — (NL) Mr President, I should like to say first of all that the idea of tabling a draft resolution on the European elections came from Mr Bertrand. I am grateful to him for having done this on behalf of his Group, and my Group subscribed fully to the idea of pressing for a brief debate on this subject.

We must take care not to indulge in repetition, since we have already had short debates on the European elections at several of our part-sessions. The attitudes are well-known; the situation is quite clear in that respect. Nevertheless, I believe that the present motion for a resolution does contain one new factor of importance. More about that in a moment.

Patijn

Let me first of all give my view of the position. We see the Council gradually getting nearer to a solution month by month. The screw is being turned tighter, and in due course I suppose something will be forced out. However, the Council certainly is taking an inordinate length of time over the whole thing, and it will probably need a lot more to reach any decision on the one point still open — the distribution of the seats. Let me say once again that agreement has already been reached on all other points relating to the European elections. The text of the Council's draft decision is ready — except for the one point of seat distribution.

I regard it as essential that a decision should now finally be reached in view of what is happening. The Council meets month after month to consider the question of the distribution of seats, and each time a new proposal is put forward or another is rejected, but at first sight there does not appear to be any progress towards a solution. And so the moment when one can say 'this is it' is slipping away.

I think — and I should like to stress this on behalf of my Group — that the last opportunity will be the Conference of Heads of State and Government on 12 and 13 July. If, after that, we continue quibbling and moaning on about this question right through the summer until September or October, it is extremely doubtful whether direct elections can be held in May 1978. If a decision on European elections is reached in a month's time, we have two years to prepare for them. I think that would be sufficient. However, if we take four more months to reach a decision, the May 1978 deadline will undoubtedly be endangered. A decision must therefore be reached now, and that means that it must be reached in the European Council on 12 and 13 July.

There is another very important point I should like to stress. The intention of paragraph 3 of our motion for a resolution — and my Group is in full agreement with this — is to call a spade a spade. You are aware that there are various proposals going around. First of all, there is our own proposal for 355 Members. Then there is the French proposal to retain the present figure of 198 Members and — we may as well speak openly, since these are not secrets and they have already appeared in various newspapers — a Belgian proposal for 401 seats and a Luxembourg proposal for 366 seats.

I think it is immaterial to Parliament which proposal we accept, as long as the number of seats is between 350 and 400. My Belgian colleagues should not misunderstand me — 401 seats is the same as 400 seats as far as I am concerned, and we must not quibble about that. We must not say that, if the number of seats should be between 350 and 400, the Belgian proposal is thus out of the question. Of course it isn't. All I want is to give a rough indication of the figure.

What are we saying with this resolution? We are saying that we reject President Giscard d'Estaing's proposal. That is the crux of the matter. The intention is to make it clear that the proposal to leave things as they are — i.e. to keep the number of seats at 198 — is out of the question as far as we are concerned.

Are we saying anything new in this June part-session of the European Parliament? No, Mr President. Our proposal to increase the number of seats to 355 was submitted as early as January 1975. We have stuck to this proposal and we shall continue to stick to it. We have, however, stated that our position is flexible as regards other proposals involving a number of seats of the same order of magnitude as the number we have proposed. In paragraph 3 of the motion for a resolution we again make it clear that we reject the completely different proposal put forward by President Giscard d'Estaing.

It has been proposed that a 198-seat Parliament should be elected for the first time only, and that the number of seats can be increased when new elections are held in 1983. But surely we are not supposed to believe this! I for one simply do not.

Just imagine that we decided to keep the number of seats at 198 and that we start amending the electoral laws in the nine Member States accordingly. Let me take the United Kingdom as an example. New constituencies are going to be formed in Britain for 36 Members — and then five years later completely different constituencies would again have to be formed for a different number of Members. No sane person believes that this is in fact going to happen. If it is decided to keep to the number of seats in the European Parliament at 198 for the 1978 elections, this is going to be the number for ever. I won't say 'for all eternity' — that's another matter. However, this number would certainly remain the same for a very long time. Once we fix the number at 198, we shall have to put up with it for a very long time.

As far as the number itself is concerned, we must realize that it is much too small for Parliament's activities and for organizing meaningful elections. A figure of 350 is the minimum in this respect. We have quoted an upper limit of 400, but a figure of 401 or 402 or any other proposal involving a comparable number of seats is all the same to us. We must not be childish in such matters.

Mr President, if no decision is reached by this summer on the European elections, the elections in May or June of 1978 will be in jeopardy. I must impress this upon the President of the Council, Mr Thorn. I feel it really is a pity for him — after all he has done — that he now has to relinquish the Presidency to his Dutch colleague, under whom this point is to be discussed on 12 July. I am grateful to Mr Thorn for all the work he has done. His proposal shows that he wants to proceed in the same direction as we do.

Patijn

The latest possible date a decision can be reached is 12 or 13 July, and under no circumstances will my Group accept a postponement of the decision. I am hopeful that we will in fact have a decision then, since a consensus is getting closer and closer. However, any further delay beyond 12 or 13 July is completely unacceptable to my Group.

(Applause)

President. — I call Mr Bertrand to speak on behalf of the Christian-Democratic Group and the European Conservative Group.

Mr A. Bertrand. — *(NL)* Mr President, I should like to emphasize that I am speaking on behalf not only of the Christian-Democratic Group, but also of the European Conservative Group, which has asked me to express its views as well. I should like to start where Mr Patijn left off. May I offer the President of the Council, Mr Thorn, my sincere thanks for his continuous efforts since the beginning of last January to implement the mandate given to him by the Council on 1 and 2 December 1975 in Rome.

Mr Thorn had the advantage of being President in two capacities. In his capacity as President of the European Council he tried to convince his colleagues of what he was unable to achieve as President of the Council of Foreign Ministers. We share his disappointment that he was unable to bring about a definitive decision on the last point still open — the draft convention submitted to Parliament by Mr Patijn and subsequently approved by Parliament. We are sorry that Mr Thorn did not succeed in this, since we represent public opinion here.

The public is unaware of the goings-on behind the closed door of the Council. This is one drawback of the Community's legislative organ. The Council is the only legislative organ in the democratic countries of the world — and there are still eighteen left — in which legislative problems are discussed behind closed doors! This causes confusion among the public!

Universal direct elections to the European Parliament were vetoed in 1962, and this veto was maintained for fifteen years. Fortunately, it was withdrawn by the Heads of Government at the special summit conference in December 1974. The representative of the country in question then made the unexpected proposal that direct elections to the European Parliament should be held in May and June 1978.

Parliament was more cautious in this respect than the Heads of Government. The target date in our draft convention was 1980. However, the Heads of Government wanted to be in the vanguard, and we had to change the draft agreement — 1980 was replaced by 1978. We are not to blame — we have shown ourselves to be completely flexible.

Then the whole business started. Parliament was asked to draw up a draft agreement and to submit it to the Council, so that a decision on it could be reached in 1976. In January 1975, one month after the decision of the summit conference, Parliament approved the convention and submitted it to the Council. After many setbacks and deliberations, the Council decided to accept the document as a basis for discussion. Over the first few months of 1976 we have succeeded in settling all the points except for one — the distribution of the seats.

We are extremely concerned, Mr President, and in this respect I agree with what Mr Patijn has said. We are concerned about the election date fixed by the Heads of Government. The date was not fixed by us. It is unthinkable that these people, at their high level of responsibility, should be incapable of implementing the decision they themselves have taken. We therefore expect a decision to be reached on this one remaining point in July.

Mr Patijn has his information on certain problems. I have my sources as well. I understand that, following the discussions at the last informal European Council, there are still three proposals on which the European Council is going to have to reach a decision on 12 and 13 July.

For us as representatives of public opinion, it is embarrassing that these fun and games should have been going on for six months now. After the European Council meeting on 1 and 2 April it was stated that no agreement had been reached. Then there was the unexpected proposal that there should be 198 Members. No-one knew anything about this — it was presented out of the blue.

It is understandable that the Council could not reach any agreement on this sudden proposal on 1 and 2 April. On 1 and 2 April the European Council instructed the Foreign Ministers to try to find a solution. They have met four times to discuss the matter, both officially and informally, but still no agreement has been reached. Because of this, the European Council is going to have to reach a decision on 12 and 13 July. There are still three proposals — the Patijn proposal, the proposal envisaging 198 Members and the compromise proposal for 366 Members — and a decision will have to be reached on these three proposals on 12 and 13 July. We are calling for a decision involving between 350 and 400 Members. We regard this as essential for fair representation of the peoples and minorities in the various countries of the Community. Like Mr Patijn, I strongly urge that a decision be taken on 12 and 13 July, so that the elections can be held on the date laid down by the Heads of Government themselves.

(Applause)

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

Lord Gladwyn. — I have already said several times, and I say again today, that if by some unlucky chance the Ministers fail to agree on the terms of the convention on the holding of direct elections at the latest by the middle of next month, not only will it be virtually impossible to hold such elections in 1978, as I think Mr Patijn said, but it will become increasingly unlikely that the necessary agreement will ever be forthcoming. For in all probability it will not become any easier for the Ministers to come to an agreement on this point as time goes on: it will, I am afraid, on the contrary, be more difficult.

All of us—or most of us—can also agree that progress towards any form of political union—a goal which, frankly, is not as yet accepted by certain important member-governments of the Community—will depend very largely on whether this Parliament is directly elected. Why? Because if it is directly elected, or even if it is certain that it will be directly elected in two years' time, political pressure will undoubtedly build up in favour of granting additional powers to this Parliament.

It is all very well for some of the existing governments to say that in their view such powers will not be granted before the end of the century as, I believe one of them said lately. It is, of course, perfectly true that if such powers are ever granted it will have to be with the express consent of no fewer than nine national parliaments. That is admitted. But the fact is that once there is in existence a body composed of genuine representatives of the people, belonging to all political parties and persuasions, its members will spend much time converting or seeking to convert, their colleagues in the national parliaments to the necessity of conferring real authority on the European Parliament at least in respect of matters such as the budget over which as we all know, in the nature of things, no national parliament can exercise any authority at all.

If, on the contrary, there is no prospect of this Parliament's being directly elected, then I fear that the whole European conception may go into a steady decline. There will, in such circumstances, be little progress in the direction recently indicated by Mr Tindemans, which otherwise there probably would be, although it might be slow. The Council is only too likely to remain divided for strictly national reasons on certain important issues. Debates in this House will become increasingly meaningless, and even if the Common Market, in the sense of a customs union, continues to exist, there will be no question of the Community, as such, playing a political rôle in the world—'Speaking with one voice', as we always say. In short, pressure in favour of economic nationalism may well become increasingly difficult to resist.

I do not want to figure as a sort of Cassandra. Indeed, the great point about politics, I believe, is that one can

never be sure what is going to happen! Should the Ministers fail to reach agreement at the July meeting therefore things may not work out as I suggest, but the last that can be said is that there may be a very real risk—and I wish I could be confident that all the Ministers concerned were aware of the very real significance of that risk.

As to the various proposals under consideration, naturally, we—and by 'we' I mean those who support the present resolution—would prefer something on the lines of the Patijn proposals indicated in paragraph 4. But if we have to accept something on the lines of the French President's proposals, as modified now, I believe, by the Luxembourg representative, that would not be so bad, in my view. Indeed, I would even be prepared in the last resort to accept the French President's proposal itself, provided it was agreed that there should be elected not only 198 deputies, which clearly would be much too few but also a similar number of *suppléants* or substitutes, for all countries who may wish to have them, with the right to participate fully in all Parliamentary activities, save only as regards voting, though naturally they would even be able to do that in the absence of the delegate himself.

Certainly that would not be an ideal solution, but it would be much better than any failure to agree. I hope that the French President will not put his colleagues in the position of having to contemplate such a scheme and from what I hear it is now quite probable that he may not. We must therefore all hope, with some confidence perhaps, that an agreement on a convention will be forthcoming within at the most one month from now.

I conclude with a word in respect of regional representation. As it seems to me, all regions in any Member State should be adequately represented in Parliament. It is presumably up to each each national government to see to it that the representation of any region is duly related to its size. But it is quite impossible to justify the argument that any region should have representation more or less equivalent to that of an independent Member State of the Community with approximately the same population. If any region ever becomes independent and hence no doubt a Member State of the Community in its own right, clearly it should have the same sort of representation as any other Member State of equivalent size. But if it remains part of a sovereign Member State of the Community, then it has no claim to any special representation.

It is, of course, true that some of the schemes now under discussion would give the Scots, for example, representation nearer to that of Denmark—a State of comparable size—than others. But all would embody a considerable disparity. And that is only natural and right.

Lord Gladwyn

What I maintain, therefore, is that no scheme, provided it is generally acceptable should be discarded simply because it might not be particularly popular in Scotland or, indeed, in any other region of the Community. Bavaria, for instance, is in many ways comparable to Scotland. If the latter should ever become the equivalent of a German *Land* in some future British federation which I certainly hope it may there will be a complete analogy between Scotland and Bavaria. But I have not heard that Bavaria is pressing for special representation in the European Parliament over and above that which it will necessarily enjoy as part of the Federal Republic.

For all these reasons, I can hardly believe that the Ministers will fail to agree on some compromise or other when they attend a very critical meeting in no less than one month from now.

(Applause)

President. — I call Mr Lenihan

Mr Lenihan. As far as the European Progressive Democrats are concerned, our decision is that all our members have an open choice in this matter. I speak on behalf of the Irish members of that group in saying that we wholeheartedly support the resolution. We have at all stages adopted this attitude to direct elections, which we feel are vital to give the necessary impetus towards the forward movement of the Community.

What is lacking now is the legitimacy and the progressive approach involved in having the support of all our peoples in every member-country for a democratically-elected parliament with real powers. The democratic force behind such an institution will insist that real powers be given to such a Parliament.

I reinforce what Mr Patijn said about the urgency of a decision on 12-13 July. I have a feeling—and we as politicians are aware of this—that the time is now ripe for a decision. Timing is very important when making political decisions. If the decision is not made on this occasion, there is a very real danger that the question of direct elections will be put back not only for three or four months but possibly for longer—indeed, indefinitely.

We have on the table of the European Council a number of formulae that differ very little from each other, formulae that are in accordance with the principle of the resolution passed by Parliament in January 1975 and formulae that are in accordance with the principles enshrined in the present resolution. All these formulae with the exception of one — the French formula of 198 members, which in my view is unacceptable — differ very little from each other. There is therefore no excuse on this occasion for not making a decision.

The issues are quite clear. The various alternative formulae which are in accordance with the resolution

and the present motion can be adopted, giving or taking a seat or two here or there for or from each member country. Any of these formulae can be adopted provided the fundamental decision is made that a Parliament of 198 is not acceptable. That is the kernel of the resolution before the House — that we have a number of directly-elected Representatives which is somewhere between 350 and 400.

That number would legitimately reflect the various regional and national aspirations in our Community and it is the number required to make this an effective Parliament, which a Parliament of 198 Members would not be. A Parliament of 198 would not reflect the views of people and would not get the kind of powers that we wish this Parliament to have. It is important for it to be a realistic and effective Parliament and it is our considered view that it should be a Parliament of between 350 and 400 Members.

I would like to address myself to one other aspect, the representation of smaller countries. In all the formulae, even in the formula for 198 Members, a weighting process is built in which is designed to give a higher representation to the smaller countries. In some formulae the representation of these countries is more favourable than in others, but the number of seats involved for each of these smaller countries is very small: provided there is a generosity of spirit on the part of the European Council, the legitimate aspirations of the smaller countries can be met by the allocation of a very small number of extra seats.

Such an allocation for each of the smaller countries would in no way prejudice the legitimate interests of the larger Member States, the larger minorities and other larger groups in the Community. Only a very few seats would be involved, and in a Parliament of the number and dimensions envisaged — 350 to 400 — these one or two extra seats might be only slightly less proportional and might lean more towards national representation. In my view, bearing in mind the few small countries involved, it would only very slightly distort the overall picture of representation that should emerge.

I would ask the European Council to have a flexible approach. Let that approach produce a Parliament of 350 to 400, one that will show a common-sense balance between national representation on the one hand and the population criterion on the other — a balance between proportionality and national representation. The difference that would ensue from giving more effective representation to the smaller nations would be very slight, but it would do much for the feelings entertained by these smaller countries towards the Community. Similarly, it would mean much to small countries such as Norway which will be seeking membership of our Community in the future if generosity of spirit were shown in the allocation of seats to the smaller countries.

Mr Nyborg. — (DK) Mr President, the more speeches there have been, the shorter mine has become, since I would like as far as possible to avoid any repetition. I agree competely with those who stress that it was the Council itself which fixed the date for the direct elections, and I therefore feel that the Council is under an obligation to reach agreement, so that these elections really can be held in May 1978.

I would point out that, when we were discussing this whole matter and approving the Patijn Report in January 1975, I tabled an amendment — one of many — aimed at retaining the 198 seats, and this is a view I still maintain, since I think it would to some extent keep the expense and the bureaucracy in the Communities in check. Keeping down the number of Members is also of particular importance since we must expect more countries to join the Community and there will thus be more Members of this Parliament. We must take care not to set up something which subsequently becomes unwieldy.

I shall nevetheless vote in favour of today's motion for a resolution, since I feel that, in spite of everything it is better to have a directly elected Parliament with 350 to 400 Members than to have no directly elected Parliament at all.

I consider it extremely important that we should let the citizens of the Community feel that they have an influence on what is going on in the Community. They must really believe that they have a right of co-determination, and they can only have this through a directly elected Parliament. I believe the individual citizen will then become more interested in, and pay greater attention to, what is going on in the Community, instead of just thinking it is something which does not really concern him.

Because of various factors — not just the seat distribution — the Council's decision-making process has been somewhat slow to produce any result. I should like to say that the reservations made by the Danish Government should not be taken too seriously since the Danish Government does not in fact have any Parliamentary backing for them.

In conclusion, I should like to say that the statements made by our President, Mr. Spénale, in the Danish press among others, that the European Parliament should do this or that if the Council of Ministers fails to agree on the conditions for the introduction of direct elections, have my full support. I myself would have put it a little more bluntly if we had not had in front of us this motion for a resolution which is, in spite of everything, couched in mild terms.

I believe it is essential to give the European idea new inspiration by having direct elections to our Parlia-

ment, and this must be done within the stipulated time.

(Applause)

President. — I call Mr Carpentier.

Mr Carpentier. — (F) Ladies and gentlemen, I feel this debate is somewhat confused. I agree with Mr Patijn's conclusions but I have the impression that we are introducing all kinds of worries into this debate. Let me put some questions: Has it or has it not been decided to have universal direct elections to the European Parliament? It has. Under what conditions will this Parliament be elected? And how?

The nine Member States are going to work out an electoral law which will satisfy everyone. This is the second point.

We thus all agree that this Parliament should be elected by universal suffrage, so that the peoples of the Member States can become more involved. If we insist that Parliament should have 190 or 280 or 330 or 400 Members, I feel we will never get anywhere. Moreover, if the numerical representation is fixed by Parliament and subsequently modified by the Member States, I do not think there will be any elections to the European Parliament in 1978.

And who is going to decide on these problem? Will there be an electoral law adapted to the representation each Member State will have in future?

I fully agree that there should be certain guarantees for the Member States with small populations. But who is going to decide this? I would welcome an answer to that question.

If we await an agreement between the nine Member States on the number of Members — 190, 200, 300 or what have you — the direct elections to the European Parliament are not going to be held in 1978.

However, since criticism should not be negative but constructive, I would ask why no committee has been set up which reflected the representation in this Parliament and which could have studied the problem before submitting detailed proposals.

Today we are debating the number of Members. However, that is not the problem. The problem is whether there will ever be a directly elected European Parliament.

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (F) Mr President, I do not intend to speak at any length in this debate, but having attended it I should not like to remain silent.

I do not feel there is any point in going into the details of the difficulties facing us. However, it is important for Parliament to realize that the magnitude

Thorn

of its rôle derives from the very fact that right from its inception, ever since the time of the European Parliamentary Assembly, the successive assemblies to which I had the honour of belonging for nearly 11 years have consistently, and with a great sense of continuity, demanded that the European Parliament should be elected by universal suffrage.

That is what matters, and this was something Mr Patijn and your committee realized when, faced with the difficulties in the report, they came down in favour of a solution which to some extent made it a new constituent assembly, by bequeathing a certain number of difficulties to this first directly elected Parliament which, with the strength of this new moral authority, would have to find a solution to the various problems.

Unfortunately — and I would almost put that in inverted commas — you have tackled a problem which is not one of the easiest — that of the number of seats. In departing from the stipulations of the Treaty and in trying to meet the wishes of certain countries — France in particular, which has long been calling for a more strictly proportional representation — you tried to reconcile the opposing views so that elections could be held some day.

And it was on this point that the difficulties again arose, that the arguments in the Council started.

Like you, ladies and gentlemen, I am deeply disappointed that the Council of the Communities and the European Council have still not been able to reach agreement on the election of the European Parliament in May 1978, and more particularly on the number of seats.

However, I must admit that after last week's talks I have the feeling we shall reach agreement in July, for in my opinion no-one can afford to take the responsibility for failure. For this reason it is essential that, before the elections most representative of European public opinion, this Parliament should state that these elections must be held. However, if Parliament — even if it is in good faith — starts to discuss the exact number of Members it should have, and how many Members there should be for this or that region, it will be playing the game of those who, for 18 years, have been doing everything to ensure that there are no direct elections.

At the end of this debate I hope that the European Parliament, with all its political and moral force, will put pressure on the Council of Ministers and the European Council, on behalf of public opinion in our nine countries, to ensure that the European Parliament is directly elected. And the number of seats? There is one proposal from the European Parliament, sometimes referred to as the Patijn proposal. There is another proposal, that's right... but what matters are the elections. That is what I should like to stress and what to me is the most important point.

To turn to the latest developments, I would say first of all that the European Parliament's proposal is still on the table. There is a second proposal from the French Head of State who, in view of certain difficulties of which we are aware and which must not be disregarded, has proposed that we should elect by universal suffrage the number of Members laid down in the Treaty, the number of Members at the time of the accession of the United Kingdom, Ireland and Denmark, and approved by these countries and the others. Why not stick to this the first time? When studying the various proposals, the nine ministers stated that, in any case, any solution we might find on 11 and 12 July would be only transitional and would apply only for the first elections. It will be up to this elected Parliament to fix the number of Members to be elected the second time. Those who fear that this provisional arrangement might become final should not put forward this argument but should, on the contrary, affirm that the Parliament returned in these first elections will be the master of the second one, for which it will be prepared to keep the same number of seats if it cannot find any other solution.

That is basically what I wanted to say, and I hope that with these two proposals an attempt will be made to reconcile the unreconcilable. One may feel that if there are too few Members, the European Parliament will have less moral authority when calling for increased powers. I realize this and I share your feelings, although I think moral authority cannot be measured in terms of seats. Nevertheless, I recognize the validity of some of these arguments. Let us therefore try to reach the figure proposed by Mr Patijn, while at the same time trying to reach unanimous agreement by taking account of the individual and national thinking in our proposals.

This is why the Belgian proposal is based on the principle of taking half the figure in the Treaty, half the figure for strict proportional representation and various features of the French thinking which, taken together, admittedly still do not give general agreement. I myself have tried to find a solution by doubling the figure in the Treaty. One must admittedly be careful to avoid over-representation for certain countries, such as my own.

Be that as it may, the latest talks last Saturday showed that we are not so far apart, that there are no more major political obstacles, that there is no further political veto and that no-one wants to be responsible for any failure. Although it is not for me to recommend anything to Parliament, I should like all the Members to unite in emphasizing the main thing — the universal direct elections to this House.

(Applause)

President. — I call Mr Carpentier.

Mr Carpentier. — (*F*) Mr Thorn, I did not for one moment intend to question the election of the European Parliament by universal suffrage. What I did ask was how things would be done. From what you said, the first elections would to some extent produce a constituent assembly which would then probably lay down its own principles and draw up its own rules of procedure.

This is not the problem, however. You said in your speech that the unreconcilable would somehow have to be reconciled. If the direct elections to Parliament are made dependent on agreement by the nine Member States on a formula, on an electoral procedure about which we still know nothing, one may well ask in what way these elections are going to be held. I agree with the conclusions of the Patijn report, but I should like to know how things are going to be done and under what conditions the elections will be held in each of the nine Member States. There is total darkness here, or at least everything is very shadowy — we know nothing!

Today we are saying here that we want the European Parliament to be elected by universal suffrage. Everyone agrees with this, but there are still a lot of question marks. We shall probably have a chance to return to some of these points which, through the procedure or through subsequent legislation, may have an effect on this Parliament's powers. In the final analysis, we are perhaps less interested in the elections than in the powers of the European Parliament after the elections are over.

President. — I call Mr Caro.

Mr Caro. — (*F*) Mr President, as a newcomer to this House I am very glad that my maiden speech should be on a subject close to the hearts of all convinced Europeans. As a French deputy, I should like to express my appreciation of the wisdom of Mr Thorn's words, with which I agree fully.

I think that, to avoid any confusion in this debate on the attitude we should adopt, a French deputy, a convinced European — irrespective of whether he is a Socialist or reformist — may be entitled to point out that, in spite of everything, President Giscard d'Estaing has succeeded in clearing the way for the direct elections. Let us therefore not turn up our noses at a situation whose solution depends basically on the political resolve of the governments.

I feel that, through the Council of the Communities, we can help them to reach their goal, and we are always prepared to take matters in hand again, if, by any chance, things should get out of control.

I therefore hope that Mr Thorn's call for a unanimous vote will be followed.

President. — Thank you for your maiden speech, Mr Caro.

I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (*F*) I do not wish to prolong this debate. I agree with everything Mr Thorn said, and I should just like to express my personal conviction that if his hopes come true, it will be largely thanks to him.

(*Applause*)

President. — Since no-one else wishes to speak, I put the motion for a resolution to the vote. The resolution is adopted.¹

8. *Decision on urgency of two motions for a resolution*

President. — I now consult Parliament on the adoption of urgent procedure in respect of the two motions that were announced earlier on.

Are there any objections in respect of the motion for a resolution tabled by Mr Liogier (Doc. 175/76)?

I call Mr Laban.

Mr Laban. — (*NL*) Mr President, I should like to explain the way my Group intends to vote. One wonders whether it is reasonable for the European Parliament to give an *ad hoc* definition of what constitutes a natural disaster and then to come to the conclusion that part of the resulting expenditure should be charged to the European Agricultural Fund.

It is quite clear that an earthquake of the magnitude of that which has struck Friuli or great floods such as have occurred in the Netherlands and Germany, where large parts of the country were covered with salt water, merit this description. The question is, however, whether in a community with such great variations in climate, where in parts of certain countries periods of drought occur, it would not be better to establish criteria for deciding both what comes under normal operating risks and what comes under the responsibility of the national governments.

We do not, however, wish to oppose the proposal that the motion for a resolution from Mr Liogier and his colleagues should be handled by urgent procedure. We shall be pleased to give Mr Liogier the chance of explaining his position, despite the fact that his Group this morning denied our Group the chance to have our motion for a resolution dealt with as a matter of urgency. My Group will afterwards give its opinion on the substance of the motion.

President. — I call Mr Cousté.

Mr Cousté. — (*F*) Mr President, I had the opportunity just now of emphasizing the urgency of this problem. I even suggested — you were already in the Chair — that I was quite ready to listen to a number of arguments.

¹ OJ C 159 of 12. 7. 1976.

Cousté

I quite understand Mr Laban's point, but I think that we need to be able to make distinctions. This problem of drought deserves to be discussed, even if only at the end of the part-session.

As to questions of urgency, I would say to Mr Laban that we are always ready to support other requests for urgent procedure when they are necessary. I hope he understands and realises this.

President. — I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed.

I propose that this item be placed on Friday's agenda.

Are there any objections?

That is agreed.

Are there any objections to the adoption of urgent procedure in respect of the motion for a resolution on the Puerto Rico Summit (Doc. 176/76)?

That is agreed.

I propose that this item be taken today immediately after the Nairobi debate.

Are there any objections?

That is agreed.

9. Council and Commission statements on the Nairobi Conference

President. — The next item comprises the statement, with debate, by the Council and Commission on the Nairobi Conference.

I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (F) Mr President, ladies and gentlemen, during our last part-session Mr Cousté asked me about the position of the Nine in Nairobi.

As this question was put at the very moment when the negotiations of which you were aware were taking place, I had to limit myself at that time to placing at the disposal of the House the statement which I made on behalf of the Community at the opening of the fourth UNCTAD Conference in Nairobi.

I need not therefore go into detail about our common position at the beginning of UNCTAD 4.

The House would like to know what is the role of the Community, how its common position on a great number of points helped to further the negotiations, and especially how it was possible to bring about a minimum of solidarity among the Nine with regard to certain questions on which we initially presented a disunited front. These are, I believe, questions which each of you is asking himself. Allow me therefore to look first at the points which presented the least diffi-

culty — everything is relative in this humble world — and on which, moreover, the Nairobi Conference often achieved positive and not inconsiderable results.

A number of resolutions adopted by UNCTAD 4 do in fact reflect real progress towards cooperation between industrialized and developing countries. I refer here in particular to the resolutions on manufactured products, the multilateral GATT negotiations, special measures to assist the least-developed countries, etc. Without the slightest exaggeration, I believe, Mr President, that it is most gratifying to note that the Community made a real contribution to the ideas behind almost all these resolutions and others as well. We reaped here the benefits of the patient work carried out in Brussels and in connection the North-South dialogue in Paris, on the basis of a large number of first-class documents prepared by the Commission of the European Communities.

As so often happens, the searchlights of the media, particularly the press, concentrated mainly on our differences of course. Before outlining these differences very frankly and commenting on them, I ought at least to draw your attention to the positive contributions which the Community made to this Conference, thus gaining for itself some credit and understanding, whereas in other areas our position proved to be, unfortunately, less constructive.

I should also like to pay tribute to the experts from the Commission, first and foremost, the Council and the Member States, whose contribution under often very difficult conditions, ensured that this fourth UNCTAD was not merely the scene of oratorical jousting but of considerable, positive achievements.

I presume that all the Nairobi resolutions have been placed at the disposal of the House and that they will be examined in greater detail by the appropriate committees rather than at a plenary session.

I shall therefore turn immediately to the most difficult and most controversial questions.

Mr President, as everybody knows, the final days of this conference were devoted to the problems of raw materials, in particular the setting up of a Common Stabilization Fund, and the debt problem; these problems taxed to the utmost the physical capacities of the delegations' negotiators — including those of the Community — with special responsibilities.

You will have been able to discover the Community approach to these problems from my introductory speech. I felt it was necessary to declare at the outset that the Community had not been able to reach a single position on each of these most crucial questions. I regretted having to say this, but after seeing how these negotiations actually turned out, I think, in retrospect, that this approach was the right one.

Thorn

As you know, the differences of opinion in the Community concerned mainly the acceptance or rejection of the 'integrated programme', i.e. what can be called, without real exaggeration — the 'all or nothing' approach.

Our second difference, and here the gap was widest, concerned the setting up of a Common Stabilization Fund. The resolution finally adopted in Nairobi is not the last word on either of these two questions.

I must emphasize that this resolution remits the questions under consideration for further negotiation — as suggested by the Community at the end of the Conference.

Some of us considered it useful to undertake more specific commitments, as is shown by a declaration made on behalf of six Member States. Others expressed reservations. At first sight, this may seem unfortunate; however, the differences of opinion were often concerned with the presentation rather than with the substance, and in this connection it should be pointed out that the Community did succeed in reaching agreement on some basic points, and that this very agreement is incorporated as it stands in the Nairobi resolution.

Our Community was thus able to affirm, first and foremost, its readiness to negotiate product-by-product agreements, comprising, where appropriate, buffer stocks to be financed by both consumer and producer countries;

— secondly, its readiness to negotiate on a Common Fund (role, method of financing, etc.) and the adoption of a two-stage procedure (i.e. examination followed by negotiation);

— finally, the Community was able to state its acceptance of the establishment of a staggered timetable for its negotiations.

These very elements were in the final analysis deemed appropriate to permit, in Nairobi itself, a generally satisfactory agreement for all concerned insofar as it leaves the door open for further negotiations. The pessimists will say that the failure of UNCTAD 4 was averted.

To dwell on the problems of the Common Fund for a moment, I ought to mention the interesting contribution made by France and by Mr Fourcade at the beginning of the Conference. From a personal point of view, I readily pay this tribute to Mr Fourcade, although with a twinge of regret. Frankly, I feel that if the ingenious idea of setting up several funds which could be an integral part of any product-by-product stabilization agreement, but linked solely as regards financial administration, had been submitted to the Community authorities before the Nairobi Conference began, it is at least not impossible that an initiative such as this could have enabled us to reach a common position which was more solidly based and perhaps acceptable to the whole Community.

As was to be feared, the debt problem was not solved in Nairobi. Here again, we had to make do with procedural provisions. I should like to point out, however, that on this question the Community was able to present a single position, the value of which was perhaps illustrated by the fact that, whereas some considered that it was unambitious, in the view of our partners in certain industrialized countries it was too ambitious.

From September, the problem of raw materials, like that of the debt, will be given further consideration under the auspices of UNCTAD at the Conference on International Economic Cooperation. A certain amount of confusion has arisen and we must try, in our dealings with our partners in both developing and industrialized countries, to achieve a certain consistency in what we do in these two bodies. This last problem will be discussed next week by the Council and I imagine that Parliament also will follow it closely.

What conclusions can we draw from this conference as regards the interests and prestige of the Community?

First, that in spite of the initial wide gap between the positions of the developing and industrialized countries — not to say their apparent confrontation — something constructive was nevertheless achieved. Although not a splendid success, Nairobi will at least not have been the failure that many feared. Consequently, at world level, politically and psychologically, the spirit of dialogue, progress and cooperation between industrialized and developing countries, which emerged at the 7th Special Assembly of the UN, has been maintained. A considerable part of the credit for this must go to the Secretary-General of UNCTAD and his colleagues. At the end of this conference, the delegates from the 154 countries taking part could feel certain that they had made a positive contribution towards the establishment of a better balance in world trade, even if the immediate results do not always come up to our expectations.

A further positive aspect of the outcome of this conference: whatever criticisms may be made, the Community played an important part. To be sure, I am the first to express my regret that at crucial moments we revealed our differences of opinion. However, I must acknowledge, and I wish to emphasize this, that those delegations which differed from the majority of their partners on certain questions did so with great restraint and avoided causing splits which would have adversely affected further proceedings — at least at the meetings, if not at the press conference.

Finally, everybody was impressed in Nairobi by the minimal influence actually exerted on the developing countries as a whole by the USSR and its satellites.

Thorn

The Third World is rapidly realizing that its real problems cannot be solved by ideological slogans and has learned that these slogans are not followed by action when real commitments are needed.

Having said this, however, let us beware of any excessively optimistic interpretation of the Community's role and of the illusion that in the final analysis we shall be able to overcome our own differences by means of a unilateral declaration and some sleight of hand vis-a-vis the outside world.

We still have the real negotiation ahead of us. It will have implications for the economy and balance of payments of each of our countries, and probably even for employment as well. This must be understood when we speak of the transfer of technology. Nairobi showed us the futility of national intransigence. If the Community does not succeed in presenting and upholding a Community policy, open towards the outside world but taking account of its own legitimate interests, the effects of our disagreements will make themselves felt on the internal cohesion of the Community, with consequences that all of us still find difficult to predict.

(Applause)

President — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — *(F)* Mr President, like the President of the Council, I also shall not attempt to give a detailed analysis of the conclusions reached in Nairobi, for the same reasons as those given by Mr Thorn, namely that they will be dealt with by the appropriate committees.

In particular, I shall not now attempt to do so, and I should like to say this at the outset, because the approach outlined by the President of the Council of Ministers, his comments and their general purpose correspond exactly to the Commission's view of Nairobi and of the much wider framework in which this conference was situated.

Like the President of the Council, we at the Commission also think that the tone of the comments in the press was over-pessimistic. This is perhaps because of the original misconception of what can be expected of a large-scale world meeting like the one held in Nairobi. Mr President, from a meeting of 150 States, attended by 5 000 people and at which 207 unilateral speeches were given, one cannot expect practical, positive decisions at a date set two years in advance.

What should we expect from such a meeting? In the first place, that it should bring out the problems in such a way that nobody can deny them, even if some people prefer to ignore them. Secondly, that the positions of all concerned should be made clear in terms that cannot be disguised by unilateral declarations.

On these two points, the Nairobi Conference was a success: it highlighted the problems, namely, in addi-

tion to those mentioned by Mr Thorn which were quickly dealt with in Nairobi, the two major problems: raw materials and debts. The positions of the most important countries in the new world order were then made clear. This is the present state of affairs: concerning the two major problems, Mr Thorn has already emphasized that remarkably limited, not to say negligible, progress was made on one of them, namely debts. This was disappointing for the Community, first of all because, for once, it had a common position on this question which was relatively bold, going at least much further than the conclusions reached at the Nairobi Conference. Secondly, because I fear that the voices heard at the end of the Nairobi Conference were those of the most prosperous rather than of the poorest. It may be said that this has always been so since Biblical times. It is none the less regrettable that it is still the way of this world.

On the other hand, the President of the Council informed us that some progress had been made on the problem of raw materials. Problems were identified and a procedure leading inevitably to progress was adopted. Indeed, a major feature of the Nairobi Conference is that all the States which count for something in the world, both Third World and industrialized countries, want the dialogue to continue and are ready to pay the price for this even if they think it unpleasant.

Two years ago, when the Third World came on the economic scene, creating a few upheavals and boycotting our oil supplies, certain industrialized countries seriously considered that the problem would only be settled by a period of confrontation.

Fortunately, it did not turn out like that, and this was of considerable importance for us European countries in view of the threat to our economies posed by even a short period of confrontation with the Third World countries.

Since the Seventh Special Assembly of the United Nations, it has been obvious — and this was confirmed in Nairobi — that all the countries without exception want the dialogue to continue. We are now therefore certain that at each of these major world conferences some progress will be made, albeit limited, inadequate, unsatisfactory progress, given its ritual nature and slowness, but nevertheless progress.

Must we therefore despair because progress is so slow? Such an attitude would show a lack of realism, Mr President, let us not forget that it is not in the everyday economic interests of all the countries in the world that progress should be rapid. And let us also be realistic and acknowledge that progress at world level, although essential — since there are problems which cannot be dealt with elsewhere — will inevitably be slow, much slower than in the case of more compact regional groups with closer ties, whose interests coin-

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side more and where progress is more rapid in a more limited sphere.

After these few remarks, Mr President, I should like to examine briefly the position of the main protagonists in Nairobi. First of all, this conference saw the confirmation of a phenomenon which has been of major political significance for the past two years, namely the solidarity of the Third World. In Nairobi, this solidarity of the Group of 77, which now numbers 114, I believe, was not so obvious, because specific matters and not the presentation of a general platform were at issue, and, as I said a few moments ago, the poorest countries came off particularly badly. There were therefore tensions amongst the Group of 77 which were certainly greater than at world meetings in previous years; nevertheless, the 77 maintained their united front. This is a very important point to bear in mind.

As far as the industrialized countries, i.e. the North — since we are talking about a North-South dialogue — are concerned, a major feature of the conference, already underlined by the President of the Council, was the almost total lack of participation by the Eastern European countries in finding real and practical solutions to the Third World's fundamental problems namely: financial aid, public aid to development, to which they contribute less than 1 000 million dollars a year as against more than 13 000 million from the OECD and the 6-7 000 million achieved by the oil countries in a short space of time; participation in international trade, which we all recognize as the best way of helping developing countries to use their resources — in this area, 5 % of the developing countries' trade is absorbed by the Eastern Europe countries as against 20 % by the United States and 40 % by the Community alone; finally, discussion on raw materials, although, as we know, the Eastern European countries play a considerable and indeed an objectively major role in settling the problems posed by these raw materials.

We all recall the first great increase in the price of wheat caused by the intervention of the Soviets on the American market on terms which were entirely justified by the shortage they were undergoing at that time, but which lacked coordination.

The fact that the East did not take part in the specific discussions in the Nairobi 'disputes' is of major importance. Indeed, although there is an East-West *détente*, the dialogue is not North-South but West-South. And the countries of the South are now much more clearly aware of this.

Although this increases our responsibilities, it does clarify the situation. It also means that, in order to settle problems involving the Eastern European countries, we shall have to think more carefully than hitherto about their cooperation, their collaboration, or at least their participation in any agreements we

may conclude with the South on the question of raw materials.

Mr Thorn said everything about the Community which I would have said myself had I spoken first, and he said it with the authority of the President of the Council, i.e. from a much higher and more important standpoint than if the Commission had made the same comments.

Yes, the Third World countries do expect a great deal from the Community. They do so because they know that we need close relations with them; because, at various times, we have been to some extent the pace-makers of the industrialized world; because they know that when there is agreement between them and the Community, the other industrialized countries are obliged to adopt positions akin to this common position if they wish to make any progress; and finally, because in the restricted but particularly significant context of the Lomé and Mediterranean policies, we are several decades ahead of anything that has been done elsewhere.

They thus suffered a partial disappointment, a partial one — the President of the Council put it very well — because the Community was responsible to some extent for bringing together the few elements which it was possible to bring together in Nairobi.

I should like to thank Mr Thorn for mentioning the part played by the Commission within the Community and, of course, I agree with what he said on this subject. Although, in all the areas in which progress was possible, a Community document preceded the final compromise, this was not enough. There were differences, which were acknowledged and reaffirmed publicly, and this sometimes presented an obstacle to progress.

Again, I refer to and endorse what the President of the Council said. We must now await further developments, Mr President. Nairobi is only one point in time, at which only a few problems were dealt with, and these problems will have to be given further consideration in a wider context.

When the North-South dialogue was launched, the Third World countries themselves pointed out that certain problems could not be divorced from all those affecting the development of the Third World. The questions mentioned in Nairobi, raw materials, perhaps, must be viewed in relation to the other major problems: energy, development, financial aid, the whole range of financial and monetary problems, the Conference on International Economic Cooperation, the North-South dialogue.

The Kleber exercise is therefore more important than ever, since all the problems are examined there in those four commissions, behind closed doors, with no preset date for reaching conclusions and with fewer speakers, i.e. in ideal working conditions, for us as

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well, since at the Avenue Kléber we speak with one microphone, and therefore with one voice, and when you speak with one voice, Mr de la Palisse tells us that you must have one position. It is a paradox of the present situation that the same subjects can be discussed in one place with a position which is, by definition, a single one for the whole Community and in the same week — as will happen next September, December and March — the same problems will be discussed in another place with nine voices each expressing its own opinion, and all because the Community is not a member of the United Nations, nor therefore of its dependent bodies, such as UNCTAD.

This contradiction has unfortunate consequences, and I am convinced that the Council will endeavour to examine the solutions which would prevent this contradiction from having untoward political consequences. For us, the Conference on International Economic Cooperation will be in the months to come the main forum for further discussion on these problems, bearing in mind that, as a result of the procedures described by the President of the Council, preparatory meetings on the various products and a major meeting on the Common Fund will be held simultaneously from September this year and from March next year respectively.

This, then, is the framework for the plans and discussions. The Community must be ready to uphold its views and to speak at all times with one voice, for it is only by speaking in this way, and not with nine differing voices which are more liable to lead to confusion, that the Community stands a chance of being heard.

Mr President, in conclusion I shall say, like the President of the Council, that the Nairobi Conference marks the resumption of the dialogue, and this is very important. From dialogue, we must now move on to the next stage, that of negotiation.

To be quite frank, we must admit that this negotiation has not yet begun in earnest anywhere outside the closer regional groups, where we have by and large passed the negotiating stage and reached that of agreement and cooperation. The Community must therefore speak out during the continuation of this dialogue and implementation of tomorrow's negotiations.

(Applause)

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

Mr Cousté. — *(F)* Mr President at Question Time during the last part-session, I drew the attention of the Council of the importance which we attributed to this fourth United Nations Conference on Trade and Development. The Council showed itself fully in sympathy

with my question since, in spite of the time limits which might have prevented the inclusion on the agenda of that question, the Council announced — and for this I am grateful to it — that it agreed to our examining this problem.

In its wisdom the Bureau of our Assembly thought — and the Council agreed — that the question should be fully debated and not merely presented as a parliamentary question tabled by a Group such as ours, that is the European Progressive Democrats, and that the entire Assembly should be associated with this investigation of the results and proceedings of the conference which has just been held in Nairobi.

I should like to make it quite clear, Mr President, in as few words as possible, that I agree with the statements which I have just heard Mr Thorn and Mr Cheysson make on the results of the conference.

Indeed, I was very impressed by their assessment of the outcome of that meeting. There were some who were in doubt as to whether it had been a partial failure or a partial success — this was the line taken by the press.

It is clear that Parliament, if it is to show the realism expected of it, must avoid a blanket assessment. There is neither partial failure nor partial success. In my view, there are negotiations — as the Council has just stated — to be undertaken and it is also necessary to clarify the respective positions of the major groupings and of all those who are interested in the question of interrelated trade and development.

I would add — and this is something which I stated in the question which we tabled — that provisions for steps such as these may already exist in the context of the close ties with the Conference on International Economic Cooperation, that is to say in the Avenue Kléber where the Community speaks with one voice and which, as is generally acknowledged, is an ideal setting for the discussion of major problems.

Let us in any case not forget that after four weeks of difficult negotiations, with the exception of two votes, one unfavourable to the American draft resolution calling for the examination of the International Resources Bank idea, which was rejected by 33 votes — including those of the socialist countries — to 31 votes — including those of the countries of the Community — and 44 abstentions, and the other, calling for the control of multinational companies, which was adopted by 84 votes with 16 abstentions, including those of the Member States of the Community, the overall outcome of the Conference was a consensus on a series of texts dealing with all the points on its agenda: raw materials, manufactured goods, multilateral trade negotiations, indebtedness of the developing countries, measures in favour of countries which are less advanced, insular and landlocked, relations between countries with different social and economic systems, and institutional questions.

Cousté

The list which I have outlined is quite impressive and I would add that the Conference referred to the Trade and Development Council for examination proposals from both the Group of 77 and from the industrial countries dealing with financial and monetary matters.

The point which I should like to make is that it is therefore too soon to present an itemized account of the progress made, insofar as the experience of months to some, will in the view of the members of my Group, show the value of the undertakings entered into, even when, in the case of certain delegations such as the United States, Japan, the United Kingdom and the Federal Republic of Germany, the undertakings in question were accompanied by explanatory statements.

In short, I wish to associate myself with the view expressed by Mr Cheysson, that the negotiations were useful both from an economic and a political point of view.

From the economic point of view, it was a useful negotiation in this sense that, in the all-important area of fundamental rights, after years of consultation, producers and consumers have finally agreed on a precise programme of negotiations on market organization, to begin in September 1976; furthermore, agreement was reached on the idea of a central mechanism for financing buffer stocks — the Common Fund — the details of which will be worked out at a conference to begin in March 1977.

With regard to the question of debts, another crucial issue, Mr Cheysson pointed out, the delegations agreed to a much more realistic programme than the one put forward by several developing countries, since, instead of convening a general creditor-debtor conference, UNCTAD felt that it was preferable to approach each case individually and entrusted this task to the relevant existing international bodies. In this connection, I should like to point out to Mr Cheysson, since we must be of one mind in this matter, that the Conference on International Economic Cooperation, at which the Community speaks with one voice, is, in my view, one of these bodies and I am pleased to note that Mr Cheysson indicates his agreement with my view of these events, since this is of importance for subsequent developments. There remains the task of selecting those elements on which to base a flexible system for dealing with specific operations, and the question of debts presents difficult technical features.

The third centre of interest, from the economic point of view, is the set of resolutions offering to the Group of 77 a guarantee of assistance and a reasonable atti-

tude by the industrial countries when projects are being undertaken in various technical sectors.

I am thinking here of the transfer of technology. There is not enough reference to this in bodies such as ours but the transfer of technology from industrial countries like ours to developing countries which then have the benefit of the technological progress which it has taken us years of hard work to achieve is a fundamental and practical feature of the question.

The same is true of manufactured goods and of multilateral trade negotiations. In my view, the manner in which the question of UNCTAD's industrial reforms has been settled is satisfactory and is not prejudicial to the prerogatives either of the General Assembly or of the Economic and Social Council of the United Nations. On the political level, we are entirely in agreement with the statements made by the President of the Council and the representative of the Commission, Mr Cheysson. In fact, leaving aside the differences of opinion, the various ways of viewing the problem and I would also add, the tensions which exist inside almost any group — and I would apply that remark to the Community too — in the end the common concern to preserve the cooperative spirit which was evident at the 7th Special Assembly of the United Nations last year was maintained. I would also add that the same spirit underlies all the work which is being done at the international economic cooperation conference in Paris. In such circumstances, from a political point of view, we should be very pleased even if we could not point to certain features, the importance of which, in my opinion, deserves to be mentioned in passing. When one considers the differences between the points of view of the industrial countries and the developing countries, I think it fair to say that the results obtained give an idea of the efforts made to reach a compromise.

In this respect, it will never be possible to acknowledge adequately the Community's contribution, not only in the Council, but also in the Commission. While the formulas for the Common Fund put forward by the Group of 77 are in no way prejudicial to the objectives and methods of that central financing office, the solutions suggested for the debt problem, in accordance with the wishes of the industrial countries, do not follow the lines of the mandatory blanket system put forward by the Third World. In short, there have been real compromises in both these areas. I think that such compromises, as negotiations continue, can lead to decisions and I think that the Community will once again be able to play a very active role and even be a driving force, even if it does not speak with one voice in the case of UNCTAD, as Mr Cheysson emphasized, for it is true that the Community was affected in Nairobi by the energetic confrontations provoked by others and not only by

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itself. You might compare it to a boat on a sea which was sometimes swept by storms; its deliberations were lengthy, its decisions sometimes difficult and involved and admittedly sometimes tardy, but it must be recognized that the work was done all the same. Thanks to speeches by its members, the Community finally maintained its cohesion and, adopting a position of its own with regard to the financing of buffer stocks, played a positive part in the proceedings. Above all, the Nine became aware in Nairobi of the decisive role which the international Community recognizes to be theirs, since the final negotiations very often depended on the results of the consultations of the Nine.

This lesson, ladies and gentlemen, is at the same time a warning which must be recognized as such, since the importance attributed to the Community is giving rise to jealousy and resistance even in the Western camp. We should therefore think carefully and increase our efforts so that, in future, we can plan our position in advance and be able to take decisions when conferences are held.

With regard to this point, I was very interested in the comments which Mr Thorn included in his complimentary references to Mr Fourcade. In fact, at the beginning of the proceedings, mention was made of the creation of several funds — and Mr Thorn regretted that this idea had not been put forward before the Conference met. I think it would be unwise to exaggerate the importance of this objection. Given the complexity of the problem, both Mr Fourcade and Mr Jean-François Poncet — the latter arrived at the end of the conference — deserved to be congratulated for putting forward this suggestion. Mr Jean-François Poncet played an important part, both from the French and from the Community point of view, by his substantial contribution to the understanding of the problems to be solved and his help in seeking solutions for those problems.

In conclusion, Mr President, I should merely like to say that I am convinced — as we all are in our Group — that injustice gives rise to conflict. When, through UNCTAD and, tomorrow, through the post-UNCTAD negotiations to which Mr Cheysson has referred, we envisage a new international economic order, what we wish to do in the final analysis is not merely to settle economic problems, the problems of buffer stocks, the problems of prices, the problems of technology transfer, nor even the problems of debts between developing and richer countries, but also to work for the creation of peace, since we know that the new international economic order will call for considerable efforts from the rich.

In this respect, let us not forget the lesson to be learnt from the recent referendum in Switzerland; we must

exercise self-control. My Group invites this Assembly, in order to make progress in this area, to join in this exercise of self-control and even self-sacrifice by this rich and prosperous Community which we represent, rich in spite of inflation and in spite of unemployment.

(Applause)

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

Mr Lagorce. — *(F)* Mr President, ladies and gentlemen, the fourth UNCTAD, on which all the peoples of the Third World had pinned their hopes, opened in Nairobi on 5 May 1976. The previous UNCTAD, and I hope you will not consider this an ill omen, was held in Santiago de Chile in 1972. The Nairobi Conference ended in a certain degree of confusion, not to say division, and I think that it is not being unduly pessimistic to recognize that fact.

And yet, it should have been of considerable importance, both politically and economically.

Politically, this conference was indeed of much greater significance for the Third World than previous UNCTADs; noteworthy features of this Conference were the acknowledgement, despite their clearly conflicting interests, by the third world countries of the profoundly inequitable economic system which rules in the world today and their intention to get rid of the 'welfare' stigma which the Third World rejects.

Economically, the problems to be solved were just as great. The basic task was to redefine a new world economic relationship between the countries of the Third World, whose power has been steadily increasing in recent years because they hold two trump cards, their ownership of raw materials and the range of those raw materials, and the industrial countries which are technologically advanced, rich in capital, and whose word is law in world markets, the law in question being that of capitalist profit. It was for that reason that there was some anxiety lest this sharp encounter between the countries of the Third World and the industrial countries might develop into open antagonism.

Fortunately, at the last minute, thanks to an extension of the Conference, a compromise was reached, the results of which were described by Mr Cheysson himself at the constituent session of the CAP Assembly, as 'tangible but limited'.

The questions discussed in Nairobi referred in particular to three points:

- raw materials,
- debts,
- technology transfers.

Lagorce

I shall not deal at length with these three points, firstly because the President has asked us to be brief, and also because I think that they will be thoroughly dealt with at a later stage. I should however like to stress that this question of raw materials was felt to be of particular importance by the developing countries who, although they export only 25 % of the world's non-energy raw materials, obtain from such exports more than one-third of their total income, and even more than 40 % in the case of 65 countries.

The developing countries opposed the adoption of an overall programme integrated with a common financing fund. I will not go into details. Mr Thorn has told us what became of these proposals. In principle, but only in principle, a common fund is to be established before March 1977 to coordinate the financing of buffer stocks of raw materials with a view to stabilizing prices in world markets. This is not an entirely insignificant result but we must admit that it is inadequate.

With regard to debts on the other hand, I think it can be stated that no firm solution was reached by the Nairobi Conference — this in spite of the fundamental importance of the matter since the amount of the debts contracted by Third World countries, which has tripled between 1967 and 1975, now totals almost 130 000 million dollars, and about 20 developing countries are bankrupt. The developing countries called for general measures to alleviate their financial situation and for extra measures for the poorer countries among them, including even the cancellation of their debts.

The results obtained in this area were rather disappointing and vague. The argument put forward by the industrial countries for the rescheduling of debts was that cancellation would favour those countries which were bad managers. The only decision reached was that negotiations would be entered into before the end of the year through the intermediary of the North-South Conference.

The third important point under discussion dealt with technology transfers. Here again I shall not go into detail. The Conference instructed a group of experts to draw up the code of conduct requested by the developing countries and decided that R & D centres and an R & D establishment network would shortly be set up in the Third World.

How should one judge these results of the Nairobi conference? The essential thing is that a break was avoided and that the negotiations will continue under other auspices, at other times and in other places. A feature of the decisions is their vagueness and their complete lack of any binding force.

In short, if one excludes raw materials, the results were insubstantial. The Group of 77, who are now, I

believe, 113 or 114, showed a relatively united front in spite of their conflicting interests, in spite of the divisions which naturally exist between those who do have raw materials and those who do not, between those who have already begun the process of industrial development and those who have not yet reached that stage. The United States, in the person of Mr Kissinger, tried to play on those differences, but apparently to no avail.

On the other hand, it is regrettable that, once again, the Conference revealed the profound differences between the industrial countries, that is to say between the Nine and the others and among the Nine themselves.

The Netherlands, for example, was sympathetic to the arguments of the Third World whereas the Federal Republic of Germany and the United Kingdom were less forthcoming.

The United States, for example, refused to agree to the establishment of a common fund to finance buffer stocks, which the developing countries had called for in order to stabilize the prices of such stocks, on the grounds that such a fund would be impracticable, ineffective and costly. In its place, they proposed the establishment of an International Resources Bank to be financed by public or private capital, in order to encourage the production of raw materials in the developing countries and to ensure favourable financial conditions for poor nations and also for private and foreign investors. This proposal, which was looked on as a red herring by the Third World, was rejected, although it had the support of the Federal Republic of Germany and of Japan. That indicates the United States' loss of influence in spite of its powerful economic position in the Third World. Could Europe not occupy the place which has been left vacant by the United States? The question is a relevant one. Unfortunately it is also regrettable that the Nine, once again, were not in agreement and that the Community did not speak with one voice. Nevertheless, Mr Cheysson is right when he says that the part played by the Community, although inadequate, was useful, since the Community was the force behind some advances made on several points. However, it was undoubtedly disappointing because more was expected of it after the signature of the Lomé agreements.

I can merely repeat the conclusion which I gave at the beginning of my speech, that is to say that the countries of the Third World were disappointed by the attitude of the rich countries. The Third World expected them to begin real negotiation — as the President of the Council has reminded us — on the problems

Lagorce

which have most bearing on its development, that is, to list them once again :

- the real organization of the raw materials markets ;
- increased development aid ;
- the implementation of a new world economic order.

This negotiation did not take place because the industrial countries — as they did at the Conference on Economic Cooperation in Manila — refused to make the concessions required to provide a more equitable basis for international economic relations.

In Nairobi, too many industrial countries took the same line as the United States whose aim was to preserve the essential features of the current economic order.

It is then legitimate to ask whether this dialogue of the deaf and this obstinate denial of any evidence of development in the Third World's situation will continue for much longer.

The socialists know that a radical transformation of the nature of international trade will be necessary if we are to achieve a more balanced economic relationship between the industrial countries and the countries of the Third World.

Our purpose should not be to play the demagogue with the developing countries by accepting all their proposals, but rather to fashion those proposals in an equitable form which takes account of differing interests. Nor should we claim to be building a different world economic system while still maintaining control of it.

The developing countries must have their place, and only their place, but their full place in the new decision-making arrangements.

It is for that reason that the Socialist Group once again expresses its regret at the disappointment caused by the fourth UNCTAD in the countries of the Third World whose claims it supports, calling with them on the industrial countries to make an honest and whole-hearted effort to ensure progress towards the equitable development of rich and poor nations, without trying to favour the former at the expense of the latter.

(Applause)

10. *Change in the agenda*

President. — On the question of our agenda for tonight, I have consulted Sir Christopher Soames, Mr Klepsch, Mr de la Malène, and the Group of European Progressive Democrats, who all agree that it would be appropriate to postpone the last two items on our

agenda for this evening, Doc. 119/76 concerning Iran and Doc. 149/76 concerning EEC-UC trade relations, until the July part-session. The Group of European Progressive Democrats agreed on condition that the question on EEC-US trade relations be taken early on the Wednesday of that part-session.

Are there any objections to this change in the agenda ?

That is agreed.

11. *Council and Commission statements on the Nairobi Conference (resumption)*

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

Mr Brøndlund Nielsen. — *(DK)* Mr President, I shall not dwell on the various technical details which were discussed in Nairobi but merely make a few comments on the more political aspects of the Conference.

Many speakers have referred to the impression generally conveyed in the press and in the debate that the Conference was a fiasco. I should like to look at the question from another point of view and say that this reaction is evidence of something positive, since there was clearly a keen desire in a broad and influential section of the Community to see the Conference produce results and a clear awareness that such results are necessary. Otherwise, the lack of results would not have produced so strong a reaction. It should be noted that this provides a basis for the future work of those who are entrusted with the UNCTAD negotiations.

It should also be noted that the proceedings of the Conference and the target it set itself are evidence that we are at present witnessing a steady build-up of the negotiating machinery designed to settle the major problems at issue. Some results have been achieved. A time-table has been drawn up for work on other important questions and, as Mr Cheysson stated, some of the problems have been clarified and defined. It is obviously true that there have not been many concrete results but I feel that the points which I have referred to indicate that we are moving in the right direction.

While the outcome of the Nairobi Conference is something of a disappointment, that should have the effect of spurring us on in the Community to make correspondingly greater progress in the Lomé sphere, to make the best possible use of the capital we have in the Lomé agreements. When cooperation in the world generally is making slow progress it is important that our contribution should be that much more energetic.

Nielsen

I therefore hope that, following on the negotiations about raw materials, the debt question, etc., the Community negotiators will continue to make a steady effort to find solutions to those questions which affect the Community. I should like to thank those who have conducted the discussion so far and in particular I should like to express our gratitude to Mr Cheysson who has, I feel, done excellent work — this was our impression also during the negotiations in Luxembourg last week.

It is right that we in Parliament, in the appropriate committee, should continue to give our attention to the matter. I shall not get involved in the political question as to whether the Member States of the Community stood together or not during the conference. That is, however, a question which will be referred to in the next item on the agenda today, when the question tabled by my Group is dealt with.

I hope therefore that the Community will tackle further negotiations energetically and that the participants will bear in mind that in this world we are in very many matters dependent on each other.

(Applause)

IN THE CHAIR: MR YEATS*Vice-President*

President. — I call Lord Reay.

Lord Reay. — I think Commissioner Cheysson put this matter very much in perspective when he asked us what more we could have expected of the UNCTAD Conference in Nairobi, when he described one of the more theatrical aspects of that conference and when he expressed his view that the press had at times been somewhat too pessimistic, even too alarmist, with regard to the confrontations which appeared to be developing there.

There has been general agreement in this House, with perhaps slight differences in emphasis, that the main positive conclusion from the Nairobi Conference is that the Paris dialogue has not been interrupted and can now be resumed without there having been in the meantime, any critical and damaging conflict between the industrialized and developing countries.

I do not wish to say much, but I do not think one could discuss this matter without referring to the fact that the Community had great difficulty in reaching an agreed position. Of course, I agreed with Mr Cousté that one can overdo criticism of the Community in this respect. Nevertheless, the Community went to Nairobi without an agreed brief, a phenomenon which the President-in-Office of the Council, with great diplomatic agility, disguised by saying that he came with a 'minimalist' brief.

Thereafter, during the course of the conference, the Member States of the Community adopted quite different positions until the very end. On the one hand, there was the Netherlands, which more or less accepted the position of the Group of 77. At the other extreme, there was Germany, which categorically refused to go along with that. In between these two extremes there was a wide range of positions taken up by the other Member States. My own country, somewhat to the surprise of many of the developing countries, took up a position close to that of Germany. To some extent it is unrealistic to mention only the Community countries, because, of course, there was the position of Japan and the United States, which was linked with that of Great Britain and Germany, and undoubtedly the position of the United States must have been one of critical influence.

In any case, as Commissioner Cheysson has pointed out, with the return of the dialogue to Paris, where the Community has one voice, perhaps the chance has been increased that some progress may be made and the Community may continue to adopt a single position.

As for the subjects which were principally discussed, the Commissioner was quite right to point out that there are great differences in the interests of different developing countries, and that at one conference the emphasis may be different from that at another conference, according to the countries represented.

As for the Common Fund for raw materials, obviously there is a difference in interest as between those developing countries which are primary producers and those which are not and, indeed, according as any particular primary producer has his product covered under a particular scheme or not. Personally I am not, in principle, against a proposal such as that put forward by the Group of 77. It may be too ambitious at the present time, but I certainly would not wish to rule out the possibility of progress along those lines.

With respect to the debt problem, on which Mr Lagorce has just given us some figures, I have long disliked the method by which aid is expressed in a form which ignores the fact that there are substantial offsetting repayments of principal and of interest in respect of loans which have been made in the past. But to some extent that is often a fault in presentation, in that the donor countries wish to show that they are being more generous than, in fact, they are.

There are definitely problems with respect to solving that matter. For example, they cannot be dealt with in such a way that the source of loans to developing countries dries up. Of course, many of the loans made by the World Bank depend on the creditworthiness of the countries to which the loans are made. It is therefore a subject which needs to be dealt with carefully. It needs a great deal of thought. It is the sort of

Lord Reay

problem that cannot be decided at a conference under the threat of the failure of the conference if it is not resolved. The transfer of technology is plainly also a matter of very great importance which will need a detailed discussion.

To sum up, I would say that Nairobi postponed the solution to these problems, but it has left the possibility of a discussion on them to be resumed in a forum where there is greater chance of success. In Paris a much more limited number of countries is involved, it is further out of the limelight, and the machinery there is established specifically to enable agreement to be reached on detailed problems. I think it extremely important, of course — as has been emphasized by the Commissioner on many occasions and by his colleague, Sir Christopher Soames — to be able to reach agreement in Paris, although it may not be at all easy. The Community, in its decision-making procedures, will need to demonstrate flexibility and perhaps to make real concessions, but I think that we have more than most to lose if that conference fails and, therefore, more to gain if it succeeds.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, ladies and gentlemen, 'compromise', 'partial failure', 'partial success', 'qualified success', these are the headlines to the articles in the French language newspapers devoted to the conclusions of the Nairobi Conference. And in other countries the headlines were just as varied and as cautious.

I think, therefore, that it is realistic to point out that the fourth UNCTAD in Nairobi was not the failure which many had dreaded, and that the decisions with which it closed can be seen as a further step in the series of attempts made, in particular by the European Community, to substitute an atmosphere of positive cooperation for that of confrontation in relations between industrial and developing countries.

When one considers the increasing number of confrontations in the world, this is an important political development in an area which is crucial for world peace and for the future of both the industrial and the developing countries.

This political development, important enough in itself, was given expression in concrete resolutions. While I do not wish to exaggerate their importance, I cannot allow them to be ignored, whittled down or called in question.

With regard to the problem of raw materials which was a central feature of the negotiations, a position was adopted on the examination in principle of the integrated programme and of its aims, on the list of goods and its enlargement, on measures to be taken to set up a Common Fund and finally on a precise timetable of conference and meetings to prepare for the implementation of that programme.

Neither the regrettable refusal of the United States to commit itself nor the more subtle reserves of Germany and the United Kingdom can take away the importance of the basic common position. Similarly, with regard to the problem of the settlement of debts it was decided to give urgent consideration to specific requests for relief presented by the hardest hit developing countries.

However, if Nairobi is to have any really positive significance, it will be as a result of the steps taken to implement those resolutions. And those steps depend mainly on you, Mr Thorn, as President of the Council, and on you Mr Cheysson, as Commissioner. I would urge you — because you will be judged by us according to your activity in this area — to play your full part in implementing the provisions agreed on in Nairobi, and in particular to respect the dates and the time limits set for the meetings and conferences which are aimed first of all at the essential studies and which then, I firmly hope, will lead to the negotiations necessary for the objectives set to be achieved.

During the first stage of the North-South Conference in Paris, the unity of the Nine was clearly evident and I hope that everything possible will be done to ensure that such is always the case. I emphasize this point because there are reasons for fearing that, once meetings are resumed in Paris, certain regrettable differences among the Nine which were apparent in Nairobi may reappear in other forms. That would be most regrettable since it would deal a mortal blow to the credibility of our Community. It is indeed thanks to the earnest work, carried out with skill and perseverance by the Commission delegation and by certain national parliamentarians, that the credibility has been safeguarded, in spite of the negative attitudes adopted by some Western countries towards the fundamental aspirations of the developing countries. The Council, as you hinted Mr President, was not in a position to give a precise and unanimous mandate to the Commission on all the points raised. It took the remarkable *savoir-faire* of President Thorn and of Commissioner Cheysson to convince the majority of the Third World that their opening speeches could be considered as a real basis for a positive and acceptable compromise.

However, we cannot expect such feats to be constantly repeated by our political leaders. When real negotiations are about to begin, any lowering of the Community's credibility in the developing countries would, I repeat, be more regrettable than ever. Firstly, because it is clearly evident from the Nairobi Conference that the Community is indeed the designated meeting point and the natural mediator for rich and poor countries. Also, because the socialist countries of Eastern Europe have, throughout the Conference, maintained a negative attitude by refusing, for specious reasons, to play any serious part in the joint effort on behalf of developing countries. The latter bitterly resented this attitude and moreover condemned it.

Deschamps

Finally, I should like, on the other hand, to stress the positive attitude adopted by the ACP countries of the Lomé Convention, who, while never breaking their links of solidarity with the other developing countries, played an important conciliatory and organizational role inside their group, thus providing evidence of the outstanding value of that Convention. All of this is important, it all shows that the countries of the Third World wish to turn, not to the major blocs, but to Europe, and, if Europe agrees, to become its privileged partners in the current cooperation on development. This is certainly not the moment for Europe to lose its prestige, nor is it the time for Europe, as I hope the whole world is aware, to fail in its historic role as peaceful instigator of a new world economic order.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — I welcome the fact that the President of the Council and Mr Cheysson have been able to report on this conference.

I speak as a person concerned with the materials for Europe's future. At the moment, we have a conflict between the realism of the Western world and, perhaps, the idealism and charity of the Western world towards developing countries which in many ways are gaining in maturity. Ministers from the various members of the European Nine reported to their own countries. Mr Edmund Dell made an opening speech in Nairobi on behalf of Britain.

The conference was attended by Frank Judd, British Parliamentary Secretary for Overseas Development. I know that Mr Judd has had the interests of the developing countries at heart for all the years he has been in the British Parliament. However, according to the *New Statesman* in Britain and press reports elsewhere, Mr Judd had to establish that this name was 'Judd' and not 'Judas'.

This reflects the view put forward by Lord Reay that Britain had to take a hard line similar to that taken by Germany. Why is this? Mr Cheysson referred to the Group of 77. Although it represents 113 countries, it had come armed with the Manila Conference agreement, demanding a better price for its raw materials.

On 8 June, Mr Edmund Dell reported to the House of Commons some of the optimism and complacency which may have shown itself in this Parliament. He reported that there had been constructive resolutions and a consensus, as we have heard. He referred to the initiatives of Sir Harold Wilson in Jamaica two years previously.

We have been talking today about a point that was raised in the House of Commons, namely, that there is a need for a common fund or a stabilization fund for buffer-stocks of commodities, and we have also discussed the problem of indebtedness for some deve-

loping countries and the need to help the developed countries.

In Britain — and I very much hope that we shall hear other national points of view — the shadow Minister regarded the failure of the British Ministers to help coordinate an EEC policy as grave because he had hoped that Ministers would have attended with more information. The President in Council accepted this as inevitable, although Mr Cheysson took a harder line. We received a summary of this in Luxembourg. I gained the impression that there had been a confrontation. However, I think that in Britain, as the *Financial Times* put it, at the end the Third World countries and the West were still on speaking-terms.

What are the lessons? I very much hope that in the next UNCTAD Conference the Ministers of the Nine will be better able to speak with one voice and that they can rely on the help of the Commission and Parliament to achieve this object.

The Community, particularly with regard to timber and other raw materials, must make certain that we have greater independence to ensure our strength in not having to use too many of these commodities if the price is going up. I shall refer to this later.

Many of us are concerned about sugar. There is a perpetual dilemma how much sugar should be grown at home — I gather that the figure will be 11 million tonnes in the EEC — and how much cane sugar should be imported. As Mr Ernest Parry, President of the International Sugar Organization, announced at the World Sugar Conference, consumption will probably increase. There is a need for an international agreement. There is the International Sugar Agreement, the Commonwealth Sugar Agreement and the Community discussions currently taking place.

I wish to refer to the question of non-agricultural commodities and their rates of depletion. The Committee on Economic and Monetary Affairs and the Committee on Energy, Research and Technology, as I understand it, have looked at this question. It should be looked at again, because it is of vital importance. We should know what the current reserves are and where they are. We should have product-by-product agreements covering the multinational companies and industries as well as agreements on a political basis between nations. At the end, we must recognize that some nations are not endowed with the right resources.

I wish to comment on the view of Mr Lagorce, who spoke for the Socialist Group. We must bear in mind — and this is certainly true of Britain — that among the causes of recession are not only the increasing cost of energy but the increasing cost of raw materials and the worsening unemployment situation. Therefore, we must not be blind to the importance of stable commodity prices. We must not run away — the

Osborn

Socialists in particular — from the need to reconcile fairness between supplier and customer.

I wish to report on a conference, dominated by Socialists, in South Yorkshire which indicated regret that Britain — and, by implication, Europe — was investing in mining in these countries. Do they want us not to invest in the extraction of those raw materials which bring prosperity to the developing countries as well as giving us raw materials?

I shall list some of the dramatic commodity-price increases. In Britain, partly owing to devaluation — this was referred to in the local press at the weekend — there was 13 % increase. As to other figures, aluminium was 40 % up, logs were 80 % up, sugar anything from 90 % to 460 % up and wood pulp was 230 % up over five or six years. All these increases are of concern.

Therefore, although I hope that we have survived a confrontation as seems to have been the case in the Community, we must ensure that in the West we continue to be strong so that we may help the developing countries.

Mr Cheysson referred to Nairobi and said that the voice of the prosperous countries had been heard. However, there is another view. One can take from poor men in rich countries and give to rich men in poor countries. I believe that this view has been noted in the recent Swiss referendum.

I speak from this point of view rather than from the conventional point of view because the leaders of the Group of 77 now realize that they can speak with us from a position of strength. The negotiations will have to be conducted much more skilfully by the United States, Western Europe and those other countries needing raw materials and commodities. Therefore, I very much hope that we shall recognize the strength of these countries and that we shall ensure our own continued strength so that we have a fruitful dialogue, bearing in mind the Lomé Convention, ACP and other countries who are members of UNCTAD.

(Applause)

President. — I call Mr van der Hek.

Mr van der Hek. — *(NL)* Mr President, this is a somewhat curious debate since it will not lead to a Parliamentary resolution being adopted, as no motion as such has been tabled. It may, however, be of some value. If one was extremely cynical, one would have to say to the European Commission and the Council of Ministers that this conference was an enormous success because it did not end in a conflict and did not cost us a penny. If this was what the Nairobi conference was intended to achieve we can say that it was a success.

If, however, the intention was to establish new forms of international cooperation between the Third World and the industrialized world, the conference was not a success. If so, the European Community bears a particular responsibility since, in any economic and international context, the European Community happens to be the organization which is best placed to build a bridge between the developing countries and the industrialized world. This has not been done. The Community did not go to Nairobi as a single unit. From the outset it was not in a position to build such a bridge. It was only in a position to work out a compromise consisting merely of a number of procedural agreements.

I should be grateful if the President of the Council of Ministers, whom this matter particularly concerns, would tell me in what way the results achieved in Nairobi differ from those reached in Santiago. There is in fact no difference at all.

Let us take two subjects, i.e. raw materials and debts.

I recall resolution No 83 of the Santiago conference stated that a start would be made on intensive consultation on a number of raw materials. It has now been decided in Nairobi, that a start should indeed be made on intensive consultation regarding trade in a number of raw materials and that the question of financing buffer stocks must be discussed, insofar as these are needed as a stabilizing element in a particular raw materials market. It was also agreed that if this was the case for more than one regulation, such stocks should be financed from a single fund, since this was probably the most efficient method, although this question required further consideration.

What was decided in Santiago on the question of debts?

It was agreed that we should hold a major conference on debts, since a number of countries are in great difficulties. As it happens, in Santiago in 1972 the report of the World Bank was specially devoted to the question of debts. What happened? The UNCTAD Committee on Invisibles and Financing related to Trade devoted a special meeting to this matter. And what was decided in Nairobi?

It was decided that the question should be studied in the same way.

As far as content is concerned, no progress whatsoever was made in Nairobi. The Community did not play the role which was rightly expected of it.

I should like to make one more observation to the President of the Council of Ministers who found it such a pity that the Community did not appear at the conference speaking with one voice, namely that it came away from the conference speaking with one voice — which itself is no mean achievement.

van der Hek

What would have happened if the Community had committed itself to a mandate, which would have made it quite impossible to achieve anything at all in Nairobi? We should in fact consider ourselves fortunate that the Council was unable to reach agreement and therefore to some extent obliged the Member States of the European Community to act in such a way as to bring about even this meagre result.

Finally, one more remark on the question of the single voice. Mr Burgbacher said in connection with the Puerto Rico meeting, 'What results do we expect from speaking with one voice? Why do we criticize the Member States for accepting American invitations to discuss economic problems when the Member States cannot agree to speak with a single voice.' At that time I was very much opposed to this statement and even today I am still greatly in favour of speaking with a single voice at United Nations Conferences. We should be prepared, however, to attend these conferences with a meaningful mandate. It should be possible to take initiatives at such conferences.

If we are to do this, we need a specific policy. Unfortunately, our Member States are clearly unable to evolve a policy, since there is basic disagreement on the organization of the raw-materials markets and the amount of money they will be prepared to spend on cooperation with the Third World countries.

(Applause)

Mr Blumenfeld. — *(D)* Mr President, ladies and gentlemen, as I see it, there are two positive elements in what Mr Thorn and Mr Cheysson have just said about the UNCTAD Conference in Nairobi: firstly, that the negotiations proper are only just beginning, and secondly, that there was no confrontation which would have obstructed the North-South Conference at the Palais Kleber, which I regard as even more important.

If, however, one is in favour of dealing with matters according to the rules of procedure, as the two gentlemen say they are, this is, of course, tantamount — and we must be quite clear about this — to agreeing to any practical results thus obtained, since otherwise the whole thing would be mere hypocrisy. The outcome of future discussions will, I think, bring us up against some very grave problems since it appears to me that the Third World's wish to establish an integrated instrument or fund for the financing of stocks held by the raw materials producers will draw us into an almost — if I may put it in such terms — fatal spiral of inflation, unemployment and recession which will hit us all, the industrialized countries as well as the many smaller raw materials producers in the Third World and the poorer third countries.

Two large industrialized countries which are at the same time raw materials producers will, however be

immune to such developments initially. I am referring to the United States of America and the Soviet Union.

One should, I think, be aware of the political problem underlying these practical problems and I should like to put a direct question to Mr Cheysson and Mr Thorn. Was the question of indexing raw materials prices finally dropped at the Nairobi Conference or is it still on the agenda together with the other problems such as the settlement of debts etc?

Finally, Mr President, I should like to make two observations. As Mr Cheysson has already pointed out, much more intensive use should be made of the Lomé Convention with a view to finding a basis for cooperation in the future — without falling to our knees in rapture at the word 'cooperation'. If — provided I have understood Mr Cheysson correctly — the European Communities indeed represent the market for 40 % of the raw materials produced in the Third World, we are, as one of my colleagues has already said, in an extremely good position to make the right connections. For this reason — and this is the request this Parliament would like to make to the Commission and the Council — the best possible use should be made of the time between now and the next Round with a view to establishing common ground with the partners in the Lomé Convention and encouraging them to understand our position as industrialized countries, which, unfortunately, the European Communities have clearly not managed to do to any appreciable extent in the preliminary stage of the UNCTAD Conference.

My final observation, Mr President, is the following. The aloofness of the Soviet Union and the COMECON countries, which, as Mr Cheysson said, have hitherto made up only 5 % of the market for the raw materials produced in the Third World and which for this reason have hitherto shown very little interest in the real problem, should be brought out quite clearly in this House. Their lack of interest, which could almost be described as cynical, contrasts sharply with the willingness of the countries of Europe, by which I do not only mean the Member States of the European Communities, but the industrialized countries as a whole.

I also feel that in our negotiations and discussions we should make it clear to our partners in the Third World where their interests lie, i.e. with us and not with the Soviet Union and the COMECON countries.

(Applause)

President. — I call Lord Walston.

Lord Walston — Mr Thorn, with his usual honesty, told us that the Nairobi conference could not be described as a splendid success. It is worth looking back a little to see whether we can find some reasons for this lack of splendid success, because, after all, any objective assessment of the record of those countries

Lord Walston

which make up the Community over a period since the end of the last war shows it is not one of which to be ashamed. Before the war we all looked upon the developing world as colonial possessions to be exploited. There was naturally no question of helping them. A few countries, my own included, gave a very small amount of help here and there, but aid on anything like a massive scale was non-existent.

Since that time a whole paraphernalia of aid has grown up, with the World Bank and all the rest. I will not weary the House by going into that. But the Community itself is now, through its own funds and through the funds of its constituent members, giving thousands of millions of units of account every year to the Third World. As Mr Cheysson told us, we are far and away the biggest customers for the Third World. We have devoted thought and resources to helping them and in the last year or so there have been signs of progress, such as the Lomé Convention, a magnificent step forward, with the Stabek provisions, which in themselves open up a whole new exciting road. One might, therefore, have thought that our appearance in the UNCTAD in Nairobi would have been welcome and that we would have had a splendid success there. But it is perfectly true that that was not so. Undoubtedly, that is partly due to the fact that, for the reasons which Mr Cheysson has given us, the Community cannot speak with one voice — and I hope that he will not take anything I am about to say as a criticism of him, because, as I believe he knows, I have the highest admiration of him personally, of his achievements and of what his Directorate-General has done in this respect.

I believe that one of the reasons we did not have the success we should have had was that there was insufficient preparatory work among the members of the Community. Ideally, we should have gathered together our individual countries and drawn up, so far as possible, a common policy in line with the Community's own commitments undertaken through Lomé and by other means. We could then have gone to Nairobi with a united voice, saying what we were proposing to do. I would say, therefore, that insufficient preparation, though not the fault of Commission, was one of the reasons for the failure, or the lack of success, in Nairobi, and if the next UNCTAD is to have greater success, we must start bearing that in mind at this time and start making our preparations straight away. As a group and as individual countries, we do not show sufficient initiative in this matter; we are always on the defensive; although we eventually give way to a certain extent under pressure, we lose the enormous benefit that we would receive if we took the initiative.

For instance, look at the common fund. A sum of \$1 000 million dollars is needed to set it up. So far the countries of the Community have contributed nothing, although \$500 million was contributed largely by the oil countries. Undoubtedly in due course we shall give a substantial amount. But how much better it would have been, and how much more

credit we would have received, had we at the outset said that we would give one-quarter or one-third of the amount on condition that the rest was raised from other countries!

Let us consider the debt renegotiations. There is no question but that sooner or later many of those debts will be annulled. That is inevitable. It is essential that they should be annulled. But we are dragging our feet. We appear to be unwilling. We should go forward, take the initiative and say: 'Yes, we know that you cannot afford to pay these things — we know that this is an impossible burden on you. Therefore we shall make proposals. Perhaps you will not like them. Perhaps you will want more. However we shall discuss that.' But the initiative should be with us rather than with them. Why must we give way only grudgingly and under pressure?

I said that we had done well. We have a record of which we can, with moderation, be proud. But whatever happens, we must not be complacent. We may look to Lomé and to our aid. But still the discrepancy between the rich and the poor, between the North and the South, remains and grows wider every year. Our effort must always be for assistance offering greater help with commodity prices, technology, gifts and loans. That is the only way in which we can do it. Let us say that we must accept our responsibilities in the Paris talks and the next UNCTAD. We must increase our contributions. We must take the initiative in every instance and not be put on the defensive.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — I should like to reply to a few of the points raised during this debate. Mr Blumenfeld mentioned the percentages of the developing countries' external trade accounted for by the three major economic groups. These figures refer to total external trade and not only to raw materials, which do, however, make up the most of the total. I should just like to point out that we, the Community, are the Third World's biggest customers, not because we are more generous but because we do not have these raw materials in our own countries. We must not forget this very elementary point.

Furthermore, Mr Blumenfeld asked whether the request for a system of index-linking had been finally scrapped. No, it has not been scrapped by the Third World countries, but on this point the industrialized countries declared unanimously that this type of approach was not suitable. I think that this is now understood by the developing countries. I should like to point out in particular that the UNCTAD Secretariat's first proposal, which was to increase the prices paid for raw materials in order to help Third World producers financially, has now been scrapped. The question of financial aid to Third World countries exists in its own right; that of the eliminating of

Cheysson

sudden fluctuations in the prices of raw materials is another matter, and it is the former which is being examined. I think that this economic analysis is infinitely better for all of us.

Mr Lagorce said — and I think there was a slight misunderstanding — that it was decided in Nairobi to set up a Common Fund. In fact, all that was decided was to devote a future conference, in March 1977, to the Common Fund. Why does this simple observation induce in me a certain optimism, with all due respect to Mr van der Hek? Because I see that no State wants to be responsible for the breakdown and failure of a world-level meeting.

Consequently, if a meeting about the Common Fund takes place, some progress will inevitably be made. A precise date has been set aside for this conference; there is therefore a big difference compared with what happened after Santiago.

Moreover, on the question of the Common Fund, allow me, Mr President, to say briefly that the positions are not as different as we might be inclined to think at first sight. The President of the Council of Ministers made the same point a short while ago. On the one hand, the Third World countries say: 'Let us first of all set up a Common Fund and then see how it will be used for financing buffer stocks'. They readily acknowledge, however, that buffer stocks are not required for all raw materials. A more logical and economically sounder attitude is: 'Let us see which raw materials require stabilization in the form of a buffer stock, and therefore financing' — this is the French proposal mentioned by the President of the Council of Ministers — 'and let us agree to examine together the specific financing methods for a given raw material'.

As you can see, the difference between the two approaches are far smaller than they would appear to be, and this is why I think some progress will be made in this respect.

At a more general level, Mr President, Mr Cousté welcomed the fact that the debt problem could be brought up at the Conference on International Economic Cooperation. This is also our view, since all these problems must be examined jointly. There is an obvious interdependence between the various methods of action on these problems, and the North-South Conference is just the setting for this joint examination.

Furthermore, and I apologize for repeating myself, at this North-South Conference the Community has to speak with one voice. It is therefore possible — and here my remarks are addressed to Lord Walston — to get the Community to adopt a common position for the Avenue Kléber, where we will speak with one voice, whereas the Community is far less inclined to

reach a conclusion, whatever the pressures brought to bear on it by the Council of Ministers, before a meeting at which it will have nine seats, nine microphones and nine voices. This is why the obligation to adopt a common position where we are speaking with one voice is fundamentally a factor of decision in the Council, which does not exist when we are speaking with nine voices.

Finally, Mr President, I should like to take up again what was said by the President of the Council of Ministers and reiterated by many of those who spoke. The most important outcome of the Nairobi Conference is that the dialogue will continue, that it has been given fresh impetus, and that, on certain points, we want to try to progress from dialogue to negotiation.

I wish to thank a number of speakers for mentioning Lomé. What did we do in Lomé? We went far beyond the stage we have now reached at world level, since after dialogue and negotiation we succeeded in establishing a convention, let us say a collective convention, which we are already implementing with the countries of North Africa and shall be implementing in the near future with the Mediterranean countries in the Middle East — both Arab countries and Israel. In this area we are therefore way ahead as regards conception, joint construction and expression of mutual interest; we want this dialogue because we want peace — Mr Cousté is right — because peace is vital for us as European countries, and also because we want a certain level of economic stability and development in these Third World countries, in accordance with moral rights, political needs and also our own selfish economic needs, since we need growth to assert itself in the world, particularly in those places where the requirements are greatest.

This general growth will make it possible for us to progress. Without it, there will be no progress in Europe, even as regards our own problems; and part of this growth must take place in the Third World for moral, political and fundamental economic reasons.

(Applause)

President. — I call Mr van der Hek on a point of order.

Mr van der Hek. — *(NL)* Mr President, questions have been put not only to the representative of the Commission, but also to the President of the Council. Does the President of the Council intend to take part in this debate or not?

President. — The President of the Council has already contributed to the debate. I understand that he will be present for the next debate and that he has nothing to add to what he said in this debate.

The debate is therefore closed.

12. *Puerto Rico summit*

President. — The next item is the motion for a resolution tabled by Mr Bertrand, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Allies Group, and Sir Peter Kirk, on behalf of the European Conservative Group, on the Puerto Rico summit meeting (Doc. 176/76).

I call Mr Fellermaier, of the Socialist Group, to speak on a point of order.

Mr Fellermaier. — (*D*) Mr President, three Groups have tabled a motion for a resolution which I regard as very important. However, since my Group felt obliged to table a number of amendments, and since we have had no opportunity to discuss them within the Group, I should like to request that we postpone the debate and voting on this motion for a resolution until tomorrow.

President. — I call Mr Bertrand, chairman of the Christian-Democratic Group.

Mr Bertrand. — (*NL*) As the Member who tabled the motion for a resolution on the Puerto Rico Summit I support the request of the Chairman of the Socialist Group, since it will allow the Socialist Group to discuss the motion for a resolution.

President. — In the light of what was said by Mr Fellermaier, and accepted by Mr Bertrand, is it agreed that this resolution on the Puerto Rico Summit Conference be postponed until tomorrow and taken after the joint debate on the Artzinger and Glinne reports?

I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (*F*) Mr President, I hope that you and the honourable Members of this House will forgive me if I say a few words on this subject.

I am grateful to Parliament for its interest and concern over the economic summit in Puerto Rico. You know that this summit has had my full attention in recent weeks and has given me no little cause for concern.

As I took the opportunity of telling you this morning, it was basically on account of the Puerto Rico summit that we held an all-day meeting to discuss the matter at Senningen, near Luxembourg, last Saturday. There was a further meeting of officials today, and this meeting has just produced a result. I am not in a position to inform the House of the text of the agreement, but I can tell you that it will be adopted or rejected without further modification.

If I may say so, today's agreement goes much further than your draft resolution.

As a result, I feel it would be better if Parliament did not adopt the draft resolution which has been submitted to the House today.

Allow me to quote from the text, which I hope the press will not take up. There is no request for the Community to be represented in Puerto Rico. The President of the Council i.e. myself at this point in time, is asked to call on the four Member States which have been invited to Puerto Rico to secure an invitation for the President of the Commission. Until now all efforts had been directed towards having the Community represented by the President of the Council and the President of the Commission. While other Member States were insisting that the President of the Council should be accompanied by the President of the Commission, you are asking the President of the Council to take action so that the President of the Commission may attend the summit meeting. One could deduce from this that the President of the Council has no part to play.

In the last paragraph he is requested to act so that the President of the Commission goes to Puerto Rico, not to represent the Community, but in order to report on the summit meeting for the European Parliament. You know my cordial feelings towards Parliament, but if such a resolution were passed, there would be a risk that one or two Heads of State or Government might think that there was no need for representation by the President of the Commission and the President of the Council, and that the former's sole task was to report to the European Parliament.

The best line of defence is to say that the Treaties are the Treaties, and that the Community must be represented on a Community basis. All our work has been along these lines, and I could foresee some danger if you weakened my position in any way today.

(*Applause*)

President. — It would appear that new issues have been raised. I suggest that we provisionally insert this item after the Artzinger and Glinne reports tomorrow. In the meantime, the political groups can consider the matter and decide tomorrow whether they wish to go ahead with this resolution.

I call Mr Bertrand.

Mr Bertrand. — (*NL*) Mr President, I offer you my apologies, but it is after all your job to see that the rights of Parliament are respected and observed. When the President of the Council speaks, Parliament has the right to react to what he says.

The President of the Council discussed these matters in great detail. I should therefore now like to reply. This is the normal procedure, and, moreover, he will not be here tomorrow. If you so wish, I am prepared to withdraw the motion for a resolution and not have it put to the vote — but not for the reason you mentioned.

Bertrand

As I see it, it is not acceptable, in view of the current Davignon procedure and in view of what has been decided regarding political cooperation, that four countries should, without prior consultation, immediately accept an invitation to discuss a matter which is partly within the competence of the Community. This indicates a lack of solidarity on the part of the four large Member States who can no longer be bothered to consult the five others first. This is the reason for our disillusionment.

Nor is this the first time something like this has happened. We have already protested against the Rambouillet conference and the procedures used on that occasion. We have the feeling that there is a wish to institutionalize goings-on of this kind. I am not speaking about the election tactics of the President of a certain country where elections are to be held this year.

As I said, I sense a wish to institutionalize this kind of procedure. We as Parliament cannot let this pass unnoticed. We feel that Community solidarity must be respected, particularly by certain countries. This is why I wanted a debate on the question of Puerto Rico.

The President-in-Office of the Council said that the officials go further than we ask. I hope so. If all nine countries are invited, this will be a success — but even so they would still be present on a bilateral basis and not as a Community. I should like to see the Community represented by the President of the Commission and the President of the Council, but, I repeat, I have no wish to be too persistent under the circumstances, and withdraw the motion for a resolution.

President. — I call Mr Fellermaier on a point of order.

Mr Fellermaier. — (D) Mr President, I should like to take advantage of the time you have given me to speak on a point of order to thank Mr Bertrand for withdrawing this Motion for resolution which has become superfluous after what the President of the Council has said.

I should also like to congratulate the President of the Council — certainly on behalf of my Group, and perhaps on behalf of others in this House too — for using his tenacity to obtain Community representation at the economic Summit. Thank you very much, Mr Thörn, on behalf of this Parliament.

President. — This motion is in the name of three groups and I understand that Mr Spicer will speak on this motion on behalf of the Conservative Group.

I call Mr Spicer.

Mr Spicer. — I wish briefly to support all that Mr Bertrand and Mr Fellermaier have said. We are delighted that this motion has been withdrawn.

Personally I would have thought that even if we had discussed it tomorrow, against the background of what the President and the Council have said and after a 24 hours' delay, it might have been out of order and we might have been unable to discuss it as thoroughly as we would have wished tomorrow. I therefore give my fullest support to the withdrawal of this motion, and to Mr Bertrand.

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

Mr Kofoed. — (DK) Mr President, on behalf of the Liberal Group, I should like to give my support to Mr Bertrand's proposal to withdraw the motion for a resolution. At the same time I should like to thank the President of the Council, Mr Gaston Thorn, for the work he has done so far in this field. As I said, we agree with Mr Bertrand.

President. — All three of the signatory groups have expressed a desire to withdraw this motion for a resolution.

The motion is therefore withdrawn.

13. *Oral question with debate:*
The Community's external relations

President. — The next item comprises the Oral Questions, with debate, put by Mr Durieux, on behalf of the Liberal and Allies Group, to the Conference of Foreign Ministers of the Member States, and to the Council and the Commission of the European Communities, on the Community's external relations (Doc. 147/76):

By virtue of the Lomé Convention, Mediterranean policy, the Euro-Arab dialogue, consultation procedures with the United States, contacts with COMECON and commercial policy — to mention only the major items of its external relations — the Community is a powerful and active force in the world.

However, these many and varied relations, though mainly concerned with economic questions, have fundamental political consequences. They should not, therefore, represent the haphazard and confused expression of a material power but should, instead, fit coherently into a broad design based on a shared conception of Europe's place in the world and of its consequent political, economic, social and cultural role.

Could the Conference of Foreign Ministers, the Council of Ministers and the Commission state whether such a design exists and, if it does, indicate its principal lines and major projects and describe the mechanisms which have led to its creation, stand surety for its democratic quality and guarantee its permanence?

I call Mr Durieux.

Mr Durieux. — (F) Mr President, I need not spend too long on explaining the thinking behind my Group's question to the Conference of Foreign Minis-

Durieux

ters and to the Council and the Commission, since the text is, I feel, explicit enough.

Everyone is aware that our external relations have expanded to a considerable extent since the Treaties by which we are administered were drawn up. The Community's powers to conclude agreements have been paralleled by an increase in the range and complexity of its internal relations which have brought about the need for new procedures resulting from new situations not foreseen by the Treaties.

Either as a result of having signed international agreements or of our participation in multilateral talks, we are today involved with every corner of this planet; we are a major trading power. And yet, if we look closely at these relations, inasmuch as a close study is possible, we cannot help but get the impression that they are a matter of simple expediency. Hence, the forums of negotiation multiply, although this is a general bane of our Western world.

More and more frequently the Member States initiate action which only duplicates the work of the Community or even, on occasion, hinders its development. And with the round of concessions which we have to make in order to ensure our supplies and outlets for our products, such talks often appear to be body blows to the life of the Community.

There is, however, one subject on which I feel I must speak in more detail than this short speech demands, namely association, particularly the Lomé Convention, where the Community has achieved so much fine work and laid the basis for what could be an economic policy towards the Third World. There was also the hint of some such plan in the speeches by Mr Cheysson and Sir Christopher Soames for a global policy for the Mediterranean.

But we all know that despite the far-reaching significance of these projects the Commission has its hands tied, here and in many other spheres, by ministerial authority. It can act only at the behest of the Council, and this body in any case issues only purely economic directives, thus attempting to contain within the original framework of the Treaty something it has long since ceased to cover.

The importance of the Community's external relations, especially those with the developing countries, is such that they cannot be restricted to the economic sphere. And the problems which arise from our dependence on foreign suppliers mean that our future commitments will continue to grow.

Of course, there are outside the Treaties other procedures for political cooperation, ranging from the European Council to the Institutions mentioned in the Luxembourg and Copenhagen reports, and their task is to define a common policy for external relations. The final communiqués of the 1972 and 1973 summit meetings even included statements to this effect, but they are laughable when one considers just what is at stake in our external relations. Indeed, when could

these statements provide the outline for an external relations policy — an outline capable of fostering such a policy and ensuring its permanence — when the machinery of political cooperation is sealed off hermetically from the Community sphere where the agreements are negotiated?

There is no point in going on about this problem, Mr President. This is one of the recurring themes in this House. We know the difficulties it involves, and we know also that the President-in-Office of the Council, more than anyone, is aware of them and is making every effort to overcome them.

My purpose in tabling this question was to attract attention to the problem of our external relations. The Community must not be an unseeing economic giant. Our dependence on third countries is too great to allow circumstances or our powerful partners dictate our position to us. Now, more than ever, our economic relations necessitate a political approach. Our external policy must become a true policy. The Community's powers must be extended, but at the same time we must ensure that the European Parliament plays its full part in the formulation of external policy and in the conclusion of international agreements.

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Conference of Foreign Ministers of the Member States and President-in-Office of the Council. — (F) Mr President, ladies and gentlemen, as Mr Durieux has just mentioned, the dynamism shown by the Community in the field of external relations has been evident ever since its establishment and the results of Community action generally are certainly positive.

By reason of its institutional features, its position as one of the most important trading powers in the world, a position strengthened by enlargement, and the growing interdependence of international economic life, the Community has emerged as a distinct force on the international scene and has played a coherent role there. The Treaty itself contains a number of principles to guide the Community's external action. These are found particularly in the Preamble, in Article 110 which deals with commercial policy, and in Part IV concerning the association of the Overseas Countries and Territories, which is the historical basis for the Lomé and Yaoundé Conventions.

However, as the Community's external relations were diversified, a fuller definition of Community aims became essential. The guidelines of the Community's policy towards developing countries, industrialized countries and State-trading countries were laid down comprehensively for the first time by the Summit of Heads of State or Government held in Paris in October 1972. Subsequently, the Declaration on European identity was adopted at the Copenhagen Summit

Thorn

in December 1973, the main purpose of which was to define more clearly the relations of the nine Member States of the Community with the other countries of the world.

In reply to the question put by the Honourable Member, I can do no more than to refer him to these two Declarations which give a clear and coherent overall exposé of the Community's aims in the field of external relations, of the place of Europe in the world and of the role and responsibilities which they entail for her.

It is obvious, Mr President, that in a field as changing as that of international economic relations, any action must adapt to new factors and current problems. In my opinion, the institutional machinery provided for by the Treaty in respect of foreign policy is a factor which has contributed to the development of the Community's external relations. The Treaties make provisions for transfers of power — including Treaty-making power — to the Community institutions, which are called upon to exercise these powers in their own right.

The Community possesses very extensive powers of action which have enabled it gradually to develop the entire external action with which Parliament is fully familiar. To this should be added the fact that the Community has made extensive use of the joint agreements procedure which has enabled it to negotiate at Community level agreements which extend to matters still subject to the jurisdiction of the Member States. Furthermore, the Community and the Member States endeavour, when acting within the framework of international organizations, to adopt a common position, even on non-Community matters in respect of which Article 116 does not make joint action compulsory.

The democratic quality of such action, Mr President, is guaranteed by the very functioning of the institutional system provided for in the Treaty, of which this Parliament does not need to be reminded. The Parliament is also familiar with the procedure which has been worked out by agreement between it and the Council so that the Parliament can exercise its supervisory powers more fully, with particular reference to the conclusion of international agreements. We discussed this very subject earlier this afternoon in committee.

On the question of how the permanence of the Community's action is guaranteed, I shall begin by recalling that the Community has, by the very fact of its establishment and its development, been the source of what may be described as considerable changes in international economic relations. The Community has made a major contribution to the liberalization of world trade: it is the centre of a network of preferential agreements which link it with a number of States totalling approximately half of the current members of the UN (Sir Christopher Soames

and Mr Cheysson will correct me if I am wrong on this); it has contributed within GATT to the achievement of fresh progress in liberalizing trade, thus benefiting the entire international community. Lastly, the Community has established with a large number of developing countries privileged links of a new kind based on equality, cooperation and interdependence. I only wish, Mr President, that the Community has as successful a record in every sphere as the one it can boast in the international sphere.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — This is an important and challenging question that has been put before the House by Mr Durieux and his Group. It is concerned not so much with the tactics, if I understand it right, as with the grand strategy of the Community's external relations, and I entirely agree with the view that it expresses — that the Community's external relations should represent a coherent expression of a shared conception of Europe's place in the world. That surely is the grand strategy. It is to this that I should like briefly to address myself.

Let me begin with a warning. The external policy of the Community, like that of the States which go to make it up, is in part a function of its interests, in part a function of the political and social values of its peoples, and in part a reflection of the external pressures under which it must operate and the international environment in which we must live.

Each of these elements — our interests our values and the external environment — is to some extent dictated by the situation in which the Community finds itself, and although each of them may be altered in some degree by our deliberate choice, none of them is entirely the subject of our free will. And so, while a successful foreign policy might be defined as that policy by which choice is made to prevail over circumstance, let us be under no illusion that our task can be reduced simply to that of formulating a grand design. Building is more than a matter of architecture. It is more a matter of the skilful use of the materials that are placed at our disposal.

Starting, then, with the first of the elements that go to make up the Community's external relations — what are the Community's major interests within the sphere of its present competence?

In commercial and economic matters the interests of the Community are rooted in the very structure of its economy. More precisely, the character of our interests is largely determined by the extent of our dependence upon international trade.

Let us look at the facts. One is that the Community is mainly dependent on international trade. Indeed, our

Soames

ratio of foreign trade to GNP is twice what it is in the United States and three times that of the Soviet Union.

Another fact of our situation is that trade with the developing countries makes up 40 % of our total trade. At the same time, the pattern of international economic interdependence in which we are involved is one which embraces the whole world. While we do half of our trade with other industrial open-market economies, a significant and growing proportion of our imports of raw materials and our exports of manufactured goods is done with the State-trading countries. And our trade with the Third World is divided between the Middle East, Africa, Latin America and South-East Asia, in such a way that no one of these regions stand out as a pre-eminent trading partner of the Community.

These, as I see them, are the facts which inexorably impose upon the Community a strong interest in the maintenance of an open world economy. Certainly we have preferential relations with the the Mediterranean countries and with the countries that go to make up the European Free-Trade Area, and there are good and sufficient reasons for that.

Similarly, as Mr Durieux reminded us, there are the historical ties between the Community and Black Africa and the persisting dependence of some African, Caribbean and Pacific countries upon the European market which justifies our continuing special relationship expressed in the Lomé Convention.

But these bilateral links must be seen in the perspective of the Community's wider interest in a global and multilateral approach to the expansion of international trade. Hence our joint sponsorship with the United States of the Multilateral Trade Negotiations now going on in Geneva.

If trade liberalization and expansion are two of our Community interests, another is the economic development of the Third World. The developing countries are important markets and sources of raw materials for the Community, and as their industrialization proceeds the possibility of a valuable economic partnership is being opened up, based on a new international division of labour between Europe's industries and services and those of the Third World.

The Community is already making a significant contribution to Third World development through the Generalized Scheme of Preferences and through the role we have been playing in the Paris Dialogue and within the United Nations framework. And there is no doubt that our voice in the consensus which we all hope is beginning to emerge between the industrialized world and the developing countries will be, and ought to be, of crucial importance and significance.

I turn now from the interests which shape the Community's external policy to a consideration of the values which should inspire it. Just as our interests are rooted in the structure of our economy, so our values

spring from the character of Europe's polity and society. Their essence is our commitment to the principles of pluralist democracy and our engagement in a dialogue with other great civilizations and cultures of the world.

Our attachment to the principles of liberal and social democracy is the most fundamental determinant of the Community's attitude to the continuing division between East and West. Europe's close ties with the United States and the other industrial societies of the open economy world are more than a matter of coincident economic interests. We are bound together by shared values and these bonds are as Burke said, light as air but strong as iron.

At the same time, and by the same token, there is inevitably a gulf fixed between a society such as ours, based upon the values of pluralism social reconciliation, representative government, the rule of law and the responsible State, and societies such as those to the East, organized around the doctrines of the class struggle and the dictatorship of the proletariat. And by the same token, there is a similar gulf between the values for which our European society stands and those which are embodied in the arbitrary totalitarianism of military or fascist governments.

I do not believe that the Community can act as a kind of global policeman. Nor do I believe that we should pose as the moral conscience of mankind. But there is undoubtedly a sense in which the destiny of the values upon which our way of life depends — and therefore the future of our way of life itself — is bound up with their fate elsewhere in an increasingly close-knit and interdependent world. The ideals for which we stand are not ours alone. Over centuries past, they have made an imperishable contribution to human progress, and we in our generation are charged with the duty of ensuring that they can continue to develop in strength and freedom.

That is why the Community has responded, as it has done to the claims made upon us by the re-established democracies in Greece and Portugal, who share a common interest and a common destiny with us. And that is why the Community will respond in the same fashion to the claims of Spain when that country at last seems firmly set on the path of pluralist democracy.

I am sure that the House will agree with me that it is neither desirable nor in our interests that a rigid separation be maintained between the Western system and that of the East. There is no doubt that warmer and progressively more extensive relations across the Iron Curtain should cause tensions to be reduced, should help to weave a beneficial network of reciprocal interdependencies between our societies and should foster the historic evolution of the Eastern countries away from the monolithic structures of the postwar period. But I am also sure that the House will agree that the pursuit of *détente* must not take place at the expense of our essential values.

Soames

So much then, for the way, as I see it, that our interests and values guide the external policy of the Community. But what of the third element — the external influences which press in upon us, and the international environment with which we must come to terms?

Indeed, the Community was brought into existence largely because it was needed if we were to respond successfully to the challenges of sustaining our independence and freedom of action against the Russian super-power and of preserving and developing Europe's distinct identity within the comity of Western societies. We see that these challenges are with us still and that they will continue to shape our approach to external policy for many years to come.

And to them there is now being added a third challenge — that of adjusting to the material growth and spiritual to the material growth and spiritual re-birth of the countries of the developing world.

The fact is that the movement of events in the world outside Europe is increasingly imposing upon us the obligation to give form and substance to Europe's international personality. The Community is proving to be a powerful new pole of attraction in world affairs. We may still find it difficult to initiate policies, but there is no doubt about the pressures we are under to find policies in response to the interests which the Community arouses abroad.

Countries all over the world are looking to us, sometimes with hope, sometimes with trepidation, to define our relationships with them. Some have been seeking closer commercial cooperation — whether it be India and the other countries of the sub-continent, or the countries of South-East Asia, or Mexico and Latin America. Others, such as Canada and Iran, are seeking a relationship of a wider economic character. China has begun to open up a connection with the Community which we both see as possessing a profound and enduring geo-political significance. And now, after years of cold-shouldering and ignoring the Community the COMECON-countries have begun to respond to our desire for a more normal relationship between us.

In modern circumstances, it is only by acting together as a Community that the states and peoples of Western Europe can hope effectively to promote their interests, to sustain their values and to meet the demands placed upon them by the outside world. But if the Community is to operate successfully in the field of external policy — as in every other field of policy — our governments and our peoples will have to comprehend the realities of their situation and to set about their task with the necessary will.

The will that is needed for this is, of course, a political will. It is the will to enable Europe to find and exert her European strength not merely in a distant future but now. The people will have to be involved. This is

above all where the importance lies of direct elections to the European Parliament — in its capacity to engage the imagination and interest of the citizens of Europe in every walk of life and in every part of the Community.

But at this stage in the development of the Community, with its limited institutional power, the primary responsibility for Europe's future rests upon the governments of its Member States. They must recognize the limits of their capacity to master their problems by acting separately and accept that European solutions can work only if they are prepared to act together to make them work. The European interest can prevail only when our governments are prepared to take full account of the European interest in determining their national policy decisions.

Each of our countries has its own tradition of foreign policy — a tradition which is the compound expression of its national history and culture and of a continuous reassessment of the enduring national interest amid the flux of world events.

The foreign policy of a united Europe is gradually taking shape in its own tradition. But although this tradition is being moulded by the same considerations which have shaped our national policies, it inevitably reflects a synthesis of all the historical elements and abiding interest that go to make up our Community. Indeed it is more than a synthesis. It is something quite new and different, reflecting the emergence of a quite new and different factor — the European factor — in world affairs.

Our policy projects the essential character and interests of European society committed to pluralism, democracy and the social-market economy. It therefore joins us in close ties with like-minded countries all over the world, and notably with the United States. It is also a policy which reflects Europe's historic concern with the developing world, and the various elements of which that concern is made up — humanitarianism, zeal for cultural *rayonnement* and the desire to do business with a sense of responsibility. It reflects the historical ties of kinship and the mutual interests which bind our Member States with other countries across the world.

All of these historic elements are finding their place in Europe's external relations. But they are not doing so in the forms that they have taken in the past, nor can they continue to be defined exclusively by one or other national connection.

Thus, Europe is being challenged to fresh creativity, as new subjects take their place on the agenda of international relations, as new preoccupations emerge and as new instruments of international policy are forged.

In the progressive interweaving of political cooperation and Community action, we have already given proof of the kind of continuity that is needed. We

Soames

must measure our success not by what we think we can do but by what we know we must do if we are to secure for our Community the greatest possible degree of independence in what is an increasingly interdependent world.

(Applause)

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

Mr Schmidt. — *(D)* Mr President, I should first like to congratulate the President-in-Office of the Council on surviving today's marathon so courageously up to now. Nowadays every super-athlete needs a number of advisers, and I have the impression that the advisers employed by the President-in-Office are of varying quality. I must add that the adviser who prepared him for today's leg of the marathon can certainly not claim to be one of the best.

It seems to me that in contrast to his usual statements the President-in-Office's remarks in this case have turned out to be somewhat too positive. Sir Christopher Soames' speech, on the other hand, was a welcome change because of its highly critical undertones.

I should like to say on behalf of my Group that basically we welcome the Liberal Group's request for this debate in order to clarify the present position. It is, after all, interesting that the European Community — plagued by internal difficulties and scarcely capable of making any kind of progress in internal affairs — is seen by many outside countries, despite the fact that they are by no means unaware of these internal difficulties, as a great source of hope and centre of attraction, although I do not think that the Community reacts as it should. I should not like to fall into the error that is often committed in this House of singling out the Commission for most criticism. The Commission, it seems to me, is often like a racehorse with its legs tied together which is then whipped hard to get it to go faster. It would be much more to the point in our debates to name those really responsible. I am sorry that Mr Thorn always has to take the criticism on behalf of those really responsible; it is not directed at him but at those whom it is his job to represent.

Although I have defended the Commission, I hold the view that in taking a close look at the economic and foreign policy of the Community there is one point to which we should pay more attention, i.e. the completely differing terms which the individual Member States grant outside partners. This rather undignified race for more favourable terms organized by the individual states ought to be one of the major points for us to look at in the near future. In this field the Commission must also bear some of the blame, for it recently proposed an institution called the 'Export Bank', which in my view would only add yet

another to the various sets of export terms already in existence, without any prior attempt being made to standardize the terms which the Community offers the outside world.

It has become clear that in many countries — Sir Christopher Soames mentioned a number of them — in the Far East for example, people look to our Community to support their attempt to maintain their own identity.

The great powers, which take the lead economically — and here I cannot see any great differences between the Soviet Union and the United States — often add a very political slant to their trade policy. This, however, represents a danger for a number of countries. These countries look to the Community because they know that it is economically strong and, possibly because of their own weakness, it has a certain political attraction for them. But they also know that even if it so wished the Community is not in a position to translate economic strength into political pressure. It seems to me, however, that in many cases the Community does not make good use of the opportunities it has for playing its allotted role.

What particularly needs to be criticized — and this is a criticism I have already made to the Commission in connection with credit terms, but it applies equally to the individual Member States — is the way in which, in concluding their nominally or effectively bilateral agreements, the individual Member States very often circumvent the Community's authority under the Treaty. In view of this I am rather surprised, Mr Thorn, that you should take such a positive view of things. I would have thought that as President-in-Office of the Council you ought to be much more critical of the present state of affairs and of the methods employed to circumvent the Community's authority to quite a considerable extent.

At the moment the agreement with Canada is under discussion, an agreement which, apart from its economic importance, is of very great political significance. The Liberals' question is, I think, justified: what is the concept underlying it? I am thinking of the fact that a large number of countries could take this agreement as a model and pitch their demands accordingly. Now the answer might be: for other countries and for each individual country there are different terms, and we shall make this clear to the country concerned as the need arises, if it claims that a precedent has been set. It may well be that there are differences here and there and that we all understand them. But it may be very difficult at times to explain these differences to other countries. I believe it would be much simpler in both current and forthcoming negotiations if we could say: this is the Community's basic position. But no-one has presented such a concept today, neither the President-in-Office of the Council nor Sir Christopher Soames, although I will

Schmidt

grant that he, with many fine words, at least attempted in a sense to define the European Community's position. But even he did not manage to present a concept on which to base our external relations in the future.

Since I am always very indulgent with the Commission, seeing it, as I said, as a kind of shackled racehorse, I do not wish to pursue this matter. I must, however, say one thing: it is quite clear that the underlying concept — Sir Christopher Soames rightly referred to the idea of a strategy — that the strategy to be employed has not become any clearer today. I would like to urge both the President-in-Office of the Council and Sir Christopher Soames to go beyond what has been said so far and go somewhat more deeply into the question posed by the Liberal Group. We of the Socialist Group would listen to these additional explanations with the greatest attention.

(Applause)

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

Mr Lückner. — *(D)* Mr President, if I remember rightly, my colleague Mr Durieux prepared today's oral question some months ago, but postponed it in order to await a more suitable time for the debate. I do not think, Mr Durieux, that I am committing any indiscretion if I say that you first raised the idea of this oral question in February or March. I think I am also right in saying that your intention in putting the question to this Assembly at that time was to initiate a debate with the Council and the Commission in order to revive the proposals made by the Belgian Prime Minister, Leo Tindemans, in the first section of his report and see that progress was made towards implementing them.

Now, looking at the situation today against this background, I am wondering: have we become more optimistic, yes or no? Amid the idyllic depictions of the foreign policy situation that we have heard today from the President-in-Office of the Council I do not like to play the troublemaker.

Please rest assured, Mr Thorn, that this is not directed at you personally; we all know and respect your personal and political commitment to the further development of the European Community. When I heard the message you had for us in what you had to read out today, I rather got the impression that you yourself were not happy about it; but then you had to read out a text handed to you by the Council of Ministers. I wonder whether you noticed the great difference between what you presented to us today and, for example, what one of your colleagues, Mr Leo Tindemans, as Prime Minister of one of our Member States, wrote in a section of his report about the need for a common foreign policy.

Nothing can hide this gulf. No-one here disputes, Mr Thorn, that despite all the criticism a certain amount

of progress is of course being made here and there in the field of foreign policy, at Community level too, and that things have not come to a standstill. But we all know too that what is happening is far from enough to meet what Sir Christopher Soames so aptly termed the challenges and — I think, Mr Thorn and Sir Christopher, that I may add this — to fulfill the hopes that the peoples outside the Community place on Europe and its contribution to world development.

I do not wish to be so harsh as the last speaker, Mr Schmidt. You, Sir Christopher, have tried at least to present here fragmentarily the underlying ideas for a concept of a common foreign policy, in terms of the interests of the peoples of Europe, as an expression of the values on which we base our decisions about how to organize our lives, and also as an answer to other peoples' demands and the hopes they place in us. I have the impression that you have a policy but not, unfortunately, the means to put it into effect, while the Council might have the means but evidently has no policy in this field. That, with some exaggeration, seems roughly to be the situation according to what has been said here today. You would know what to do in order to carry out a joint European policy convincingly, reliably and effectively. I have the impression that you would know how to do it, but at the end of your speech you implied that you had not the means, the instruments or the machinery; you have not got the necessary powers. These lie with the Council, which has both the means and the powers. It could do everything, but it has no policy. Perhaps it has nine different policies, but it has no Community policy, no joint European policy.

I would like to remind you of the last two policy statements by the President of the Commission, Mr Ortoli, this year and last year. It was he who said in this House that our Community, in its dependence on the outside world, in its vulnerability to outside influences and its internal impotence, is seriously threatened. Which of us would deny any of that? I do not want to go into it here. I merely draw attention to the point.

It is surely no coincidence that in the introduction to his report Mr Tindemans took up precisely these themes: the Community's vulnerability to outside influences and our impotence. Add the small word 'relative', if you like; that does not alter the facts. We are faced, then, with the question: what can we do? Now that our colleague Mr Durieux has given us the opportunity with his question, I should like to disrupt the idyll a little. In his report, Mr Tindemans made some proposals; so far — and after all nearly six months have now gone by — they have not even been the subject of any serious preliminary discussions.

Everything that we say here may, or may not, be all well and good. In my opinion, all we should do is to exert pressure for the Foreign Ministers and the

Lücker

Council — with due regard to the other problems they have to deal with — to go into this question thoroughly in the very near future. Otherwise no progress can be made. We all know the old theory that the common foreign policy must be seen in conjunction with internal development and internal policies, and that institutions and procedures are needed to put the whole thing into effect. One has to have the means before one can carry out such a policy. Sir Christopher Soames once again pointed this out clearly today on behalf of the Commission. What we as a Parliament can do is to demand repeatedly, wherever we can make our voice heard, that the Council move forward, that the Council have the courage — having commissioned Prime Minister Tindemans, one of its members, to draw up this report — to discuss the report and finally take the necessary decisions.

(Applause)

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

Mr Bouquerel. — *(F)* Mr President, it was a vast programme which the Community drew up in its 1973 declaration on the European identity, since it covered almost the whole world. Mention was made, in fact, of the countries of the Mediterranean, Africa and the Middle East, the industrialized nations, the United States, Japan and Canada, the Soviet Union and the state-trading countries, Latin America and the less favoured nations of the world.

One may well ask what, in 1976, is the outcome of these admirable intentions and the principles of their implementation. A brief survey of the situation reveals that the EEC has established a development policy with the ACP countries, a global approach to the countries of the Mediterranean, cooperation agreements with India, Mexico and Canada, an outline agreement with COMECON and exploratory talks with China.

The Community has been represented on multinational bodies (GATT, UNCTAD, the North-South dialogue) seeking answers to the problems of raw materials, energy and development in general.

But has Europe in fact managed to stamp its image on the international scene as an entity? Has its action been coherent? This is all very doubtful. The EEC is a major trading power and maintains relations with the whole world. Yet it is evident that it cannot make the same offers to everyone. Choices have to be made and preferences limited as a result. We all know these options, which apply to the ACP countries, to EFTA and to the Mediterranean countries.

The Group of European Progressive Democrats expressed satisfaction at these moves and was the first to call for and support them. But something is out of joint in our 'global approach'. The Community has let itself be confined in scope for fear of the United

States, and a narrow geographical area has been arbitrarily marked out, an area which now no longer corresponds to the economic and political facts nor to the legitimate hopes and ambitions of the Mediterranean countries in general. There is, in effect, no European global policy towards the Mediterranean, since the vital factor — the political factor — is missing. The lack of any general vision is disastrous. The EEC's action is not a failure, but it can go no farther. The Community's hesitancy and its lack of adequate resources to develop a Mediterranean policy are where we must lay the blame.

Need I mention the energy question? The Community initiated the Euro-Arab dialogue but talks are now at a point where the United States dominates proceedings and a divided Europe can no longer make its voice heard.

These are only two examples, but they are significant for they reveal the Community's weakness in the sphere of external trade where, in theory, nothing should be allowed to hinder its action. In fact the cause is always the same. As long as Europe, whose leaders spent so many hours discussing its identity some years ago, refuses to acknowledge its own personality and its independence of all parties, then it is pointless hoping that Europe can have any real social, cultural or economic role in the world — to say nothing of a political role! On repeated occasions the efforts which Europe has made or essayed have encouraged the hopes of those countries which expect so much of us. It is high time we took a careful look at the profound disappointment which our own lack of self-recognition could inspire.

President. — I call Mr Carpentier.

Mr Carpentier. — *(F)* Mr President, the question from Mr Durieux covered many aspects. In economic terms, we could talk about anything as regards this question. We could talk our way around the world; indeed, I think we have. What I want to say will be different.

While listening with great interest to the speech by Sir Christopher Soames, I was struck by one word which he used several times: values.

But what values? I suppose the word covers certain moral values. In that case, I should like to ask: does the European Community as we know it and as it operates today give us any satisfaction. Not at all, from what we have just heard!

It is only some form of mild satisfaction which we feel. There is a certain balance maintained between the Commission, the Council and the Council of Heads of State or Government but ultimately, as far as economic matters are concerned, no one knows just where the decision-making powers lie. Or rather we know only too well: in the last analysis it is the Member States who decide.

Carpentier

What do we represent for the countries of Africa, Asia, Latin America, or those on the southern shore of the Mediterranean? What image do we present to them? Can we urge them to follow our path? I fear they could be sadly disappointed.

To speak of values is to speak of civilization, but I do not feel that we are presenting a very good image of civilization, respect for moral values and the rules for these at the moment. If we stand before the world in our present state, we cannot inspire much hope in those who could place their trust in us. Let us not forget that a civilization asserts itself through its moral values.

Unless we are capable of taking a further look at the problem before us on a joint basis, unless we can show that it is not just self-interest which guides our actions, but that we have a vision of something beyond that, unless we are capable of reaching agreement not on the terms but on that vision and goal — unless we are capable of all this, we shall never manage to assert ourselves.

President. — The debate is closed.

14. Oral question with debate: Budgetary powers of Parliament — Oral question with debate: Implementation of the 1976 budget

President. — The next item is a joint debate on

— Oral Question, with debate, by Mr Aigner, Mr Notenboom, Mr Deschamps, Mr Brugger and Mr Artzinger, on behalf of the Christian-Democratic Group, to the Council of the European Communities on budgetary powers of the European Parliament (Doc. 148/76):

On 18 December 1975 the European Parliament declared the budget of the European Communities finally adopted. The sum of 20 million u.a. was entered under Article 900 of the Commission's budget for financial and technical aid to non-associated developing countries. The Council had previously approved the entry of 20 million u.a. under this article.

On 3 March 1976 the Commission informed the Council in a communication (COM (76) 89) how it intended to use these appropriations. (Article 205 of the EEC Treaty instructs the Commission to implement the budget on its own responsibility). The Council has not yet delivered an opinion on the Commission's proposals for the use of these appropriations.

If the Council does not reach a decision on the Commission communication within the next few weeks, the opportunity to use these appropriations in the current financial year will be lost and the European Parliament thereby deprived of its budgetary rights. (The European Parliament inserted this appropriation of 20 million u.a. as part of its margin for manoeuvre).

1. Is the Council prepared to deliver a positive opinion on the Commission's communication as soon as possible so that the Commission can implement the budget, thereby respecting the rights the European Parliament has with regard to the budget?

2. Alternatively, does the Council take the view that the Commission may implement the budget pursuant to Article 205 of the EEC Treaty without the Council having given its opinion on the use of the appropriations?

— Oral Question, with debate, by Mr Aigner, on behalf of the Christian-Democratic Group, to the Commission of the European Communities (Doc. 154/76):

On 18 December 1975, the European Parliament finally adopted the budget of the European Community. Under the powers conferred by Article 203 of the EEC Treaty, the European Parliament amended the budget in respect of the following items (of non-compulsory expenditure) for which the Council had provided nothing at all or too little, entering the amounts shown with the intention that the European Commission should implement the budget accordingly (Article 205 of the EEC Treaty):

— Art. 145	Building loans	1 000 000
— Art. 254/98	Youth Forum	100 000
— Art. 256	Expenditure on preconsultation meetings of Trade Unions	100 000
— Item 3220	Community projects for the technological development of hydrocarbons	25 000 000 (+ 3 000 000)
— Item 3221	Community projects in prospecting for hydrocarbons	1 000 000
— Art. 323	Uranium prospecting projects	1 000 000
— Art. 330	Expenditure on research and investment (Plasma project)	+ 35 000 000
— Art. 356	Organization and humanizing of work	1
— Art. 392	Activities in the field of education	600 000
— Art. 402	Aids to bee-keepers (likewise 2 500 000 in 1975)	2 500 000
— Ch. 50	Article 4 of the Social Fund	+ 20 000 000
	Article 5 of the Social Fund	+ 20 000 000
— Art. 900	Financial and technical cooperation with non-associated developing countries	20 000 000
— Art. 938	Support for the activities of private organizations in the field of cooperation with the developing countries	2 500 000

President

1. What use has the Commission made in the first half of 1976 of the appropriations adopted by the European Parliament?
2. How does the Commission intend to implement the budget in accordance with the European Parliament's decision between now and the end of the year?
3. Does the Commission recognize the authorized budget as a legal basis for the use of appropriations?
4. If so, why is the Commission waiting for Council decisions before proceeding with the implementation of the budget pursuant to Article 205 of the EEC Treaty?

— motion for a resolution tabled by Mr Cointat, on behalf of the Committee on Budgets, on the implementation of the budget of the European Communities for the financial year 1976 (Doc. 96/76); and

— motion for a resolution tabled by Lord Reay, on behalf of the Committee on Development and Cooperation, on the implementation of the appropriation of the 1976 Community budget for financial and technical aid to non-associated developing countries (Doc. 126/76).

All these items concern the implementation of the Community budget for 1976. In view of the time of night, I would urge all speakers to be as brief as is reasonably possible.

I call Mr Aigner to present the two oral questions.

Mr Aigner. — (D) Mr President, first of all I would like to make a preliminary remark to the Bureau. It is completely unacceptable for debates such as this to be held at this time of night. What use is a Bureau if it cannot have a greater flexibility than this towards the way debates take place here? Everyone knows how things are, everyone has some experience! How can an agenda be drawn up like this? We simply cannot put up with this any longer. I really must ask the Bureau to arrange matters differently in future. Mr President, since the two questions — both that addressed to the Council and that addressed to the Commission — are concerned with the same problem I should like to combine them and present them together.

Under the terms of the Luxembourg Treaty of 22 April 1970, the European Parliament and the Council together constitute the budgetary authority of the European Community. However, the procedure laid down in the new version of Article 203 of the Treaty is unfortunately so complicated, Mr President, that in discussing the 1975 and 1976 budgets both institutions — or rather, all the institutions concerned — made every effort studiously to avoid anything that might lead to a procedural conflict, particularly between Parliament and the Council.

In all discussions on the budget since 1975 the President-in-Office of the day or his Foreign Minister or

Finance Minister have devoted a particularly large amount of energy to achieving an overall gentleman's agreement in the so-called conciliation procedure.

Mr President, I am not at all sure that one can talk of a gentleman's agreement when a small delegation of five or seven Members of Parliament normally has to hold discussions with two cohorts of national experts, nonetheless David has at times been able to get the better of Goliath.

When the budget was being discussed the political prestige of the section of the Council concerned and of its President was in fact always at stake as well. That is why — and thus for an internal reason — a solution was always found even for the most tricky parts of the conflict — just one example of this is the creation of the regional fund. The public must therefore be all the more surprised to see how the Council is behaving in respect of the implementation of the budget.

Mr President, it is no coincidence either — probably as the result of skilful manipulation — that there are already rumours circulating in the national Parliaments to the effect that the Members of the European Parliament just wanted to spend more money — more than was good for the Community.

In order to forestall any criticism that might be levelled at me for arguing at this level, I would like to say this: Parliament's so-called last word in budgetary matters is in any case a very restricted instrument when it comes to increasing expenditure. The risks involved in the budgetary procedure at European level are considerably less than in the national Parliaments. Here too, with the necessary majority, you can have the last word, but this in fact only permits an increase in expenditure when it is supported not only by a majority of the states but also by a majority of the political groups, represented by their respective members of Parliament.

At the present stage of discussions this means that you can only allocate resources for such policies as are defined and recognized as a necessary part of Community policy. It is thus no coincidence that the thirteen items listed in my question were justified either on the basis of summit declarations or general political declarations or on the basis of pressing requirements recognized as such by the Commission and the Council: for example, in the field of plasma physics, uranium prospecting projects, prospecting for hydrocarbons, Community projects for the technological development of hydrocarbons, questions concerning the social fund, the development fund etc.

The European Parliament's budget policy made it possible, in fact, to correct the Council's failures at least when it comes to the greatest extravagances. It should, moreover, also be clear that when Community projects are started at European level parallel policies in the Member States must necessarily be run down.

Aigner

This means, then, that what we have initiated here in the way of joint policies in reality leads to a reduction in expenditure if public expenditure at national and Community levels are added together.

Mr President, we do not need to discuss all this here today, since that was the starting point for our deliberations during discussion on the budget. We are really concerned today with one problem of cardinal importance, namely whether the Commission and the Council can nullify the budgetary powers of the European Parliament — and God knows we had to fight hard for these powers, and I am thinking of the various discussions in various Foreign Ministries and finally at the Quai d'Orsay, where we had to negotiate hard to get this treaty — by preventing the implementation of the budget adopted by Parliament, their reasoning being that there is no legal basis for the funds allocated.

On 18 December 1975 we allocated 20 million u.a. under Article 900 for financial and technical assistance to non-associated developing countries. The interesting thing here, Mr President-in-Office, is that the Council had previously already approved this project. If you say that this budgetary power can only be put into effect and exercised if there has been a proper legal act, then this raises the question of whether you yourself or the Council have kept to this formula. After all, we have two cases — the Cheysson Fund and aid to Portugal — where the Council followed a different procedure.

But if I accept the Council's reasoning, Mr Thorn, that would mean accepting that the implementation of the budget must be preceded by legal acts; as you yourself have said, the corresponding budgetary funds could only be used after the implementation of legal acts.

But the budget is established by Parliament. That is to say that the Treaty, by its internal structure, has accepted Parliament's budgetary powers. And can there really be any point in the maximum-allocation procedure if the budget cannot be implemented in the form in which it has been finalized and approved by Parliament?

To date we have had no reply from the Council. The President-in-Office could of course object that the budget year is only half over and we should wait for the second half before insisting on our rights.

We await the Commission's answer with great interest. It seems to us that unless the joint projects get under way now it will no longer be possible to implement the budget as adopted.

What are the consequences of this attitude? Under Article 205 of the EEC Treaty the Commission is instructed to implement the budget on its own responsibility.

Mr Thorn, it is the Commission and not the Council that is responsible for implementing the budget. It is understandable enough for the Commission to seek political backing on difficult points, but that does not make any difference to the division of responsibilities.

If one side, however, whether it is Parliament or the Council as budgetary authority, fails to act on such a request for cooperation from the Commission, this inactivity by one party must nonetheless not prevent this item of the budget itself from being implemented. Under the terms of Article 205 the Commission is obliged, by the legally binding adoption of the draft budget, to implement the budget in accordance with the political guidelines laid down by the budgetary authority. That is set out in the Treaty. If one part of the budgetary authority makes no use of its right to be consulted and to take part in decision-making, it has no right to use this as a means of obstruction against the other part of the budgetary authority. That is not only a basic principle of Community law but also recurs in the legal systems of all our Member States. Moreover, Mr Thorn, the budget procedure is subject to strict time limits. Even transfers of funds from one budget year to the next are exceptions which in our opinion should in future be still further restricted. The budgetary procedure — and this is true of all the stages of drafting the budget, negotiating and consulting — therefore expressly provides for Parliament's opinion alone to be decisive if the Council does not act within the allotted time limits. That is laid down in Article 203 and it is therefore quite incomprehensible that now, almost half way through the budget year, the Commission has in many cases not even started to implement the approved projects. We therefore demand an explanation from the Commission and also from the Council of what is in our opinion this impolitic and, as Lord Reay rightly said, 'illegal, unfair, and, under the terms of the Treaty, inadmissible attitude of the Council'. The current President-in-Office of the Council should do all in his power to prevent this inadmissible attitude from going down in the history of the Community as a stain on his Presidency. Mr President, ladies and gentlemen, if the answer is not to our satisfaction we for our part — after appropriate consultations — will have to decide on further and, it is to be hoped, more effective measures. I am thinking here not only of possible legal measures but if necessary also of a motion which would, we hope, be more successful than a previous one, but which would then unfortunately once again be directed at the wrong party and not at those who really bear the blame.

Mr President, I nonetheless hope that the answer will be that progress is being made in implementing the budget and the Council is not obstructing the budget as adopted.

(Applause)

Mr Thorn, President-in-Office of the Council. — (F) Mr President, before I answer the two questions to the Council, it might help if I reminded the House of the procedure followed last year for entering this appropriation of 20 million u.a., which you have taken as the basis for this debate, in the budget of the European Communities for 1976.

It was on 3 December 1975 that the Council made its decision on Parliament's amendments and proposed modifications to the draft general budget of the European Communities for 1976. On that occasion the Council modified Amendment No 22, which aimed at re-instating a new heading entitled 'financial cooperation with non-associated developing countries' and endowed with an appropriation of 40 million u.a. The Council acknowledged that this budget heading should be created, as Parliament had proposed, but in view of the austerity it had to impose the Council proposed entering an appropriation of 20 million u.a. under this heading — instead of the 40 million u.a. proposed by Parliament — since it considered that this sum would be sufficient to launch this new activity in 1976.

Parliament adopted the general budget of the Communities for 1976 on 18 December last year, accepting the Council modification to Amendment No 22 which I have just mentioned.

Following a communication from the Commission, the Council adopted on 16 July 1974 a resolution setting forth the principle of cooperation with non-associated developing countries. On 4 March of this year, the Commission sent the Council a communication on the use of these 20 million u.a. This communication is currently being studied by the Council. The question, as I have mentioned on earlier occasions, has already been given initial consideration at the meeting of the Ministers for development cooperation on 8 April this year. I, personally, did as much as could be done to bring the Council to a decision. It was agreed to examine the matter further at the next meeting of these Ministers, probably in July. The Council is aware — at least I hope it is — of the need to reach agreement swiftly, so as to enable the best possible use to be made of this appropriation of 20 million u.a. Parliament should nevertheless realize that, since this is a new activity, the Council wishes to make a detailed examination of the Commission communication before taking any decision.

With regard to a matter such as financial cooperation with non-associated developing countries, the Council feels that a decision should be taken on the basis of a Commission proposal before the appropriations in question can be committed.

Since in this particular case it is not the administration of an institution which is involved, the budget is a prerequisite for implementation, but not sufficient in itself to permit implementation.

Listening to Mr Aigner just now, I felt there was some confusion on this point. Although a budget authorization may be an authority to spend, it is not an obligation to spend, and a decision is still required from the competent institution. This is the separation of powers. There should be no confusion between the implementation of the budget, for which the Commission is responsible under Article 205, and the exercise of the substantive powers of the various institutions, which under the terms of the provisions relating to the 'principles' of the Treaties — Article 4 of the EEC Treaty and Article 3 of the Euratom Treaty — can take place only within the limits of the powers conferred by these Treaties.

What I have just read to you was the statement on behalf of the Council. Let me now add a few personal comments. I hope that we shall do our utmost to avoid any political strife between Parliament and the Council. Today, 16 June, we can perhaps blame the Council for thoughtlessly letting delays build up. I would second this criticism. But it is too early to blame the Council, as you seem to be doing, for deliberately hindering the implementation of the budget and thus ignoring Parliament's rights. I was critical of the Council just now — but believe me, this would be going too far. The budget is for the whole of 1976, and not just for the first six months. Any assessment of the advisability of expenditure should be made for the whole year. If, at the end of this year, the Council has still not taken any decisions authorizing a policy of aid for non-associated developing countries, in accordance with the Council's own resolution which you referred to a short while ago, then the question will arise as to whether Parliament's rights have been ignored or whether there has been any defaulting.

My own opinion is that each of these criticisms would be as bad as the other. In both cases this House would have suitable means of redress, and I can imagine that you would make full use of these when the time came.

However, as a politician, I should like to suggest another course of action. You are in constant touch with the Council. I am sure that the Dutch President of the Council, who will be succeeding me when my term of office expires, will pursue the same form of cooperation with Parliament as I have done these last six months. Why not ask the Council for some definite answers on the root cause of the difficulties?

Why should Parliament not ask whether the Council's objections to granting immediate aid to non-associated developing countries are justified or not? Such an exchange of views would be much more fruitful than any hinted or implied criticism. There would be a very useful exchange of views while discussing the justification for the objections which the members of the Council have indeed raised up till now.

Thorn

Furthermore, Parliament could help break the deadlock and formulate — if I may return to the subject of the debate — the common foreign policy which is lacking because we do not have, or feel we do not have, the same interests, at least until now. We shall have to discuss this, since the decisions will have to be unanimous.

As I gradually shake off the restraints of the Presidency, I should like to add that it would be a grave political error if the Council blocked appropriations properly entered in the budget, particularly when they concerned aid for developing countries. Some economy measures might be justified in many other sectors, but not here, especially since the Nine accepted yet again at the Nairobi conference the principle of increased aid to the developing countries. It would be unthinkable to cancel appropriations requested by this House and destined for development aid.

It is not only before Parliament that this attitude would be difficult to defend — it would be a mistake as far as all developing countries were concerned. Moreover, it would be a political error.

Let me at least retain some faith in the good sense of all concerned and in the clear thinking of the politicians who make up the Council, even if, at this stage, one cannot rely too much on any sudden burgeoning of Community spirit.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, I am grateful for your letting me speak on four points simultaneously, as this will save some time. I shall first of all tackle the question raised by Mr Aigner, and use the answer to that to go on to deal with the two other points which directly concern the Commission.

Mr Aigner spoke of a number of cases where budgetary powers can in fact be applied, and I shall deal briefly in my answer with each of these cases.

Let me begin with the building loans, for which one million u.a. were provided and for which the regulations in force have just been modified. The Loans Committee has reached its decisions: 400 000 u.a. have already been used and the rest will be allocated before the end of the year. There is consequently no problem here, since the Commission has duly acted without applying to the Council.

Case 2: the Youth Forum which has been granted 100 000 u.a. under Article 98. In anticipation of a decision of principle by the Council on the Forum, we have decided to set up a temporary secretariat without waiting for the opinion of the Council. There is therefore no problem as regards the basic issue, but since the relevant appropriation is entered under Article 98,

it has to be transferred to the corresponding heading and we are awaiting the Council's answer on this.

Case 3: expenditure on pre-consultation meetings of trade unions, for which 100 000 u.a. had been granted. There is no procedural problem since the committee acts alone. So far 23 000 u.a. have been used, and the remainder will be used by the end of the year.

Case 4: Community projects for the technological development of hydrocarbons. Parliament added a reserve of 3 million u.a., and the Council itself approved the project proposed by the Commission in accordance with a regulation adopted by the two budget authorities. However, the total amount of the appropriations for 1976 will be used and there is therefore no problem regarding the use of the additional appropriations inserted by Parliament, with the Council's consent, for the individual projects.

Case 5: Community projects in prospecting for hydrocarbons received one million u.a. after Parliament's view prevailed. The Commission submitted a proposal for a regulation on 29 November 1974, but the Council has not yet taken any decision on it. Since a regulation is involved, however, we can take no action for the time being.

Case 6: one million u.a. were allocated to uranium prospecting projects. We do not need to consult the Council before taking a decision, since this action is permitted under Article 70 of the Euratom Treaty. We are currently drawing up the criteria and the procedures for utilizing the appropriation, and these will be published in the Official Journal. Contracts will be signed in the autumn and the total amount will be committed before the end of the current financial year. There is no real problem here.

Case 7: the figure for expenditure on research and investment is 30 million u.a. and not 35 million u.a. as appears by mistake. This appropriation follows an amendment approved by Parliament, and several measures have been taken here. The budget authority has been asked to release 20.4 million u.a., and as soon as this decision is taken the programmes will be implemented. A total of 8.5 million u.a. is earmarked for the JET project. I do not think I need remind you of the grotesque discussions going on between the Member States about the site of the JET project, but until a site has been decided, this money cannot be spent. The remaining 1.1 million u.a. are for a supplementary biological programme on which a Council decision is slow in coming. The various sums have not yet been committed, although this is fairly certain as regards the 20.4 million, and it is difficult to imagine that the Council will force us to withdraw our JET proposals.

Case 8: the sum of one unit of account for the organization and humanizing of work is simply a token entry.

Cheysson

Case 9: activities in the field of education received 600 000 u.a. In accordance with existing procedure we must consult the Committee on Education. There have been few problems here and three contracts totalling 51 000 u.a. have been signed. The rest of the money will be committed by the Commission in the second half of the year.

Case 10: Parliament had the final word on an appropriation of 2.5 million u.a. for aid to bee-keepers. The Commission had submitted to the budget authority a proposal for a regulation under the guidance section of the EAGGF, and on this basis we entered another similar proposal in the draft budget for 1977, under Chapter 8203. As Parliament is aware, the Committee on Agriculture does not approve of this method of working. Mr Lardinois was asked to withdraw it, and he is now considering a refund to producers for the use of sugar by bee-keepers during the winter months, to compensate for the increased prices at that time of the year. In this way 15-20 000 tonnes of sugar could be used satisfactorily. This solution would require financing under the guarantee section of the EAGGF, involving the transfer of the 2.5 million u.a. entered under Article 402 to enable this denatured sugar to be distributed. If the Committee on Agriculture does indeed accept this procedure, the transfer will immediately be proposed, and as soon as it has been adopted the operation will be carried out.

Case 11: Parliament added 5 million u.a. for the Social Fund under Articles 4 and 5. Using this money creates no problems, but it must be done under conditions approved by the Council. The total amount will be committed before the end of the year, in view of the very many applications.

Case 12: financial and technical cooperation with non-associated developing countries received 20 million u.a. This had been requested by Parliament and was approved by the Council at second reading. You know how things stand at the moment. The Commission communication of 3 March has not yet been acted upon by the Council, nor by Parliament, and talks are still going on, since the Commission has not yet made up its mind on the matter. I shall come back to this point.

Case 13: Parliament had the last word on the granting of 2.5 million u.a. to support the activities of private organizations in the field of cooperation with the developing countries. Since no formal Council agreement was forthcoming, we merely asked the Council to take note of our communication. I informed Parliament on 9 April that the appropriations would be used immediately. Since 12 April this is the case. Five projects have already received aid totalling 195 000 u.a., and contracts for 14 other projects will be signed by the end of July. These contracts concern six countries — nine Irish projects with three private organizations, five German projects with a trade union organization,

two French projects and one project with each of the other countries, seven non-denominational organizations and two denominational organizations.

To sum up, Mr President, of the 13 cases involving 66 8001 u.a. which Mr Aigner mentioned, seven have commenced and are proceeding normally. Seven out of thirteen. Two are the responsibility of the Commission but have not yet been started: uranium prospecting, for which the criteria have not yet been established, and aid to non-associated developing countries. But I am going to come back to this.

Finally, four are still waiting for the green light from the Council. In two there is a major difficulty because they concern the regulation on prospecting proposed in 1974 and still awaiting a decision, and the implementation of the aid to bee-keepers. Two cases present fewer problems: the transfer from Article 98 for the Youth Forum and the release of the research programme.

Simply listing these thirteen cases shows how varied they are, and having done this I should now like to reply on behalf of the Commission — my answer has no little legal and political significance — to the points three and four in Mr Aigner's question.

Mr President, the Commission cannot fully accept the Council's analysis. The reference to Article 4 is clear, but this Article 4 merely states an obvious principle, namely that the Commission shall act within the limits of the powers conferred upon it by the Treaty. This reference adds nothing to the argument. Article 205, in fact, requires the Commission to implement the budget in accordance with the provisions of the regulations and within the limits of the appropriations. This means — and this was stated by the President of the Council of Ministers when he spoke just now — that formal entry in the budget gives budget authorization. In many cases this is sufficient for the Commission to act, and I would point out that this applies in five of the thirteen cases I mentioned.

In other cases, however, ladies and gentlemen, other action is first required before this authorization can be followed by implementation. This action may be necessary because the Treaty requires it — as in the case of research, where the Treaty provides for the adoption of programmes, and in the case of the establishment of market organizations. Such prior action may also be necessary because the situation requires it; when appropriations are transferred, this has to be done first before implementation becomes possible. A European Export Bank cannot be established unless its statutes have been approved. A Community loan cannot be issued merely because provision has been made for it in the budget.

Lastly, prior action is often required because the two legislative institutions have so decided following a Commission proposal.

Cheysson

In certain sectors, moreover, a regulation is required. Such is the case with regard to Community support for deep-water hydrocarbons prospecting, as well as in the education sector, where the Committee on Education — i.e. not only the Council, but the governments of the Member States — have to be consulted.

In a word, Mr President, the Commission's position is midway between Parliament and Council. Entry in the budget is sufficient to provide budget authorization and this does not apply solely — as the text read by the President of the Council would seem to indicate — to the administration of the institutions. On the other hand, it cannot be denied that budget authorization can only take effect after prior action in certain cases, and this aspect is best illustrated by this problem of the 20 million u.a.

These 20 million u.a. are properly entered in the budget — we are authorized to spend them. The Commission has not made any proposals, it has simply submitted a communication. Consequently, we are not dependent on any decision of the legislative authorities concerning the adoption of our proposal. In our opinion, we could thus spend this 20 million u.a., and if no agreement has been reached by the end of the year we shall implement the budget in this respect, in line moreover with the Council's written answer stating that the appropriation was adopted at the second reading to enable this new activity to be undertaken in 1976.

But it is not our wish to act in this way, Mr President, and we shall do so only with the utmost reluctance and at the last possible moment, because we do not want any activity undertaken with this appropriation of 20 million u.a. to be a once-only affair without any future. We have no wish to mislead the non-associated developing countries who would be receiving some of this money. We want this to be the start of a policy, to create a precedent for a policy. We want it to be — as we said in our communication — a 'pilot action' which, after assessment, will enable us to propose a regulation or some other formal definition of a major policy — the very policy which the Council approved in principle on 16 January 1974.

If we have to implement the budget in respect of these 20 million u.a. without any support, comment or statement from the Council or Parliament on our communication of 3 March 1976, then we shall do so. But we shall stress that these would be once-only activities, with no follow-up and involving no legal or political commitment on the part of the Commission. This would be — I am sure you will agree — quite abhorrent, even though we would be acting within the legal limits conferred by the Treaty.

(Applause)

President. — I call Lord Bruce of Donington to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — I must express my complete agreement with the sentiments expressed by

my colleague Mr Aigner about the arrangement of the timetable of Parliament to deal with important matters of this kind. With the distinguished exception of yourself, Mr President, those responsible in the main for drawing up the agenda are not present at this time to see the results of their handwork. I noted, too, your admonitions, Mr President, concerning the time and the lateness of the hour.

It is a matter of great regret to me — I am also put to some personal inconvenience — that in view of the importance of the subject that has been raised by Mr Aigner and his distinguished colleagues Mr Cointat and Lord Reay, I cannot allow the hour of the evening to deflect me from the task of dealing with this important matter with the degree of thoroughness to which I am accustomed.

Those who heard the speeches made by Mr Cointat and Lord Reay last night will be familiar with the history of this unfortunate budget appropriation in respect of aid to these non-associated countries. For the benefit of those who were not here when Lord Reay spoke last night, it should be made clear to the House that the Commission put into the 1976 preliminary draft budget 100 million units of account which, in its own mind, it wanted to earmark for aid to the non-associated countries. That preliminary draft budget went to the Council. The Council returned it to Parliament with the 100 million units of account struck out.

As my colleague Mr Aigner and the Chairman of the Committee on Budgets will testify, a series of long debates took place, as a result of which 40 million units of account were restored to the draft budget by this Parliament. This Parliament did not take that step lightly.

There then took place a process which is euphemistically termed 'the consultative process' between representatives of the Parliament and the Council, at the end of which — as a supreme concession but no doubt tempered with good will — the Council decided that it would agree to 20 million units of account being restored to the 1976 Budget for the purposes originally described by the Commission.

Most of us here were involved in the 1976 budgetary process, and it will be within your personal recollection, Mr President, that probably I occupied a unique position in voting against it. It will also not have escaped your knowledge that I was prevented from moving the rejection of the Budget in open plenary session only on the advice of those who had been in Parliament much longer than I and who said that they had already wrung such concessions from the Council that they did not wish to see the process disturbed. On the basis of their trust in the Council, many Members here who otherwise would have voted for rejection of the budget decided that they would trust the Council and let it go through.

Lord Bruce

It was the only one who remained profoundly sceptical of the whole process — and how right I was? Because it now appears that of the non-obligatory expenditure which was determined by the Parliament, and with the concessions that were obtained from the Council, we stand the prospect, in effect, of being unable to secure the concessions we thought we had won. Despite what the President-in-Office has said this afternoon there is no guarantee that the sum voted by Parliament for a specific purpose, backed by the prospect of detailed proposals by the Commission, will be put into operation this year. If that be the case, the will of Parliament will have been thwarted.

I am perfectly well aware that although Article 205 of the Treaty imposes on the Commission the direct responsibility for implementing the Budget, that does not mean that the Commission is required to spend up to the hilt on every item that is in the budget. That would be against all proven budgetary principles and all good administration. Neither the Committee on Budgets nor Parliament insists that for the sake of spending money the Commission should spend right up to the hilt. But what this Parliament does expect, and is entitled to expect, is that when the Commission produces specific proposals for the carrying out of the will determined by Parliament, the Council shall not stand in the Commission's way. This, if I understand the Commissioner rightly, is exactly the present position. During the reply of Commissioner Cheysson, when he said that he was going to spend the money anyway, I intended to ask him, 'What are you bothering us for here?' — because if he can spend the money, no argument arises and the powers of Parliament have been in no way infringed. But I see the force of the Commissioner's argument for the desirability of preserving the harmony that must exist between Parliament, the Council and the Commission, if the proper endorsement of the Council is obtained as backing to the Commission before the commitment of such a large sum.

It may appear that we are dealing with a mere 20 million units of account. We are dealing with a matter of tremendous principle and one which is of significance to me. As you are probably aware, Mr President, I have had the honour of being appointed to act as rapporteur for the 1977 General Budget of the Community. I hope that the Council will be able to give such a satisfactory response in guaranteeing the expenditure of this money during the current year ending 31 December 1976 as will enable me to approach my task on behalf of this Parliament with a degree of trust in both the Council and the Commission — because if I am not convinced of the integrity of purpose of the Council in this matter, it may be my regretful duty at a later stage to advise both my colleagues on the Committee on Budgets and this Parliament that they should place no trust in assurances given to Parliament by the Council and should insist on a rigid implementation of everything within Parliament's budgetary powers.

I hope that this situation does not arise. It is simply not true that the Council has had these proposals only since March last. The proposals which the Council had in March were the updated proposals which had been sitting on the Council's desk for over a year. Because the Council had not dealt with them, they had to be updated.

It is a case where the Council, for reasons that are obscure to me, has, notwithstanding the incorporation of the specific appropriation in the Community's budget and in spite of the existence of constructive proposals for its appropriation and expenditure on Community purposes, decided, owing to the intellectual conviction of differences between Member States, to obstruct it.

Few of us can be unaware of a situation which is gradually becoming apparent to us all. It is that, for reasons on which it is not possible in the course of this debate and within the rules of order to speculate, the Council are seeking to diminish the powers of the Commission and to diminish its status. Indeed, some hint of it can already be obtained by diligent reading of the Tindemans report.

Therefore, on behalf of my group and, I hope, on behalf of my Committee on Budgets, who have not been consulted in this matter, I give formal notice to this Parliament that my group will not tolerate lightly the diminution of the powers of the Commission. They will insist that the Commission retain its full powers.

They are mindful of the fact that for many months now, almost for years, between 200 and 250 proposals have been sitting on the Council's desk awaiting decision. They are aware of these things, and they are not prepared to accept a situation in which the whole work of the Community — through the creative part of it, the Commission, and its political arm, the Parliament — is to be obstructed to the Community's detriment.

I would like to conclude, if I may, by saying to Mr Thorn that I appreciate that he has had a very long and tiring day and that I congratulate him on his fortitude. I hope that before the debate concludes he will be able to give some constructive assurance not only to this Parliament but also to the Commission.

(Applause)

President. — In view of what has been said by Mr Aigner and now by Lord Bruce, one can only agree that it is entirely unsatisfactory that a matter of this importance should be discussed at this time of night. I would remind you all of the well-known characteristic of all parliamentary assemblies that it is almost impossible to deduce how long each item will last. But it is a matter to be considered by the Bureau.

I call Mr Aigner to speak on behalf of the Christian-Democratic Group.

Mr Aigner. — (D) Mr President, I should like to assure Mr Thorn that I fully agree with his personal political answer to the effect that we are not seeking confrontation but partnership between the two institutions that constitute the budgetary authority. May I then ask you, Mr Thorn, to throw away this untenable legal analysis which you offered to us just now. It does not stand up: you cannot on the one hand call for partnership and on the other hand present us with an intolerable legal viewpoint which has no justification at all. At any rate it is not right that you should do so and I would simply ask you to give up this legal standpoint.

I should, however, like to express my warmest appreciation of what the Commission has said here. That was indeed very encouraging. I know that we are sure to make progress in the consultative process between Commission and Parliament and we shall certainly find solutions to a number of problems. However, Mr Cheysson, there is one problem which you will evidently not be able to get rid of on your present analysis or with your definition of the legal position, and that is the problem of what happens to Parliament's budgetary powers when the Council fails to act in respect of a piece of legislation which you have also declared to be necessary in the particular case. The question remains unanswered.

The question then is: what, in fact is the meaning of the Luxembourg Treaty, which distinguishes between obligatory and non-obligatory expenditure and expressly confines the powers of Parliament to non-obligatory expenditure? What it means, Mr Thorn, is that where legislative acts have been passed, Parliament itself can no longer amend these acts, in other words it has to accept the budgetary consequences of valid legal acts. But where there is no existing legislation, in cases where the expenditure is non-obligatory, Parliament's right to originate legislation is written into this Treaty. If we do not accept that, then the whole distinction between obligatory and non-obligatory expenditure has no sense at all ...

Mr Lange.— (D) It hasn't anyway!

Mr Aigner. — (D) ... Agreed, but at the moment I am concerned with analysing the present structure. The picture of Laocoon and his children takes on living form if one looks at the way in which the national experts have mixed national law with Community law. The whole of Article 203 is in any case a monstrosity which ought to be done away with as quickly as possible. It is impossible to apply in practice and as we have already seen, solutions can only be found at all because all concerned are prepared to stop short of a procedural conflict.

I think therefore that the Parliamentary Groups may take up this question and do something about it. At

this time of night — in view of the poor attendance — we cannot discuss the subject fully here. We must defend our rights in the Groups. There are ways and means of doing this. I am glad that above all we here are in almost complete agreement with the Commission.

I do not wish to go through all the points again now but there is one point, Mr Cheysson, on which I totally disagree with your legal interpretation, and that is when you suddenly turn non-obligatory expenditure into obligatory expenditure, although this Parliament has expressly recorded a different viewpoint. This cannot be allowed! This classification affects Parliament's direct budgetary powers.

I would also like to say this, Mr Cheysson. Of course the allocation of a sum does not imply any obligation on the Commission to spend it. On the contrary, the Commission has the duty to operate as economically as possible. In working towards the objective laid down by the budgetary authority, it must even try as far as possible to spend less than the allocated funds. That is our view as well.

However, that does not, of course, mean unlimited discretionary power in implementing the budget, unless the political guidelines laid down by the budgetary authority in adopting an item are at the same time respected.

Now we are not, I am sure, going to be in conflict with the Commission. We shall defend our legal position and attempt to convince the Commission. I think we should be able to do that without too much difficulty.

But what is left — especially as a result of this impossible interpretation of the legal position on the part of the Council — is this unresolved conflict. If Parliament exercises its budgetary powers over non-obligatory expenditure, then it is quite unacceptable for the Council to obstruct the process by not passing the necessary legislation. If it does not pass this legislation, then it renounces its right to influence the implementation of the budget, and this right thus devolves on Parliament. That is the basis of the budgetary structure and of the regulations for our budgetary procedure. And it is by the use of this right that we judge the goodwill of the Council.

Mr President, I hope that we shall soon be able to continue this debate, possibly after the Groups have had a chance to form an opinion.

President. — I call Mr Maigaard.

Mr Maigaard. — (DK) Mr President, I should like to explain my views on the question under discussion. I would emphasize that they are my own views and not those of my Group. I speak as a Danish Socialist and for me both those terms, Danish and Socialist, are of equal importance.

Maigaard

I wish to speak, not in order to prolong the debate unnecessarily, but because there are some differences between my views and those of my colleagues in the Committee on Budgets, and I should like to be allowed to comment on those differences, although neither the majority of the Bureau nor Lord Bruce are present.

My opinion on the matter at present under discussion is influenced by what is known in the public debate in Denmark as the institutional balance, the balance between the Community's various institutions: primarily, Council — Parliament — Commission. Before Denmark became a member of the Community in 1973, there was a wide-ranging debate in Denmark about that institutional balance, and my opinion is based on what was said at that time by the government and by the majority which led Denmark into the Community, mainly because these views about a clearly determined balance between the institutions are live issues in Danish public opinion. I do not think that colleagues from countries which have been members of the Community for a long time have any idea of the interest in this question which exists in Denmark, in Great Britain also, I believe, and in Ireland, nor of the publicity which it receives.

There is therefore, in Denmark, this widely held view of the balance between the institutions and it finds legal expression in the documents on which Danish entry into the European Community was based. It is a very clear view of, for example, the relationship between the Parliament, the Commission and the Council, and it is very far removed from that put forward in this debate.

I have considerable sympathy with the appropriations which we are discussing, not least with the 20 million u.a. for non-associated developing countries. However, with regard to the balance between the institutions, I must maintain that, before any grant can be made by the Community, there must be a legal act which has been approved by the Council. If there is no such act approved by the Council no grant may be paid by the Community. A budget appropriation is not sufficient. There must be a legal act which has been approved in accordance with the law, i.e. a legal act which, finally has been adopted by the Council. This follows from the view on the balance between the Community's institutions which is widely held in Denmark and which finds expression in the documents on which Danish membership is based.

I must therefore maintain, that, if the Commission makes a grant from the Community funds which is not authorized by a legal provision adopted by the Council, then the Commission is behaving illegally ...

Mr Aigner. — (D) But that is a political question!

Mr Maigaard. — (D) ... Yes, but this is a political question.

(DK) I am, as always, full of admiration for Mr Cheysson's intellectual powers — not least when, here in Parliament, he tries to extend the grey zone which allows the Commission greater room for manoeuvre, without coming into collisions with the political realities which surround him.

I am, as I have said, full of admiration for those intellectual powers but not at all in agreement with the views I have heard put forward and I think that it is necessary to point out that there are people in this Parliament who do not support Mr Cheysson's view.

I would emphasize that the point of view which I am advancing is the same as that repeatedly presented by the Danish government when dealing with the Community budget: there must be a legal act approved by the Council before a grant can be paid from Community funds. In this matter I agree with my country's government.

I realize that there are certain exceptions to this rule, e.g. payments to private relief organizations, for which provision has been made this year, if I am not mistaken. These exceptions are, however, not enough to constitute a rule. They are simply exceptions which cannot be used as an argument for a change in practice, as Mr Cheysson — who is a shrewd politician — cautiously suggests.

I should like with these remarks to make it clear that I cannot agree with my esteemed colleagues in the Committee on Budgets, nor indeed with the Commission. In my view, there must be a definite act, approved by the Council, before any grant can be paid from Community funds.

President. — I call Mr Lange, chairman of the Committee on Budgets.

Mr Lange. — (D) Mr President, Mr Thorn, my dear colleagues, ladies and gentlemen, a discussion of Mr Maigaard's comments will have to be left until later. I should merely like to make it clear that we do not share his point of view and I would add that I am not convinced that the views he puts forward are an entirely accurate representation of the Danish government's views. However, we can discuss the matter at some future time.

The matter under discussion at present is the following: a budget which has been adopted by the Council and by Parliament is, by definition, a legal act. There can be no question of behaving illegally. There is then no further need for special legislation by the Council — I emphasize the word 'special' — in connection with a series of questions concerning items in the budget, since the Council gave its approval when it adopted the budget; that is the issue on which our opinions differ. Whether political — and I stress the word 'political' — attempts are now

Lange

being made to find ways and try methods which are designed to avoid conflict between the three bodies, particularly between the two sides of the Budget Authority, is another question.

I can only agree with Mr Thorn when, speaking for himself and on behalf of the Council, he says that everything possible must be done to avoid a conflict. But, Mr Thorn, it is obvious that, good will must be clearly evident. Sometimes the impression is given — I could put that another way — sometimes we have the impression that this good will of the Council, for whatever reason, is not clearly evident or may even be completely lacking.

Therefore, Mr Thorn, I cannot agree with you that each time a budget appropriation is authorized it is necessary in addition to obtain a final blessing from the Council. I think, Mr Thorn, that we should discuss this matter once again in an informal dialogue which it will probably not now be possible to arrange during your presidency; I do not see how such a discussion could be organized before the end of June. It will probably have to be left to your successor. I would, however, make the suggestion from our side, that these contentious matters should be discussed not at formal talks but at talks whose purpose is conciliation or consultation.

Furthermore, Mr Thorn, we must agree with you that the financial year is not yet finished. I hope, however, that you do not conclude from that fact that you can wait until 31 December of the financial year before taking decisions relating to it, since in that case no action could be undertaken. For that reason the argument seems to me to be weak and irrelevant. After all, it must be possible, Mr Thorn, to undertake political activity in connection with new policies up to the middle of a financial year, particularly when funds have already been made available in the budget for such policies with the agreement of all the interested parties, that is to say both sides of the Budget Authority and the Commission as executive authority. The Committee on Budgets and the Committee on Development and Cooperation has therefore tabled appropriate motions for resolutions because it is in fact their view that the opinion of the Council on the Commission's communication is long overdue. It could have been delivered long ago, in April, in Luxembourg. However, we all know what happened then. I say that, knowing of the proceedings of that meeting of the Council of Ministers and being aware of some of the ideas held by certain sections of the Community.

I should like to add this: we have always made it clear, Mr Thorn, when the occasion presented itself in the past, that the Community elaboration of a policy and the implementation of a policy which was no longer brand new — since it is, after all, at least two years old when it is in due course finally approved — should not necessarily result in increased contributions being required from the Member States but that

switches and transfers are possible. I feel that that is precisely the point which should be made quite clear to the Member States or the governments or representatives of the Member States.

All in all, Mr President, our opinion is that stated in and motion for a resolution which we have tabled in it we concern ourselves only with the 20 million u.a. for cooperation with non-associated developing countries. We have made no reference here to other cases.

I should like to make one basic point with regard to the non-implementation or non-realization of projects referred to in certain items of the budget: it goes without saying that we recognize that there may be reasons which justify a decision not to continue with a project. I would like to say to the Honourable President of the Council — and also to Mr Cheysson — that, if there are such reasons, then clearly, that part of the Budget Authority which would otherwise be left in the dark, that is to say Parliament, should be told why there has been a change of attitude and why the original project will not be carried through so that it can judge whether the reasons are such as to justify the non-implementation of a budgetary decision. This applies to the Commission as well as to the Council if it, for its part, should change its mind.

To that extent, Mr Thorn, we are prepared to concede that, if circumstances change, new decisions may have to be taken, but these must then be discussed by all three bodies, particularly by each of the Budget Authorities, and may not be taken unilaterally, for example by the Council, to the detriment and at the expense of the rights of Parliament. This would however still leave us for the time being with this difference of opinion. I would recommend once again that it be discussed at the earliest possible opportunity by all three parties.

Mr President, I thank you for the patience with which you have heard me; I spoke as I did so that the President of the Council would be in a position to put before his colleagues our ideas on the direction which future developments should take. I did so also with the position of the Commission in mind so that we can continue our discussions without any differences of opinion — or to be more precise, without misunderstandings. The differences of opinion will of course still be there.

President. — I call Mr Maigaard.

Mr Maigaard. — (DK) I should just like to point out to Mr Lange that he is guilty of a very political remark — a very political remark — when he states that my interpretation of the Danish Government's attitude is mistaken ...

Mr Lange. — (D) I did not say that.

Mr Maigaard. — (DK) ... In fact the Danish Folketing ratified the Budget Treaty one month ago, and when the Budget Treaty was ratified much consideration was given to the question which we are now discussing. The Danish Government, in a written statement, then gave the views which I have here expressed, that is, that there must be a legal act, approved by the Council of Ministers, before any grant can be made. This written statement is today legally part of the Danish approval, the Danish ratification of the Budget Treaty.

I shall see to it that the relevant official Danish documents, which are legally part of our approval of the Budget Treaty, are translated and distributed to the Members of the Committee on Budgets so that in future Mr Lange will not make the mistake of thinking that I am giving misleading reports to Parliament. He knows me well enough to realize that that is not the case.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, I will be brief and I will not make any reference to the Danish Government. However, from the French translation, I understood Mr Maigaard to refer to himself as a Danish socialist.

I merely wanted to emphasize, as a representative of the Socialist Group, that he was not speaking for the Socialist Group in the European Parliament.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, I merely wish to clear up a misunderstanding; it has to do with Mr Maigaard. I did not say that what he said was wrong, but only that I was not convinced that, in his speech, he had accurately stated the position of the Danish Government — since in it he used the words 'legally' and 'illegally'.

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (F) Mr President, I should like to assure you right away that I am not going to get involved in discussions with the Danish Government.

On the point in question, I feel that Parliament must know how much I sympathize with their attitude on this question of the 20 million u.a. Consequently, I do not intend to return to the subject again.

Under the circumstances the Council has tackled things in the wrong way, and I also feel that the formula will no longer be applicable in a few months. At least I hope so. But please do not ask the President of the Council to give any assurances before the end of this sitting. What more can I tell you? I have outlined the Council's position.

We have to realize that it is not the Council which rejects such and such a thing. Perhaps each of us

ought to remember too that some Heads of Government or of Member States have opinions which differ from those of the Council. As a result, there was no unanimity of opinion within the Council. We have to be realistic.

Furthermore, each Member here could put questions to his Minister of Finance. Personally speaking, I should like to see all the Finance Ministers present here. All the members of the national parliaments should question them in the same way, and each Minister of Finance should be made to listen. I should like to see what the outcome would be at a national level.

As far as the 20 million units of account are concerned, I hope that Parliament wins its case. However, since I am on your side and hope that Parliament's powers will steadily increase, I must be quite frank and warn you against attacking an easy-going President of the Council in a depleted House, particularly as I have to face a constant stream of criticism. Be careful — you could go too far. Do not forget that budgetary powers have only recently been gained by Parliament, and consequently you have to consolidate and develop this gain, without running the unnecessary — and real — risk of seeing the wheels turned back. I hope that everyone will understand my meaning.

The governments of the Nine want to retain a certain amount of control over budgetary policy. It would be a grave error to ignore this fundamental fact. Moreover, as regards disagreement over the allocation on the 20 million units of account, I can tell you that your concern this evening was different from ours. In fact, this question was practically ignored. Mr Cheysson was there and he knows just how much time we devoted to discussing it. This all arose from the fact that one Member State wanted the total appropriation to be allocated to another country. I can only repeat again that no agreement was reached.

So why is there such a fuss over this item in the budget?

Pay careful attention, and get a debate going in the Committee on Budgets which will then realize certain things which it has perhaps not really realized until now. The resolution of 16 July 1974 which Mr Aigner mentioned was perhaps ambiguous; therein may lie the weak point.

But, as President of the Council, I can only give you the Council view. The Council believes that this resolution was non-binding, and that subsequently a proper decision still had to be taken. Do not think of the Commission's communications as being firm proposals in this sense. There are other cases; one could mention the Social Fund, for example.

That is the Council's attitude. I feel that it is a weak position, Mr Aigner. But be careful! If you encourage this dispute, what will the Council do? It will no

Thorn

longer accept any such resolution. You can be quite certain that the Council will find some means of introducing all the safeguards imaginable so that it does not find itself in a similar situation in the future.

Do not forget either that for fear of Parliament some governments refuse to include in the budget external commitments, precisely because of this dispute. Further debates like this one could encourage certain ministers to avoid including items in the budgets and to opt for ratification of such financial commitments by the national parliaments, rather than by this Parliament.

I have wandered somewhat from the subject of the debate, but these were comments which had to be made, Mr Aigner. Unfortunately, the experts are not alone in quarrelling over financial matters.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, I shall not outline the Commission's position again. I only want to say to the President of the Council that there is definitely a difference between compulsory and non-compulsory expenditure, especially as regards expenditure arising from Parliament's margin for manoeuvre.

I shall now make two brief comments. Firstly, I agree with Mr Aigner that there is, indeed, a problem in a proposal which will involve a transfer from non-compulsory to compulsory expenditure. This is what we have to study. Secondly, I agree with Mr Lange that Parliament should be informed, when deciding to apply its margin for manoeuvre, of the material problems it could meet while implementing part of the budget.

President. — Does anyone else wish to speak?

Mr Aigner. — *(D)* Mr President, I should like to make only two comments.

President. — Mr Aigner has already spoken twice in this debate. Under Rule 31, no Representative may speak more than twice without the permission of the Chair.

In view of the extent of the debate already and the time of night, I must withhold permission for you to speak again.

Does anyone else wish to speak?

Mr Aigner. — *(D)* Mr President, I do not want to prolong the debate. In any case, I should really have been allowed to speak twice as *rapporteur* and twice on behalf of my Group. Mr President, I wanted to make only one small request. I fully understand your appeal, and we have also known each other for so long that I know what is behind it politically, too. But,

Mr Thorn, let me say just this: I have become aware, in my 16 years in this House, that good behaviour has never got this Parliament anywhere ...

President. — I cannot allow you to speak for a third time, Mr Aigner. The general debate is closed.

We shall now consider the two motions for resolutions. I note that these two motions are identical and that an identical amendment has been tabled to each. There is accordingly no need to put them both to the vote. We shall vote on the motion tabled by Mr Cointat, which is listed first on the agenda. I put the preamble and paragraph 1 to the vote. The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 1, tabled by Mr Rivierez and Mr Yeats on behalf of the Group of European Progressive Democrats:

This paragraph to read as follows:

2. Considers, therefore, that the appropriations set aside under Article 900 of the 1976 Budget for non-associated developing countries should be used immediately; consequently asks the Council to determine a general financial cooperation policy with the non-associated developing countries;

I call Mr Lenihan to move this amendment.

Mr Lenihan. — In view of the assurances that have been given by the President-in-Office of the Council, for which we are very grateful, I shall not move the amendment.

President. — Amendment No 1 is accordingly withdrawn.

I put paragraphs 2 and 3 to the vote. Paragraphs 2 and 3 are adopted.

I put the resolution as a whole to the vote.

The resolution is adopted.¹

Since this is the last occasion on which Mr Gaston Thorn will appear before us during his present tenure as President-in-Office of the Council, I am sure that honourable Members would wish me to thank him for the most valuable contribution he has made to our proceedings during the past six months.

During his distinguished career as a Member of this Parliament, from 1959 to 1969, Mr Thorn spent five years as Chairman of the Committee on Cooperation with the Developing Countries. He was the first President of the Joint Committee of the Parliamentary Conference of the EEC-AASM Association, a position he also held for five years. It is fitting, therefore, that at his last appearance before us today — a very long one — the subject of the developing countries should have formed a major topic of debate. Mr Thorn, you carry with you our thanks and our best wishes.

(Applause)

¹ OJ C 159 of 12. 7. 1976.

15. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 17 June, at 10 a.m. and 3 p.m., with the following agenda :

- Joint debate on ;
 - Report by Mr Artzinger on the preparation for the Tripartite Conference,
 - Report by Mr Glinne on a Community strategy for full employment, and
 - Motion for a resolution by Mrs Goutmann and Mr Marras on the crisis in Europe and the Tripartite Conference ;
- Oral question, with debate, to the Commission of the European Communities (Doc. 150/76), on

Community action towards equal opportunities and status for women ;

- Oral question, with debate, on behalf of the Committee on Economic and Monetary Affairs, to the Commission of the European Communities (Doc. 151/76) on competition policy ;
- Report by Mr Springorum, on behalf of the Committee on Energy and Research, on future guidelines of the Community's coal policy ;
- Oral question, with debate, on behalf of the Committee on Economic and Monetary Affairs, to the Commission of the European Communities (Doc. 152/76), on industrial policy.

The sitting is closed.

(The sitting was closed at 9.40 p.m.)

ANNEX

Questions to the Commission, which could not be answered during Question Time, with written answers.

Question by Mr Krieg

Subject: Harmonization of diplomas

Will the Commission state what progress has been made toward the harmonization of diplomas?

Answer

In answering this question the Commission would like to make a distinction between on the one hand the recognition of diplomas in the context of the right of establishment for the liberal professions and on the other hand the academic recognition of diplomas — i.e. the recognition of a diploma or other evidence of formal qualifications for the purposes of study at a university.

For the *liberal professions* the situation is as follows:

For *doctors*, the Council issued the directive concerning the mutual recognition of diplomas a year ago today, on 16 June 1975. The Member States have until 16 December 1976 to adapt their national legislation to comply with this directive.

For two other professional groups — nurses and architects — the Permanent Representatives Committee is at present discussing the directive on recognition.

With regard to *nurses* two problems remain to be solved, with one Member State showing particular concern in each case. As soon as these two problems are solved the Council can adopt the directive.

As to *architects*, the point in the Permanent Representatives Committee is whether and how the directive is to cover the diplomas of the German 'Fachhochschulen'. A solution seems to be in sight here. There will then be a few remaining points to be settled in the competent working party of the Council. All in all I expect the Council to reach a decision on freedom of establishment for architects before the end of this year.

The position with regard to other groups is as follows:

Midwives' diplomas were discussed by the Council working party for the first time on 3 June.

In the second half of 1976 the Dutch Presidency intends to take up the question of *dentists'* diplomas.

Towards the end of the year the Council working parties are also expected to begin discussions on *veterinary* diplomas.

The situation with regard to *academic* recognition of diplomas is as follows:

The Commission here bases its work on the action programme for education adopted by the Council and the Education Ministers on 9 February 1976. Under this action programme a report is to be drawn up which will analyse the current position with regard to academic recognition of diplomas and make proposals for improving the position and if necessary for a system of agreements. The Commission is having a study carried out on the state of the bilateral and multilateral agreements already existing in this field.

On the basis of this study, proposals will then be put forward at the end of this year or at the beginning of next year.

Question by Mrs Boothroyd

Subject: Removal of restriction of movement within the Community

Does the Commission agree that the UK requirement for nationals of Community countries, other than Britain, to complete a white Landing Card on entering that country is in breach of Council Directive 68/360 EEC, which facilitates entry 'simply on production of a valid identity card or passport'?

If so does the same apply to the completion of the 'Carte de Contrôle' required of passengers entering France by air, but not by sea or land?

Answer

In accordance with the provisions of Directives 68/360/EEC relating to free movement of workers and 73/148/EEC relating to establishment and performance of services, Member States must admit citizens of other Member States who are beneficiaries of free movement of persons and services on presentation of a valid identity card or passport. The provisions in question do not prohibit them from verifying, for example, the legal status of a traveller and the purpose of his visit.

Most of the information asked for in landing cards for entry into Britain and Ireland and the 'carte de contrôle' for entry into certain other Member States, such as France and Italy, to be completed by air travellers, can be obtained directly from a passport or identity card. To require passengers to give such information on a card is certainly preferable to a time-consuming procedure whereby officials would themselves write down this information. The Commission therefore does not think that the landing cards or 'carte de contrôle' constitute a real breach of the provisions referred to.

Another question is: is it strictly necessary to have the information written down one way or the other? The Commission has taken steps and will take all initiatives within its competence to remove unnecessary impediments to the free movement of our citizens. (The Commission would refer the Honourable Member to the answer given to oral question 66/76 from Lord Bethell.)

Question by Mr Evans

Subject: European Regional Development Fund

When will the Commission have available comprehensive regional development programmes to provide a planning framework for the expenditure of the European Regional Development Fund? Will these programmes be made available to the European Parliament?

Answer

The Commission will have available regional development programmes by the end of 1977. This fits into the timetable laid down by the regulation setting up the Regional Development Fund.

Once those programmes have been drawn up and examined by the Commission and the Regional Policy Committee, a report will then be submitted to Parliament.

The Commission can assure the Hon. Member that the Parliamentary Committee of which he is Chairman will be kept informed of the work being done in this field. The Commission thanks him for drawing the House's attention to these regional development programmes which, as he says, will provide the Community with a better planning framework for the expenditure of the Regional Development Fund.

Question by Mr Gibbons

Subject: Intra-Community trade in small meat cuts

At present Community legislation allows Member States to maintain national prohibitions on trade in meat cuts of less than 3 kg, resulting in a restriction on intra-Community trade in these products; will the Commission propose measures to eliminate these restrictions and allow the development of intra-Community trade in these products?

Answer

This subject comes under the veterinary regulations. It cannot be denied that with regard to harmonization in the veterinary sector the Commission has not so far had any great success.

The Commission has submitted to the Council of Ministers a large number of regulations concerning the harmonization of provisions in the veterinary sector. When decisions are taken on this subject the present point will no doubt also be considered.

The Commission agrees with the honourable Member that in working for the harmonization of veterinary regulations it ought also to pay attention to this point.

Question by Mr Lenihan

Subject: Social and economic forecasting in the Member States

Does the Commission not consider that the failure to take a census of the population in a Member State will severely handicap social and economic forecasting for that country?

Answer

1. In most cases, censuses of the population in the Member States are only taken at relatively long intervals. The last ones in all the Member States took place between 1968 and 1971. The next ones are planned for 1981.

Only France carried out a supplementary census in 1975 as the basis for its five-year plan.

2. The Commission regards censuses as a valuable basis for economic and social policy. It therefore submitted to the Council a Directive on the synchronization of the spring 1981 population censuses, which was adopted on 22 November 1973. Censuses are thus becoming an important statistical instrument for the Community.

They should not, however, be regarded as an essential requirement for economic and social forecasting. Nowadays the forecasting of cyclical trends is based first and foremost on a whole range of economic series which are, moreover, mostly of a short-term nature.

Structural demographic factors, on the other hand, play a secondary role.

Question by Mr Herbert

Subject: Old age pensioners

What limitations restrict the Commission in taking action or making proposals for the benefit of old age pensioners?

Answer

The whole focus of Community Social Policy up to the Paris Summit of December 1972 and the publication of the Commission's Guidelines to a Social Action Programme the following year was on the problems of people who were or were likely to be employed. Although it is now generally accepted that a vital part of the Community's future must be a social policy which means something to every citizen of the Community, it will take some time to extend the work and resources of the Community in this direction. It is the evolution of the Community approach rather than anything else which has limited the possibility of actions or proposals on behalf of the elderly, and old age pensioners in particular. The Commission would like to see the Community making a contribution.

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IN THE CHAIR : MR BEHRENDT

Vice-President

(The sitting was opened at 10.00 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. *Tabling of a motion for a resolution and reference to committee*

President. — I have received from Sir Peter Kirk, on behalf of the European Conservative Group, a motion for a resolution on relations with Canada.

This motion has been printed and distributed under No 178/76 and referred to the Committee on External Economic Relations as the committee responsible and to the Political Affairs Committee for its opinion.

3. *Presentation of a document and addition to the agenda*

President. — At its meeting of 16 June 1976, the Committee on the Environment, Public Health and Consumer Protection adopted a report drawn up by Mr Jahn on preservatives authorized for use in food-stuffs intended for human consumption (Doc. 177/76). Since the consultation is urgent, and since the report has already been distributed, the Committee has requested that this report be placed on Friday's agenda to be dealt with without debate.

Are there any objections?

That is agreed.

4. *Petitions*

President. — I have received from Mr Giuseppe Gioia a petition on the registration of motor vehicles by foreigners in the Federal Republic of Germany. This petition has been entered under No 5/76 in the register stipulated in Rule 48 (2) of the Rules of Procedure and referred, pursuant to paragraph 3 of the same Rule, to the Committee on the Rules of Procedure and Petitions for consideration.

The chairman of the Committee on the Rules of Procedure and Petitions has informed me that, after examining, pursuant to Rule 48 (3) of the Rules of Procedure, Petition No 2/76 by Mr Barthels and others on a migratory birds clause, his committee had concluded that the petition was admissible. As this problem was discussed in depth in 1975 and again in February 1976, the Committee has requested that this petition be forwarded to the Commission of the European Communities.

Are there any objections?

That is agreed.

5. *Withdrawal of a motion for a resolution*

President. — I call Mr Fellermaier on a question of procedure.

Mr Fellermaier. — (D) Mr President, yesterday my Group was defeated in this House in a vote, taken in accordance with the Rules of Procedure, concerning the motion for a resolution on restoration of the market equilibrium in the milk sector. We should like to inform you, Mr President, that we have requested the President of Parliament by letter to review what we feel to be the incorrect interpretation of the Rules of Procedure by the Committee on the Rules of Procedure and Petitions, and to inform Parliament of his decision during the July part-session in Luxembourg. Now that the majority of Parliament has, by the same vote, prevented consideration of the motion, the urgency of which was already established by Parliament pursuant to Rule 14 of the Rules of Procedure, and referred it to the Committee on Agriculture for further consideration, I wish to announce that my Group withdraws this motion, that it is therefore void and that the Committee on Agriculture is no longer able to begin deliberations on the continuing surplus production of butter and skimmed-milk powder on the basis of this motion for a resolution. We regret what happened yesterday and are sure that the Committee on the Rules of Procedure and Petitions will see to it that justice and fair play are restored to this House.

President. — Parliament notes that the Socialist Group's motion for the adoption of urgent procedure has been withdrawn.

The Bureau will deal at the next sitting with the letter from the Socialist Group.

6. *Preparation for the Tripartite Conference — Guidelines for a Community strategy for full employment and the crisis in Europe*

President. — The next item is the joint debate on :

— the report drawn up by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on the preparation of the Tripartite Conference of 24 June 1976 (Doc. 168/76);

— the report drawn up by Mr Glinne on behalf of the Committee on Social Affairs, Employment and Education on :

— the guidelines of the Commission of the European Communities for a Community strategy for full employment in preparation for the forthcoming Tripartite Conference,

— the document entitled 'Restoring full employment and stability in the Community' submitted in preparation for the Tripartite Conference to be held on 24 June 1976, and

President

- the motion for a resolution tabled by Mrs Goutmann and Mr Marras on the crisis in Europe and the Tripartite Conference (Doc. 160/76).

I call Mr Artzinger.

Mr Artzinger, rapporteur. — (D) Mr President, with the help of my report and the one by Mr Glinne, this House wishes to express its views on the Tripartite Conference to be held in Brussels on 24 June. The main question is unemployment, which is certainly first and foremost a social problem; however, the Committee on Economic and Monetary Affairs considers that the social aspect of unemployment cannot be divorced from the economic problems which it also raises. We therefore believe that we also must have our say on this subject. We are grateful to the Commission for emphasizing in its strategy document the inextricable links between the economic and social aspects of unemployment.

A glance at the current economic situation reveals a more encouraging picture than the last time we spoke of this matter, two months ago. Orders in hand have increased, particularly in industry, better use is being made of existing capacities, exports are up and investment is gradually picking up again. In short, the upswing, which began to assert itself eight weeks ago, has now been consolidated and can be expected to have sufficient impetus to continue. Growth estimates are currently being revised and we are all pleased that the prospects to the end of the year are improving all the time.

The problems remaining are high unemployment and the ever-present threat of inflation. We believe that in this situation the main priority is the creation of jobs, and this view is expressed in paragraph 3 of our motion for a resolution.

It must be asked why the emergent upswing has so far had little effect on the labour market. There are basically three reasons for this. First, in the preceding period of recession firms by no means laid off all the workers they could and should have done, given the work situation. This is clearly reflected in the high number of short-time workers and means that firms still have considerable productivity reserves. The Commission report, the strategy document, speaks in this context of 'concealed unemployment'. In other words, it will be quite some time before maximum use of capacities necessitates any large-scale recruitment of new workers.

Another reason, which must not be overlooked, is a change in the demographic structure of the population. In the next few years the working population will increase far more than in previous years. The Federal Republic of Germany anticipates by 1980 an extra 200 000 - 400 000 workers who must be found jobs.

The third reason why the economic recovery has not had a greater effect on the labour market is because there is an investment gap. To quote figures for the

Federal Republic of Germany again, it is estimated that in the seventies some 100 000 million DM have not been invested, thus creating a gap of about one million jobs, which must be filled immediately.

The reasons I have outlined will continue to apply for the next few years; we must therefore reckon on a trend towards higher unemployment, i.e. if we wish to fight unemployment we shall need strong growth, stronger than that which is usually anticipated. 4.5 % will not be enough to provide an effective counter to unemployment until full employment is achieved.

This is where the Commission's ideas come in. It says — and this is endorsed by the Committee on Economic and Monetary Affairs — that a Community strategy for growth, stability and full employment is needed because no individual country will be able to achieve a higher growth rate by itself in stable conditions; it would very quickly reach the limits of its economic possibilities, because, to take exports as just one example, the other countries would take counter-measures if one Member State stepped up its exports too much.

Increased growth also gives rise to the danger of inflation, which can only be averted if the social partners, in their decisions on prices and wages policy, and the State, in its decisions on taxation and expenditure policy, show more restraint than in the past.

This is pointed out in paragraphs 6 and 7 of our motion for a resolution. I should like to emphasize that when we urge the social partners to show restraint, we mean of course all income recipients. We think we have made this clear in the resumé under consideration.

Even a higher growth rate will not automatically lead to full employment. At the present time, therefore, measures directly affecting unemployment are needed in order to reduce unemployment as quickly as possible. The motion for a resolution from the Committee on Social Affairs will go into this matter in detail. But I repeat: all these employment policy measures are only useful if they are taken on the basis of the Community strategy as proposed by the Commission. A Community strategy of this type for full employment and stability is a downright necessity, as a matter not only of economic and social policy but also of general policy. It can only succeed if the democratic forces in all the Member States give it their full and unreserved cooperation. The Committee on Economic and Monetary Affairs and its rapporteur wish and hope that the Tripartite Conference will lay the foundations for this.

(Applause)

President. — I call Mr Glinne.

Mr Glinne, rapporteur. — Mr President, honourable Members, the Committee on Social Affairs, Employment and Education discussed the problem of the forthcoming Tripartite Conference at great length,

Glinne

taking account of the documents drawn up by the Economic and Social Committee and those presented by the Commission, the initiatives taken by some of our parliamentary colleagues and the publicly expressed positions of the European Trade Union Confederation and the Union of Industries of the European Community.

Our main concern was to express the opinion of the Committee on Social Affairs, Employment and Education before 24 June, the date of the third Tripartite Conference, since Parliament should be able as far as possible to influence the outcome and also the preparation of this Conference bearing in mind that the previous two came up against considerable difficulties as regards the strength of the delegations, their representativeness, and above all the will to reach conclusions and take decisions.

Like the one before it, the Conference to be held on 24 June will have the benefit of the participation, on the government side not only of the Labour Ministers, who are generally responsible for organizing the reabsorption of the unemployed, but also the Finance and Economic Affairs Ministers, who to a very great extent hold the key to the promotion of a truly active employment policy.

The Conference of 24 June will also take place at a particularly tricky time as regards the political will for European integration. The Committee on Social Affairs, Employment and Education took all this fully into account.

This is shown in the motion for a resolution placed before you. The Committee welcomes the Conference of 24 June, considers it a positive step in principle and hopes that decisive efforts will be made to achieve tangible results which will prove effective at both national and Community level. In the view of the Committee on Social Affairs, Employment and Education, the results of the Tripartite Conference must offer the general public the prospect of a progressive Europe, which alone is capable of sustaining the effort towards political integration of the Community, although the mass of the workers have many doubts about the value of European integration from their point of view.

The Committee on Social Affairs, Employment and Education could not avoid noting with regret the magnitude of the differences of opinion on the origin of the crisis and ways of overcoming it. However, the Committee wished to make it quite clear that unemployment and inflation are not preordained calamities about which nothing can be done; measures must be taken at Community and national level, although the Committee on Social Affairs, Employment and Education does not rule out the possibility of recourse to new measures based on Article 235 of the Treaty.

The Committee is all the more anxious to obtain definite results in view of the fact that, in some regions,

certain aspects of the current crisis are clearly structural in origin. The economic cycle could result in an appreciable improvement in the situation without, however, bringing about a rapid reduction in the number of unemployed, which now stands at five million. On the other hand, it is highly likely, indeed almost certain, that purely short-term measures will result in fairly pronounced stagnation in regions of the Community where the problem of underemployment is first and foremost structural in origin.

The Committee on Social Affairs, Employment and Education was also anxious to take into consideration certain elements linked to the necessary redeployment of industrial activity. It therefore took account of the forecasts that the industrial capacity of the developing countries, currently 7%, will probably increase to 25% by the end of the century. This target, which was adopted in Lima and discussed in Nairobi and which will certainly be discussed again at the ILO Conference in Geneva, will inevitably have consequences which will compel the Community to restructure its industrial organization. On this point, the Committee on Social Affairs, Employment and Education stressed the advisability of including the social partners, especially the trade unions, in a consultative capacity in all operations leading to such restructuring and transfers of technology.

The Committee on Social Affairs, Employment and Education was also anxious to formulate specific proposals in paragraph 14 of the motion for a resolution before you. At the same time it affirmed that in cases of doubt priority must be given to employment rather than to other political objectives.

The measures to which your Committee attached particular importance are concerned in the first place with improving cooperation between the social partners and the Community executives and institutions. To this end, the Committee on Social Affairs, Employment and Education is anxious that active encouragement be given to joint sectoral meetings between employers and workers' representatives at EEC level. Taking account of objections raised by the Commission of the European Communities in particular, the Committee on Social Affairs, Employment and Education did not choose the expression 'joint committee' because of the institutional 'hazards' involved, nor did we put forward directly the idea that it would be advisable to conclude collective agreements at EEC level in half a dozen sectors.

However, the Committee on Social Affairs, Employment and Education earnestly requests that these joint sectoral meetings, not as yet on an institutionalized basis, be encouraged by the Community executives.

The Committee on Social Affairs, Employment and Education recommended certain attitudes and measures with regard to groups such as migrants, women, handicapped persons, self-employed persons

Glinne

and older workers, requesting in particular the harmonization of various national proposals which have emerged in the course of the hard bargaining between employers and trade unions in the Member States relating to the lowering of the retirement and early retirement age, more annual holidays and, generally speaking, shorter working hours.

The Committee on Social Affairs, Employment and Education regarded the granting of incentives to private enterprise as a positive step towards stimulating employment in the present climate, insofar as private enterprise is considered in relation to its social function and in terms of, let us say, the duty of ownership.

The Committee on Social Affairs, Employment and Education also stressed the necessity of organizing true democratic control, to be exercised by both the public authorities and the representatives of the workers, of aids granted to the private sector in order to provide the necessary stimulation to employment.

The Committee also considered that public industrial initiative as well as assistance to private enterprise should be encouraged in order to counter structural imbalances in particular and that the present crisis is an appropriate time to democratize the ownership and management of enterprises.

In conclusion, the Committee on Social Affairs, Employment and Education wished to underline two fundamental points:

- first, social policy cannot be subservient to economic policy; it must be the pivot, a special, autonomous, priority objective of the policy of the Community and its Member States; social policy is not a correcting factor for economic policy;
- secondly, the more specific the social policy of the Community and in particular the measures taken with regard to employment, and the more effective the results they yield, the more the cause of the political promotion of the Community will be furthered.

(Applause)

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

Mr Espersen. — *(DK)* Mr President, in the last major debate in this House, our Group's spokesman, Mr Albertsen — who is prevented from being present today — said that the Socialist Group despaired of the passivity and inertia which, up till a few months ago, had marked the Commission's attitude towards the extremely serious situation on the labour market, with 5 million unemployed.

We note that there has been no great change in the employment situation since then. We can be fairly

certain that the sporadic improvement which there has been is the result of a seasonal upswing. However, there has been this change, and it would be unreasonable today to accuse the Commission of passivity or inertia. We have to recognize that the Commission has produced interesting and significant documents for the Tripartite Conference.

However, this positive development cannot conceal the fact that the patience of millions of Community citizens is wearing thin. Respect for a Community which has for so long been making fine statements and using high-flown words about combatting unemployment is approaching zero, simply because there have been no practical effects.

Despite this gloomy picture, our Group naturally does not intend to give up hope or the struggle for effective measures to tackle the greatest evil facing us today — unemployment. We therefore welcome not only the Commission's but also Mr Glinne's report on preparations for the Tripartite Conference.

With regard to the Commission's proposals, we note with regret that they mainly involve an expansive economic policy. In our view, the noticeable economic upswing of the last few months has had no great effect on the employment situation. On the contrary, the upswing may be said to have shown that this crisis has been caused by structural problems rather than by a chance economic downturn.

The Commission calls for a growth rate target of 4 to 5 % per year, if we are to have full employment in 1980. It proposes that investment should be promoted, the growth in consumption limited, the budget deficit reduced, and that there should be a vigorous competition policy. To achieve these objectives, the Commission proposes that the trade unions moderate their demands for wage increases and that businesses limit price increases. These proposed measures are purely economic. There is no doubt that if these purely economic measures are effective, they will in themselves have a certain effect on unemployment. However, we do not feel that such purely economic measures alone will solve the problems. We think experience has shown this quite clearly. In particular, they will not solve the problems of the large number of long-term unemployed we have had over the last few years.

It is regrettable that the Commission has failed to produce specific proposals on what the social policy for these people is going to be now and in the future. All that is done is to state — and it may sound somewhat chilly and cynical at first reading although this is presumably not the intention — that, in the final analysis it is a question of having a bigger cake to share. We regard this as an extremely conventional economic policy which takes insufficient account of the fact that the difficulties facing us are structural.

Espersen

In addition to the Commission's proposals, there are two other documents whose contents are more in line with the Socialist Group's views. The first document I should like to discuss is Mr Glinne's report. Paragraph 14 of this report contains not only proposals for measures to solve the current crisis, but also major proposals aimed at preventing such a crisis recurring in future. Our Group agrees fully with the need for an increase in the funds available to the Social and Regional Funds. We agree that there should be specific measures to help particularly hard-hit social groups such as those listed by Mr Glinne — migrant workers, female workers, handicapped, unskilled and part-time workers.

It also refers, and rightly so — since we feel this to be essential for long-term solutions — to the shortening of the working week, the lowering of the retirement age and the prohibition of unlawful working hours. In the long run, all this will — at least in my opinion — create the new workplaces we need.

The Commission, on the other hand, does not say what effect these measures are likely to have on employment. And what is worse: the Commission does not stress the need for a better distribution of the economic benefits of the upswing which we hope is in the offing. First and foremost, this economic recovery should benefit those groups and regions with the highest unemployment and emigration. We must take steps to ensure that the economically and industrially 'overheated' regions do not grow still further.

The second document I should like to discuss is also in line with the Socialist Group's views. It was drawn up by the European Trade Union Confederations in preparation for this Tripartite Conference. This also contains specific proposals aimed at increasing the number of workplaces — e.g. shortening the working week and raising the school-leaving age.

Furthermore, it discusses one important aspect which must also be taken into consideration in the immediate future — a change in the very structure of the labour market. It is a question of achieving increased democracy in the economy by improving the working environment and trying to achieve the same rights and opportunities for all employees.

The Commission also mentions this question, but limits itself to referring to its document on worker participation in the running of companies, and omits to put forward specific proposals.

We cannot call for increased investment, we cannot ask the trade unions to tone down their wage demands, we cannot increase company profits to the detriment of the workers' wages unless we somehow ensure that the workers who are making the sacrifices have a share in the increased profits. If this principle is not accepted, no positive outcome can be expected

from the Tripartite Conference. No genuinely effective incomes policy can be expected. I think this is no longer a question of party politics — it is essential if our society is to function properly.

We must hope that, when this Tripartite Conference is held, all sides appreciate these major problems, otherwise there is a risk that this Conference will be a fiasco.

We believe that these conferences are of value. We believe it is essential for the social partners to meet and talk about existing problems. But we also believe, as I said before, that patience is wearing thin. If the forthcoming Conference produces no results to speak of, I believe that the peoples of our countries will — justifiably — lose faith in the Communities' ability to solve these major social problems.

Results can be achieved and a fiasco avoided if there is an economic democratization of the labour market. It is therefore our hope that everyone will work towards this end and thereby contribute to the success of the forthcoming Conference.

(Applause from the Socialist Group)

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

Mr Härzschel. — Mr President, ladies and gentlemen, the Christian-Democratic Group thoroughly welcomes this Tripartite Conference and sees in it an opportunity of finding a more effective response to the problems facing the Community. We did, however, take the view that it would perhaps have been appropriate to make it a quadripartite conference and to give the consumers a say, since so far at least they have not had one. An understanding between the two sides of industry at the consumers' expense would surely not be a satisfactory solution. We therefore think that consideration should be given to how the consumer organizations can be involved in these discussions.

We are at any rate convinced that these problems cannot be overcome unless the social partners are more closely involved in sharing responsibility, and we therefore wholeheartedly welcome this move.

However, it is not enough for these conferences to be mere talking-shops. The previous Tripartite Conferences have suffered somewhat from the fact that representatives presented their own views without drawing any conclusions. This must not be allowed to happen in the future.

We therefore also welcome the fact that the Commission, in presenting this document, has submitted proposals which can form a basis for discussion and further action.

Härzschel

We are also of the opinion that this Tripartite Conference must not be an isolated operation, but must be followed by further discussions in which particular attention is paid to individual topics and problems and an attempt is made to find solutions. For no one will expect this conference itself to provide the solutions. Instead, to start with there will once again be an airing of individual views. Decisions on specific measures will, I think, have to be part of the follow-up work.

We are all agreed that guaranteeing full employment and stability is one of the most important tasks. I accept this. I take the same view as that presented by the two rapporteurs and also by the spokesman for the Socialist Group. The problem is not just to achieve an improvement in the economic trend; we must also gain better control of the structural problems.

In this context I should like to draw your attention once again to paragraph 8 of the motion for a resolution in Mr Glinne's report, which points out the change that has taken place with regard to the developing countries. I do not think that we have yet taken this development seriously enough. We also ought to ensure that more attention is paid to this by the social partners, for if we are going to pursue a development policy, this will necessarily lead to a change in our own economic structures. We must adapt to these changes in good time if we are to avoid built-in increases in unemployment in the future. We cannot, I think, allow ourselves in this House to discuss development policy, with everyone expressing the best intentions of helping the developing countries and opening up the market for them, without taking into account the consequences of such a decision. I think that is an important task which we must accept in future and to which the social partners must of course also contribute. I should like to underline strongly what the rapporteur said on this point; the important thing here is to concentrate on certain particularly badly affected sectors, as witness our debates on the textile industry, the footwear industry and certain other sectors. Unemployment among your people must also be of particular concern to us in the field of employment policy.

I should like to say a few words on the problem of growth. Of course, growth is neither a particular achievement nor a particularly desirable goal in itself. But I must disagree with the speaker from the Socialist Group if at the same time we make new demands in the social field. If we wish to give bigger slices we must bake a bigger cake. And that means growth, otherwise we have nothing extra to distribute and can only redistribute what we already have. Therefore we believe that growth will be necessary in the next few years, firstly in order to provide greater social security for the workers, and secondly in order to give additional assistance to the Third World. I quite agree that social policy should not be a means of correcting economic policy but must form an essential part of general policy. Social policy must not, however, be

pursued in isolation but must be supported by proper economic and financial policies, for otherwise — as we are seeing at the moment — social security systems get into difficulties as soon as the economy takes a downward turn. One must be aware of the hidden connections.

We also take the view that the Social Fund and the Regional Fund must be specially reinforced. The task of giving particular assistance to certain sectors must also be tackled at regional level. We all agree that the Regional Fund must above all be used more intensively to reduce the imbalance within the Community. We should like to stress the importance of this task. I should like to say something more about paragraph 14 of Mr Glinne's motion for a resolution. There are bound to be various interpretations of this. I draw your attention to the section which refers to the harmonization of decisions. We strongly support this point. I believe that in the long term it must be our aim to use social policy to harmonize social benefits in order to achieve greater social justice in the Community and at the same time to standardize conditions for competition. I could not, however, accept an interpretation of this policy which meant making additional short-term demands now for reductions in working hours, increases in annual holidays or a lowering of the retirement age. At the moment this is just not financially possible, however much we support the long-term aims. We must keep our feet on the ground. Such measures could only be carried out at the expense of increased inflation and that would be of no benefit to the working population.

Ladies and gentlemen, I just wanted to make that additional point and to say, with regard to Mr Glinne's report, that basically we may perhaps have a different view of this or that wording. It was not possible to make any changes on these points because the report only became available this morning. We know, however, that with a view to the conference on 24 June we must now adopt it as it stands. In broad terms we agree with it, and do not wish to dispute individual words and phrases now.

In any case we welcome this Conference and hope that there will be more than mere declarations, and that this Conference will make a real contribution to overcoming the problems in the interests of the working people and of all the people in our Community.

(Applause)

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

Mr Nolan. — It is right that we as parliamentarians representing this Community should choose today, just a week before the Conference between the Council of Ministers, employers and trade union representatives, to discuss this terrible problem that is facing this Community — the problem of unemployment. There are two aspects on which we should dwell. One is that within the next two or three weeks

Nolan

many young people will be leaving our secondary and vocational schools, colleges of technology and universities and coming on to the labour market with no prospect whatever of finding employment. That is something about which we as European parliamentarians must be concerned.

We are all concerned about unemployment when we realize that a child goes to school at the tender age of four, receives primary and secondary education and perhaps third-level education and then suddenly, at the age of 16 or 18, or perhaps 22 or 23, comes on to the labour market only to discover that there is no employment available. If these young people are to be unemployed for the next two or three years, what is to be the effect on the morale of the Europe of the future? They must join the dole queue. They must seek employment assistance. They must depend upon their parents for the necessary finances to provide the needs of life.

This is why we, as parliamentarians, must suggest ways, no matter how small, to help in this situation. Speaking in this Parliament about two months ago I suggested one very small step — voluntary retirement. I speak of 'voluntary' retirement because I do not believe that we should start bringing the retirement age down from 65 to 60 or 55, but as most Members of Parliament know, each Member State has people who, because of physical defects, would like to retire voluntarily at the age of 60 if they could then receive the same facilities as those retiring at 65. On the other hand, many people will not be anxious to avail themselves of this opportunity.

I wish to put on record that I am recommending not that we should have retirement for everybody at the age of 60 but that at this time any person wishing for physical, medical or other health reasons to retire at an age earlier than the present retirement age should be given the opportunity to do so. By doing this we should be opening the employment gate at the top and allowing young people to come in at the bottom.

Some people may say that as there are not very many old people, this will not solve this problem. At least it will be a help.

There are many other suggestions that could be made. I believe in aid at a national level to semi-State bodies, and I am also firmly convinced that employment in the private sector is very important and that it should be looked at by the States as an important part of investment. We all know that in most countries the private sector gives most employment and that there we get a better return for investment.

As I said earlier, this meeting between the Council, the employers and the trade union movement is the most important meeting that has taken place for some time, and I sincerely hope that there will be other action, apart from such action as may be taken at Community level. National Governments — and this is where the problem lies — are inclined to depend too much on the Community.

We have the old problem: blame the Arabs for the fuel crisis and blame somebody else for increasing the cost of living. But, irrespective of what the Community does, it is at national level that action must be taken, and it must be taken by the Governments of Member States, because it is at national level that we must find employment not only for all the young people coming on the labour market but also for the millions of people who are already unemployed in this Community.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — On behalf of the Conservative Group, I am very happy indeed to welcome Mr Artzinger's workmanlike, reasonable and practical report.

The Conservative Group fully recognizes the vital importance of the coming Tripartite Conference and wishes it every possible success. It is coming at a time when the European Community can be said to be in serious disarray. We have the problems still unsolved following the collapse of the Bretton Woods monetary order, the gold exchange system and the primacy of the United States dollar. We still have not worked out a common policy in response to the oil crisis. The slump in world trade has affected our export industries deeply, and throughout our industrial and economic life we still feel the loss of confidence and momentum which was particularly serious last year and which is still showing its evil effects in the high rate of unemployment and the general sense of insecurity and dislocation which mark the present state of affairs.

Yet this Tripartite Conference is nevertheless meeting when there is still so much agreement in the European Community on the big picture — that of Western Europe in the world economy of the future. We know that we have to work together to bear the burdens of the developing world in the coming years and to raise our own standards which are still, in many parts of our Community, pitifully inadequate. We know that we have the major task of replacing old investment, some of it handed down to us from the nineteenth century and in urgent need of renewal.

And we have to keep pace in Western Europe with world technical advance.

There are many other points of agreement. We accept, for instance, the advantages of working together in Western Europe instead of pursuing national economic ends. It is only a year since the British referendum decided, so conclusively, that Britain would take part in the work of the Western European economy. That conclusive vote must not be forgotten, because it still holds out so much hope for the future.

Rhys Williams

I think we can say too that the vast majority of people taking part in industry in Western Europe recognize the weakness of the 'two sides' mentality. We know that hostility between management and labour, or between capital and labour, is counterproductive and a dangerously morbid force in the European economic system.

It is a weakness which we have to eradicate. On all sides now one finds people working to further the ideas of participation in the economic process, procedures for consultation and recourse to reconciliation procedures. These ideas are being developed actively. We can look with pride at what has been done in Western Germany. I believe that in other parts of the European Community there is much to be learnt from the way in which our German friends handle their approach to joint responsibility and their civilized conduct of relationships between the social partners. In our social life as a whole, not just in the workplace but in all aspects of our life together in Western Europe, we are saying goodbye to old social divisions derived from old-fashioned attitudes.

There is another point of agreement. We all know the importance of monetary stability. We know that nothing is to be gained in the long run by competitive devaluation. Nor do we place any serious value on unfair, one-sided controls or import restrictions which only damage our trading partners.

As to the other points of agreement; we recognize that investment in coming years must have greater emphasis than consumption. We know that training, redeployment and free movement of workers must not simply be left to find their own way but must be guided by benevolent government intervention.

I have used the phrase before and I shall use it again: what we need now in Western Europe is more training centres and perhaps fewer music centres. The sparkling consumer economy cannot survive unless we recognize the importance of the human element. In industry technological change is so fast that it is no longer possible, as it was in the nineteenth century, for a man to be fully equipped for his working life by the time he is 18 or 20 and to be able to go on exercising the same skills until he reaches the time to retire. It is all too common, not only in professional work but also in the less highly qualified skills, for a man to find by the time he is 40 that his skill is obsolete. We must not allow our older workers to feel that they no longer have a serious part to play. We must recognize the continuing and growing importance of organized retraining and redeployment so that young and old together can continue to work fruitfully in the economic process.

I turn now to a question that Mr Artzinger places almost at the head of his resolution, that of unemployment. This perhaps is something on which there is

the greatest agreement of all, namely, that unemployment is a major social evil and a symptom of weakness in our economic system which has to be eradicated.

Where there is so much common ground, might one be tempted to ask, what is there for the tripartite conference to discuss? I think that this conference is important because we have actually to give effect to the policies that we know to be right, not just to accept depression, dislocation and decline with apathy or a relapse into futile nationalistic attitudes.

But we must recognize that the European Community is at a highly frustrating stage in its development. The will to work together is there, and yet somehow we do not achieve what we should all wish to achieve. We still have to work through 19th century forms in the way in which our national governments implement the consensus of the European electorate. The Council of Ministers is still based on the old national electorates and inevitably each Minister has to think of his own electoral base when deciding how far he can go in collaboration with other Ministers. This is the central weakness of the European Community, as it stands today, just at this juncture while we are waiting for the introduction of elections on a European basis.

We must also recognize that all too much of our industry is still tied by obsolete ideas, old techniques, out-dated agreements and a degree of ignorance and prejudice.

Mr Artzinger in his report rightly stresses many points on which the Conservative Group fully support him: the vital importance of the full employment policy, the need to moderate increases in prices and incomes at this juncture and the joint responsibility of the social partners for the development of the economy as a whole.

We agree — and I have made the point often in Parliament — about the handicap we are placing on ourselves by our failure to work out a civilized way of ordering a multi-currency system in the European Community. I do not want to go into the technicalities of the monetary scene; but we must recognize that the recent hectic behaviour of the money markets and the uncertainty about the future course of interest rates and exchange rates inevitably has a very depressing effect on investment and business confidence.

We must work for an economic system in Western Europe in which the thousands of individual decisions which are taken every week by people with responsibility in industry and business prove right with the passage of time. We must make it possible for business and industry not only to be confident but to be rightly confident in an expansionary policy.

Rhys Williams

In his report Mr Artzinger mentions especially the need for better forecasting and better consultations over national macro-economic policies. He places stress on the importance of Community institutional development: the European Conservative Group fully shares his view on that score. He also places strong emphasis on the need for an effective Community regional policy. We are not a party who think that money and economic forces are more important than the interests of our own people in Western Europe, especially those who are handicapped by geography, climate, history or other factors. We recognize that in working together for the creation of wealth we must bring along with us the old and the unfortunate as well as those who are best able to make the biggest contribution.

Mr Artzinger also recognizes the problems arising from the worldwide disagreements on the distribution of wealth between the industrial and the raw material producing countries. Europe is part of a world economy in which there are intense conflicts and, unfortunately, developing conflicts of interest. The Third World, which has suffered in silence or perhaps without its voice being heard for so many decades through the vagaries of commodity prices and the relationship with the industrialized countries, is now organizing and massing its forces. Western Europe must listen to the voices of those who, for instance, came to our conference in Luxembourg this month, and put the point of view of the developing countries so cogently and explained their problems.

The tripartite conference this month will serve the people of Europe best if it spreads knowledge and popular understanding of the underlying truths and forces which are bringing us together for the creation of wealth in the general interest. It must make easier the efforts of governments in implementing the policies which are essential for the achievement of unity in Western Europe.

Western Europe can fulfil its destiny as the guide and formative force in the world of the twenty-first century — but only if we work together with good will.

(Applause)

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, on behalf of the Christian-Democratic Group I should like to comment on that part of Mr Artzinger's report which deals with economic policy. This section of the report rightly calls for the establishment of a balanced combination of growth, full employment, stability and balance of payments equilibrium. This can only be achieved if there is a lasting

economic recovery, which requires new growth, particularly in the form of increasing industrial demand, especially for capital goods, together with effective cost stabilization, the abandonment of any increases in the tax burden — as far as possible even some relief in this sector — and finally the avoidance of any new battles over the distribution of wealth.

New growth is indispensable for the restoration of a high level of employment. In addition, improvements in the infrastructure are also absolutely essential, particularly if we are to improve the operation of the public services, raise living standards and also fulfil the Community's international obligations. These and other aims in the field of economic and social policy — protection of the environment, energy conservation, improved working conditions — can only be achieved on the basis of new technologies which will promote growth and productivity.

If there is to be sufficient economic growth to do this, investment at national level — especially on the part of private concerns — will have to increase at an above-average rate. This presupposes a suitable economic and social climate for promoting the ability and above all the willingness of companies to invest and giving them a solid basis for planning the future.

The transition from the current economic trend to a sustained process of stable growth is not simply a matter of using industrial capacities to the full. It would be wrong to make do with that and to forget the errors that have been made in the past and which led to the present recessionary situation. On the contrary, we must change the traditional patterns with which we are now all too familiar. Sound expansion of the whole economy can thus not be achieved without consolidation in the public sector and attention to maintaining a steady rate of development.

With regard to the public sector, the growing importance of the State that we have seen in the past few years is exerting a greater and greater influence on the development of the economy. Inflation-free growth therefore largely depends on the financial policy of all public bodies being directed towards stability and growth.

It seems to me that the following principles should be observed here. National budgets must be restrained. Expenditure policy must be planned on a long-term basis. At the same time care must be taken that the expenditure of all public departments is free from large fluctuations, so as to avoid cyclical effects on the economy. The main emphasis of public expenditure must be put on investment rather than consumption. This will also improve the prospects for economic growth, since profitable private investment and public investment complement one another to a considerable extent.

Schwörer

Public indebtedness must be restricted. It is, after all, a fact that a desirable reduction in interest rates is being prevented because of public authorities' extensive and increasing recourse to long-term funds in particular. High interest rates on the capital market restrict the investment opportunities in the business sector — or, because of the resulting heavy increase in costs, production costs receive a further upward push.

In my view the productive capacity and willingness both of the private sector and of private individuals in general should not bear such an excessive tax burden as hitherto; in particular, and as a matter of priority, excessive rates of taxation on productive assets should be reduced, as they are the cause, particularly during the recession phase, of business failures such as we have seen during the past few years.

In this connection I must add a few words on credit policy. In our opinion control of the money supply is a means of restricting monetary demand, but this only creates the basic conditions for a future policy. What is important is that within the framework of this control of the money supply a policy should be developed for controlling the behaviour of the State and the social groups in the interests of stability. A revival of production, employment and stable growth presupposes the maintenance of freedom in international trade. Any relapse into protectionism and national egoism in matters of economic policy would have far-reaching consequences for a world economy which is based on the division of labour. Thus by restricting ...

President. — Mr Schwörer, your Group is entitled to five minutes' speaking time. Apparently you wish to make use of your personal speaking time as well; please continue.

Mr Schwörer. — *(D)* ... Yes, Mr President, I was counting on ten minutes.

As I was saying, by restricting international liquidity we must see to it that no new inflationary pressures arise on the monetary side. However, for the sake of the optimum location and financing of investment, which is a stabilizing factor, nothing must be done to prejudice the freedom of capital movements. The important thing is rather to create a climate on the international financial markets which will encourage the sound long-term commitment of investable funds.

I have a third point which overlaps with Mr Glinne's principal remarks. In addition to changing the State's revenue and expenditure policy, it is necessary to appeal to the social partners — and this really ought to be the main subject for discussion at the conference — to put an end to disputes about the distribution of wealth of the sort we have had up to now. It is after all an undisputed fact that there has been a great wastage of economic opportunities and particularly of opportunities for growth because of the ruthless way

in which all possible means have been used in the battle for the redistribution of wealth, both with regard to prices and with regard to incomes, i.e. on both sides. This is thus not directed one-sidedly at the employees' position on redistribution. We must, after all, act together to break the vicious circle of higher prices and higher wages or, to put it the other way round, of higher wages and higher prices, and the way to do this is to move the discussion away from the simple idea of wages as a share of GNP and towards a personal distribution of income. Alongside wage increases other ways should be found of distributing a share of profits in the form of investment. This can be done without damaging the employment situation or the stability of the economy if workers receive a share of profits in the form of shares in the productive assets and in return forego cash wage increases which they could obtain by the use of force. I think this could be a way of easing the problem. It is a point that ought to be on the agenda of this joint European venture.

To sum up: it is inflation that is a constant threat to economic growth, efficiency and full employment, and consequently also to the economic and social system in our countries. Inflation-free growth must therefore be the objective of all industrial countries if a high level of employment is to be reached and maintained. This must be the main aim of the Tripartite Conference on 24 June 1976. The Christian-Democratic Group is grateful to the Commission, and in particular to its Vice-President Mr Haferkamp, for having put so much effort into bringing this Conference about; we wish him and the Conference every success.

(Applause)

President. — I call Lord Ardwick.

Lord Ardwick. — I should like to start by complimenting the Commission on this excellent report. It is far better than the original document which had in it all the right intentions but was not very clear. This can be a very good working document for the conference. It shows that at last the Community is facing its responsibility to supplement and coordinate national efforts to deal with inflation. One of my fears for the repute of the Community with ordinary citizens is that it has been inconspicuous in its efforts to solve the unemployment problem.

One of my earlier disillusionments when I was a new Member of this Parliament was a debate in which the pursuit of growth seemed to some people to be just an outmoded vanity of Western man. We heard something like that this morning from one honourable Member. I was rather astonished by a remark of Sir Brandon Rhys Williams that we need fewer music centres and more training centres. I never thought to

Lord Ardwick

to hear such words from a fellow Welshman. Here I must explain to anybody who may have noticed the complete absence of the British Conservative delegation from the beautiful concert we enjoyed last night as a result of Mr Pflimlin's kindness that they must not think that the Conservative Members are a set of philistine materialists. I am sure they had a very important prior engagement. But I would emphasize that we need both more music centres and more training centres, and the only way we shall get such benefits is by the pursuit of growth.

Now, as the upswing gets going, the approach of the Community is much more positive than it has been. I believe that we can be too scathing about what has happened in the past. We have not gone backwards in what is generally regarded as the worst recession since 1931. We have not fallen back into strong national protection. The very existence of the Community has been a powerful restraint against both the temptations and the pressures to adopt the same kind of negative, defensive attitudes as that which so beggared us during the 1930s.

I do not take quite the same view of the Commission's document as does Mr Espersen. Of course it is true that the simple maintenance of demand is not enough. That does not solve the structural and regional problems, as we have known in Britain during periods of full employment and demand. We have then still been stuck with terrible regional and structural problems. But in the absence of adequate demand we shall never be able to deal with those problems.

We in Europe, therefore, have to try to coordinate our national policies of expansion, and as a Community we must try to plan for expansion with other advanced industrial nations and must collectively and seriously solve the problems of supply and of raw materials prices. We also need a European concept of the social contract. It cannot, of course, be identical in every country. In Britain last year and this year incomes policy is at the very centre of the social contract and of our economic strategy.

Incomes policy has become a budgetary instrument and the Budget has become an instrument of incomes policy. It has made possible tax reliefs yesterday, the British trade union movement, which is a very militant and difficult movement, accepted by a large majority an undertaking that there should be a 4 1/2 % ceiling on salary and pay increases in the 12 months following August.

Targets are not popular with Ministers, but if we are to carry conviction with the trade unions and the ordinary man in the street we must have targets for reduced unemployment, inflation and growth. We must have these targets if we are to persuade people

that the Community is serious. Of course there is a difference between targets and fixed goals. We must get the aims right. If this Tripartite Conference comes up with serious and solid proposals, as I am sure it will, there must be some kind of smaller, continuing body which can meet perhaps once or twice during the year before the next Tripartite Conference.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Lord Ardwick said he was surprised at a comment by Sir Brandon Rhys Williams. I was a little startled to hear a British Socialist describe the trade union movement in our country as being a militant and difficult movement. I took particular note of his words. But like the rest of my group, I support the Tripartite Conference and Sir Brandon's appeal that it should stress the things that unite us rather than the things that divide us. But I also strongly support Mr Härzschel's view that consumers should have been included in the conference. There are not two sides to this problem. There are emphatically three — and I represent the sex which mainly comprises the third party. I believe that consumers, a vast majority of whom are women, should have been included in the conference.

The part which the Community should play in attempting to find a remedy for unemployment and to restore economic stability is a subject which Parliament has debated a very large number of times.

Last year, when Commissioner Hillery and Minister O'Leary debated this subject, it was apparent, to me at any rate, that there was some division of opinion between those who, like Minister O'Leary, thought the Community should be attempting to produce an overall solution to the very devastating problem of unemployment and those who, like the Commissioner, thought that the Community's efforts must be devoted primarily to coordinating national policies — not necessarily because that was what he wished but because the means at its disposal are comparatively small. It seems to me that the Commission's views on this point have changed very little.

In essence, the Commission's document on 'Restoring Full Employment and Stability' places emphasis on actions which governments will have to take to encourage investment, reduce budgetary deficits and produce specific measures for employment. Perhaps it is disappointing that the Commission's document does not lay more stress on measures which the Community as a whole could take, a point which has been stressed by others.

As Mr Glinne points out, at least some of the present situation is due to cyclical unemployment which can

Kellett-Bowman

be expected to improve. But we are finding in the United Kingdom, to our dismay, that a new situation is arising in areas of the United Kingdom which up to the time of the present recession have been highly prosperous. They are now in grave difficulties which will not, as in the past, disappear with the upswing in the economy, and new measures will be very much required. But it is also, alas, true that underlying the economic situation in many parts of our Member States there is a more deep-seated and longer-term problem of structural deficiencies and obsolescence. These will need well-considered remedies on a national basis, in particular, as well as on a Community basis, before they improve. This is particularly true of the area which I represent in the United Kingdom. It is in this respect that the Community has the greatest part to play in reducing unemployment.

Mr Glinne draws attention, in paragraph 14 of the motion for a resolution, to the need to increase the resources available to the European funds — the Social Fund, the Regional Fund and the Guarantee Section of the EAGGF — and to improve the coordination of their activities. In my opinion, this is absolutely the key question. I hope that the setting up of the inter-services committee will go some way towards the coordination of these activities, I believe that it is in this pressing together of all the implements at our disposal, including the Investment Bank, that we shall see the greatest progress.

The Social Fund is primarily concerned with the problems of employment and retraining, and I would very much like to see consideration given to increasing the resources available to the fund so that it can make a bigger and more constructive contribution towards creating employment opportunities in areas where there is long-term structural unemployment.

I would be most grateful if the Commissioner could share with us some of his thoughts on the way in which the European Social Fund could best be reformed. Would he, for example, consider that it would be helpful if the fund could give housing assistance, similar to that given by the European Coal and Steel Community, to workers who lose their jobs and who are unable to find other work in their own locality? It seems to me useless to retrain a worker for work which is urgently needed in another part of the country if the worker is then unable to move because of the high cost of mortgages. I was discussing this point with my own trade union last Friday. Workers cannot move, because they would have to make very much higher mortgage repayments in the prosperous part of the country to which they would be going. The European Coal and Steel Community has done useful work in this field and it seems to me that the Social Fund could very well follow its example.

In regard to paragraph 7 of the motion for a resolution, I feel that, as it is worded in English, the paragraph speaks rather too unenthusiastically about measures to achieve rationalization or, as it is put, 'simply to achieve profitability'. It really is time that everybody realized that it is a firm's profitability that keeps jobs afloat and breeds more jobs via new investment. The rapporteur must appreciate that investment in rationalization must not be held up purely to keep jobs going in industries with outdated machinery or unnecessary overmanning procedures — very often with new machinery available that is not used to the full or not adequately used.

Of course we need to guard against creating unemployment through rationalization, but this does not mean that we should call a halt to investment. Rather, we must see that those who are likely to lose their jobs through rationalization are given training and help to find another job and to move to it. As Mr Artzinger pointed out, in the long term higher investment is vital to job security. As Sir Brandon Rhys Williams pointed out, training, retraining, and possibly retraining yet again will be needed in the life of almost every worker and professional man in the years to come.

I agree with Mr Härzschel that we cannot now afford longer holidays and a shorter working week. But I also agree emphatically with Mr Nolan that we need a far more flexible retirement policy. It is nonsense to suppose that the requirements for certain jobs and the health of every individual should be tailor-made to meet one absolutely rigid policy. Human beings are so different in their needs, and jobs are so different, that it is essential that people should have flexibility in retirement, and that the retirement ages of men and women — and their pension rights — should be more closely coordinated than they are at present.

I wish the conference the best possible success. We shall follow its conclusions with the utmost interest.

(Applause)

IN THE CHAIR: MR BERKHOUWER

Vice-President

President. — I call Mr Hamilton.

Mr Hamilton. — In many respects I have found this debate depressing. I think that most Members, if not all, would agree that the greatest social problem, if not crime, that we face today in Europe is unemployment at unacceptably high levels. But I hope that we in Europe will not be insular and introverted about these problems. I refer to the report prepared by Mr Artzinger in this respect, for I think that it is susceptible to that kind of criticism.

Hamilton

Concern about our own unemployment problems is right, proper and inevitable — even, for individual political reasons, about those in our constituencies. However I do not think that this is the forum in which to raise that kind of problem. I think that a forum of this nature must see our problems, serious though they are, as minute in an international context. That needs to be said, as in certain EEC countries — not least in my own — there are demands from certain parts of the political spectrum for import controls. In some cases at least, if import controls, selective or otherwise, are imposed, that would be tantamount to transferring our unemployment to less developed countries. I do not believe that our political ideology on these benches can sustain that tenet.

I refer in that context to a document which was produced by the Wyndham Place Trust entitled 'Europe's International Strategy'. I should like to quote one part of that to indicate how Europe is tending to seek — or is being tempted to seek — to solve these problems by transferring them elsewhere. I quote from the document. I hope that the Commission will confirm or deny this passage, which reads :

In autumn 1975, when the textile industries of the Community were badly hit by the recession and were laying off thousands of workers, the Community negotiated agreements with Hong Kong, South Korea, Macao and Singapore securing voluntary limitation of their textile exports, and imposed restrictions on imports from Taiwan.

The organization goes on to say :

It is doubtful if it is enough, in such circumstances, to avoid restricting imports and simply to apply social and regional policies normally used in the case of declining industries ; they would not work quickly enough. On the other hand it would be wrong for the entire burden of the market contraction to be borne by the low-wage overseas suppliers.

That is what import restrictions would do.

I refer to paragraph 8 of the Artzinger report. In some respects, when it refers to a regional policy it is linked with what I said. It should be stated time and again in this kind of international organization that what is going on in the world, and will continue to go on, is a battle for the redistribution of the world's wealth. I sought in the course of the last meeting of the committee that dealt with this matter to inject those precise words into paragraph 8. But for some linguistic reason the Germans objected to using the expression 'world's wealth'. It seems to mean something different in German from what it means in English. Basically I think that this battle is going on, and will continue to go on, because the Third World will not tolerate the obscene discrepancies between the wealth that we still enjoy in the Western world and the indescribable poverty that exists in the Third World.

When we refer to regional policies in these documents we must mean not only European regional poli-

cies but also international regional policies. Whether we like it or not, the Arabs have led the way, and others will follow, in seeking by their own direct action to ensure that this takes place. Our problems today derive directly from the Arabs' determination to obtain a fair price for a raw material which they knew was essential to the well-being of the Western World. That will continue and will extend to other countries.

We are now faced with these problems. What do we do ? I think that inevitably we must face the fact that we shall solve both problems only by cooperation — not only between national States but within national States. I think that Sir Brandon Rhys Williams was right, although he did not speak for the whole of his party, when he talked about cooperation between governments and the trade unions. As he well knows, his party lost the elections in 1974 because they did not seek coordination with the unions ; they sought confrontation and it did not work. It does not work nationally and it will not work internationally. We must work with everybody irrespective of social status.

We are bedevilled by class structures, not least in Britain — in fact, probably more in Britain than in any other part of the world. We have to understand — every country has to understand — that there must be cooperation between the elected representatives in national Parliaments and international organizations, when we get direct elections, and organized labour throughout the world.

I was interested in the statement made by Mrs Kellett-Bowman that there is a third party, the consumer, and that she, as a woman, was the consumer, as if men were not also consumers.

It showed a peculiar state of intellect in Mrs Kellett-Bowman when she made that remark.

However, in my opinion, it is right to understand that we shall not solve these problems in Western Europe in isolation, still less in the nation State. It will be done on an international basis in an international context. I believe that the Commission agrees with that concept. I congratulate the Commission on its wisdom. I hope that it is translated into action very soon.

President. — I call Lord Gordon Walker.

Lord Gordon Walker. — We have just listened to a very thought-provoking speech, I hope that the Commissioner who replies will take up some of the major points made by Mr Hamilton.

The Tripartite Conference, about which we are primarily talking, will be an enormous opportunity — whether it is taken or not is to be seen — to help Europe towards economic recovery. I do not wish to go over the same ground as has been covered in a

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number of extremely good speeches. I want to concentrate on what I regard as two important policies which in my view are necessary to change the whole economic picture.

First, it seems to me absolutely essential — and I believe that this is not mentioned directly at all in any of the documents before Parliament — that we should get investment going before the boom arrives. This is a very difficult operation because it is not natural for either public or private enterprise to invest before the profits are clearly becoming available as a result of the boom. However, unless we get the investment going before the boom, we shall not make the structural changes that we all agree are necessary, and we shall not avoid another consumer-led boom which will lead again to all the troubles about which we have known. If we need to achieve investment, so to speak, unnaturally ahead of the boom, it is clearly necessary — and I must frankly admit this — to allow public and private industry to make profits. It cannot invest without profits being available.

That is why I agreed so much, among other things, with Mr Espersen when he said that the trade unions should have a much greater share in the running of these industries which are investing, in order to ensure that the extra profits that are made are not abused but go to extra investment. That is, of course, in the interests of workers and trade unionists, because it is the quickest and best way of creating employment opportunities.

I turn to the second policy about which I wish to speak. I like the idea set out in the report of the Commission concerning the payment of employment premia and the suggestion that the State should spend money in creating employment — not just by restricting the labour force but by creating employment. This seems to me the really radical and novel solution — the direct creation by the State, and the funds of the State, of employment.

It seems to me that we have gone too far back towards the major error of the crisis of 1929-31, which was the fear of creating employment. That was held then, and it is held now, to be, so to speak, against the natural order of things. It was held that it is the affair of public business and private business to create employment, not the affair of the State. The State, it was held, simply has the job of looking after the unemployed when that situation arises.

As there is a slight upswing, we should begin to think of the direct creation of labour by employment premia, and, indeed, by other means. It would not cost nearly as much today as it would have cost in 1929-31 because in those days very little money was paid to the unemployed. Today, although we do not look after the unemployed as well as we should, there is no doubt that, compared with the last crisis, we pay very generous maintenance, severance pay and so on to unemployed people at very great cost to the budget.

Therefore, the creation of employment directly by the State would cost much less because, of course, there would be a saving of all the supplementary benefits, unemployment pay, severance pay and other payments. Therefore, I think that the cost is not nearly as serious as by conventional wisdom it is thought to be.

I do not know any other policy that is radical enough to solve our problem of unemployment. This is the radical policy which would make a direct and very nearly immediate impression on unemployment. It would have to be directed particularly to areas that are depressed and have an undue amount of unemployment. None the less, that today it ought to be the function of the State, when there is mass unemployment, to create employment seems to me a doctrine and a policy which Parliament ought to adopt.

(Applause)

President. — Lord Ardwick, do you wish to have the floor?

Lord Ardwick. — I simply wish to assure Mrs Kellett-Bowman that when I described the British trade unions as militant and difficult, I was praising their historical qualities and not criticizing them. The British trade unions are difficult, they are militant, but they are not intransigent, as they have shown by their decision yesterday.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, ladies and gentlemen, I should like, speaking at the same time on behalf of my colleague Mr Hillery, to make a few comments on the subject we have been discussing here this morning. First of all I wish to express my thanks for the reports and the motions for resolutions which have been presented here and which we regard as an important contribution to the further development of the ideas that we have put forward in recent months in connection with the Conference between the two sides of industry and the governments.

I should also like to say at this point that for us this work will not finish with the Conference on 24 June. We are convinced that something has been set in motion here which we hope can make an important and decisive contribution in the long term to economic and social progress in the Community. Attention was repeatedly drawn during the debate to the importance of this Conference, and on the basis of my experience of the past few months I can only say that the discussions we have had with the parties concerned in preparing the Conference have shown that the participating organizations are taking these preparations very seriously and that there is an aware-

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ness of the responsibility borne by this Conference. For particularly at the present time the public expects the Conference to make constructive contributions.

We have put forward a strategy for employment and stability to be discussed at the Conference. The reason was that we attach the greatest importance to the two dangers which have also been mentioned in this debate, namely unemployment and inflation. In our proposals we have concentrated on a comparatively short period of time and the comparatively near future, i.e. the next one and a half to two years. Not that we wanted thereby in any way to neglect the medium-term and structural problems that have been referred to here, e.g. in connection with unemployment, demographic trends, population increases, the effects of the structural changes resulting from the current reorganization of the world economy, and so on. But we have, in fact, emphasized the short-term problems for a very particular reason, since it is of decisive importance that we should do the right thing now and in the immediate future. If we do not, we shall not have the chance of tackling the medium-term problems.

Let me be more specific. We are at the beginning of an upswing. Our immediate and most urgent task is to safeguard this upswing, which is the basis for solving subsequent problems. Only if we do this can we envisage being able to create jobs in the future and reduce unemployment on a long-term basis. In recent weeks and months this upswing has become stronger and has progressed more quickly than we expected only a few months ago.

It must, however, be pointed out that there are dangers threatening from various quarters: we must avoid the danger of getting into a new spiral or a new process of accelerated inflation and we must avoid the danger of protectionism. This was also mentioned during the debate.

I should like to emphasize that the Commission has repeatedly and tirelessly pointed out that protectionism presents a particularly great danger. We did so during the crisis, and we do so now at the beginning of the upswing. Why? In the course of the upswing, on account of increasing import requirements with regard to raw materials, energy and the like, the deficit position in some countries is bound to deteriorate. In such situations one is easily tempted to seek salvation in protectionist measures. We cannot emphasize too strongly that this is a dangerous path to follow, because such measures provoke counter-measures and could pose a really serious threat to the economic recovery.

At this point it seems appropriate to comment on the question of the textile agreements. We did not follow a protectionist course here. It is true that with our partners' consent — after all we were talking about agreements and not about unilateral measures by the

Community — we did aim at a specific rate of growth for exports to the Community, as an attempt to organize things in the interests of all concerned, in the interests of exporters and also in the interests of our surviving industries and of workers — particularly at a time of high unemployment. There was, however, no ulterior motive of sealing off our markets, but rather the desire to reach agreement on an ordered, organic development.

I said that we had to safeguard the upswing, that it was the foundation for solving the medium-term problems. I can only express my appreciation of the fact that various speakers stressed the necessity of aiming at growth with stability and the fact that in this connection investment will play a decisive rôle in the immediate future. Today's investments are intended to safeguard tomorrow's jobs. Today's investments are intended to ensure tomorrow's increasing consumption opportunities. We must make these investments today in order to be able in the medium term to cope with the problems that arise from structural changes in certain sectors and from the existing structural problems in the regions of the Community. If we have to put the emphasis here on investment, that means that we must accept a more restrained rate of growth of consumption than we have been accustomed to in the past 20 or 30 years.

Now that does not mean that there will be a reduction in consumption. We must, however, get used to the fact that it will increase more slowly than hitherto. This also means that we shall be able to achieve other things only slowly. We cannot do everything at the same time. In a series of discussions during the past few months, not only in connection with the Tripartite Conference but also in other public declarations, we have heard all sorts of demands to which, in my view, the answer must be quite clearly: we cannot do everything at once!

People talk about the need for shorter working hours — but at the same time for increased consumption — and increased investment — and improved State benefits — and protection of the environment — and the quality of life — and aid to developing countries! Everything at the same time and everything at once! We must say quite clearly and bluntly: it is not possible. We cannot turn 100% into 120 or 150%. I have already said this here on a number of occasions; it must be quite clearly understood.

We cannot get away from the need to lay down priorities and proceed in a steady fashion. If we do this, and safeguard growth by means of stability, that will also be the best basis for specific social policy developments.

You can rest assured that the Commission — I should like to stress this also on behalf of my friend Mr Hillery — will continue to press for further progress on questions of social policy and to insist that we

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should make every effort to stay in the vanguard of progress in this field and not hobble along in the wake of economic developments. For us — and here I take up Mr Glinne's phrase — social policy is not subservient to economic policy; for us it is a subject of equal importance which we must develop as a matter of priority, always bearing in mind the interdependence of these fields. We are trying, and shall continue to try, not only to strengthen and improve the existing instruments — i.e. the various Funds at our disposal — but also to make use of them, in the context of an overall strategy, in a concentrated way with the greatest possible effect. This goes for the Regional Fund, the Social Fund, the resources of the ECSC, the Bank and all the rest. We have introduced more positive guidance in this field. From the point of view of both social policy and overall economic policy this is for us an integrated operation.

If we have to stress the importance and priority of investment in order to achieve the positive effects I have spoken of, this necessarily implies that restraint will be expected in the immediate future, in particular with regard to actual consumption, and in particular restraint on the part of workers with regard to incomes policy. That must be accepted for the sake of the positive effects. If the unions do not accept that the whole operation will not succeed.

I have the impression that there are a whole series of examples — that of Britain has already been mentioned — which show that we have made more progress than could have been expected a year or two ago. Since the decision by the British trade unions is still very recent, I should like to say that a start has been made here on a course which promises a large measure of success in moving towards stability. However, we are all aware that it is not easy to keep this up or to convince people that their contribution is not just in the interests of the economy as a whole but in their own interests too.

Those who practise restraint, however, have the right to expect that they will not hereby suffer any disadvantage and that others will not gain any undue advantages. This has consequences, for example, in the field of prices policy. There has been talk here of the importance of accumulating capital in the hands of workers and of co-determination and the like. I do not wish to repeat that. I only want to say that there are various interconnected elements here, such as economic and social policy, restraint in consumption, restraint in wages or incomes policy, prices policy, competition policy, investment behaviour and so on, and we cannot expect all that to come off unless everyone simultaneously makes an effort to behave sensibly and to collaborate fairly. You cannot expect one party to do something if the other one refuses to make an effort.

It is in the light of these considerations that the Commission has put forward its proposals for the

Tripartite Conference. We have proposed to the Conference a number of quantitative aims with regard to increasing the number of jobs, i.e. reducing unemployment, and with regard to other factors. We have made suggestions on the attitude to be taken in the coming months by the parties concerned, the governments, unions, employers' organizations and business concerns. We know that this Conference can reach no decisions but we expect the participating groups to give certain undertakings which they will then adhere to, and in the period following the Conference we shall jointly keep a check on this. The partners must tell us what we as Community institutions have failed to do, and vice-versa. Thus a start can be made on a process of cooperation which should be a permanent process for the benefit of all concerned.

We have tried to present a balanced programme which calls for a contribution in the economic sphere from all interested parties. We do not claim that this programme is perfect. That is precisely why we must hold these discussions at the Conference. We shall willingly undertake to continue developing our programme on a permanent basis. But I should like to make one thing quite clear: what we have put forward is not an *à la carte* programme from which everyone can pick out the points that appeal to him. We cannot have one group saying: prices policy and control of inflation yes, but no incomes policy! Or another group saying: incomes policy yes, but hands off investment and prices because they are our business!

We must create a common platform. We firmly believe that this is possible. However justified particular interests may be, the Conference must further the common good. We are convinced that the necessary spirit and will are there. If we manage this at the Conference, then it will have been a success and will create something that we urgently need in our European Community, particularly at this moment, namely confidence in the future.

(Applause)

President. I call Mr Carpentier.

Mr Carpentier. — (F) Mr President, it is admittedly not normal parliamentary practice for someone to speak after the representative of the Commission, but I feel that the importance of this subject is such that I have your permission to speak.

I should like to tell Mr Haferkamp that as a French socialist — and I am sure I am speaking for all my fellow socialists here — I cannot accept certain things. It is true that we are only onlookers at the Tripartite Conference and that consequently we cannot make suggestions or formulate policy, but the nature of the subject is such that, on certain points, we must express our disagreement.

Carpentier

I am always somewhat surprised when people speak of solidarity and sacrifices, and especially of sharing sacrifices. I fear, if the truth be known, that it is always the working man, whatever country he comes from, who bears the brunt of such policies. Firstly because he is not responsible for the increased price of oil and secondly because he has no say at management level since no one ever asks him anything. Does the working man participate in the running of the company? Is he consulted to find out whether a particular investment is good, bad or dangerous for him?

For my part, I cannot accept this call for moderation in workers' demands. If sacrifices are needed, it is not the workers who must make them but the leaders of finance and industry. There may be a solution to this problem; but if we hope to achieve it now, we must adopt an imaginative approach.

I should be happy to ask the workers, through their trade unions, to moderate their demands, but in return I should like to have some assurance that prices will not rise. If prices do not go up, the workers themselves will only ask for an increase in their purchasing power. Wealth is the result of several factors; some people think that capital creates wealth, while others, like myself, believe that capital is nothing without labour and that it is labour more than anything which creates wealth. Consequently, I can accept moderation in demands only if inflation is curbed in the Member States. And that will indeed be no easy task.

Another thing: I feel that we should no longer think in terms of nominal or real wages, but in terms of purchasing power. This would allow a proper comparison of the value and strength of the various currencies used in the Member States. To say that a German worker earns 1 000 marks a month while a French worker gets 5 000 francs is meaningless. What we have to know, in fact, is what each worker can do in his own country with the money he earns, what his standard of living is. We have to get hold of this idea of purchasing power and ensure that it is not index-linked to prices. In France we have a series of statistics in this field. We have the statistics of the national statistical office and two union organizations, the CGT and the CFDT. To be sure, the figures do not always tally and usually lead to squabbling over which set is the best or the most accurate. In my opinion, we have to find some method of linking wages to the nation's wealth, i.e. the gross national product. This is an idea which could be followed up. Perhaps in this way we could solve our problem and our differences. I am sure that we all want to reach the same goal i.e. a better life tomorrow for our peoples.

I should like the Tripartite Conference — apart from all the other measures which will be taken, and I am convinced that there will be many — to look into the possibility of harmonizing living conditions for workers throughout Europe.

President. — The general debate is closed.

I put to the vote the motion for a resolution contained in the report by Mr Artzinger (Doc. 168/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Glinne (Doc. 160/76).

The resolution is adopted.¹

7. Oral question with debate: Equal opportunities and status for women

President. — The next item is the oral question with debate, put by Lady Fisher of Rednal, Mr Evans, Mr Albers, Mrs Dunwoody, Mr Albertsen and Mr Dondelinger to the Commission of the European Communities, on Community action towards equal opportunities and status for women (Doc. 150/76):

1. Does the Commission not agree that there is a need for continued action at Community level after the expiry of International Women's Year, in order to ensure progress in the direction of equal status and opportunities for women and men in employment?
2. Does the Commission have any proposals to make in this area?
3. Will the Commission, in conjunction with other appropriate bodies and experts of the Member States, collect, analyse and publish statistical and other relevant data such as are necessary for reviewing the social, economic and occupational status of women workers and measuring their total contribution to economic and social life?

I call Lady Fisher.

Lady Fisher of Rednal. — International Women's Year generated very great activity and highlighted many problems which need continued discussion if we are to proceed to initiate solutions. Therefore, I do not apologize for the situation regarding women being on the agenda of this plenary session, even though it was on the agenda last time. There cannot be too much discussion on this subject and on how to achieve the implementation of equality, though I realize that there is a limit to what discussion can achieve.

I am concerned that the widespread advances that were made in the late 1960s and 1970s, when labour was scarce, will not be so easily maintained with less full employment. It must be the concern of everyone, as in the previous debate, that women are not treated as a labour reserve to be attracted in times of prosperity and dismissed in times of depression.

¹ OJ C 159 of 12. 7. 1976.

Lady Fisher of Rednal

I want to make sure that Parliament understands that this is not a small problem. The dimensions are extremely large. There are 35 million women working in the Community, and these 35 million working women comprise one-third of all the workers in the Community countries.

When we are talking about economic crises in the various Member States, when we are talking about the cutbacks in public expenditure in Member States, what we are doing, in fact, is to place a still greater burden, in the main, on women's shoulders, because it is their problem to toil daily with the battle on high food prices, and it is their difficulty that has to be overcome when we have inadequate public transport. A primary responsibility falls upon the woman in society if cutbacks in public spending are in the care facility class, those to do with the aged and the handicapped, where very often if the care facilities are withdrawn or are lessened in society, the responsibility becomes either that of the daughter or that of some other woman in the family.

I agree that the range of jobs for women is gradually increasing, but certain jobs still remain closed, due either to convention or to legislation. Marital status, in some of the Member States, still operates against women workers. Maximum age limits on entry to professions militate against the woman worker. According to a recent report by the ILO, a woman has the choice of 25 professions, compared with a man with 300 choices. Much more concentration and greater consideration has to be given to flexible working hours. Part-time working is, perhaps, looked upon for women workers as not quite right, but part-time working should be considered quite seriously not only for female workers but for male workers.

Greater opportunities must be extended to women living in the rural areas of the Community. There is a need for greater opportunities for women in rural areas to join agricultural cooperatives. As many more men leave the land it becomes incumbent to provide opportunities for women to be trained in modern agricultural methods, whether they are technical or mechanical, so that this labour may be pursued in the best possible conditions.

There is a need to look seriously at social insurance facilities for the woman who desires to remain at home and care for her children. A reform of job evaluation programmes is vital in the Member States. I make a special plea that many more women should be included on industrial tribunals. I ask the Commission whether it is eliminating from its own regulations and procedures any provisions which may be discriminatory against women. I ask whether extended staff training facilities are offered to women in the Commission.

I was disturbed by Document No 57/76 which was issued on 30 April 1976. It recommended that the youth forum job advertisement should read as follows :

Provision has therefore been made for establishing a flexible and permanent secretariat comprising one young Secretary-General, designated male, assisted by one secretary, designated female.

I do not know why those words were used. Perhaps it is a bad choice of words. Perhaps it is a question of language interpretation. But I should have thought that in every language there were different words for 'male' and 'female'. It is for that sort of reason that I ask the Commission to look seriously at its own working.

My research has shown that training programmes aimed specifically at furthering women's employment are rare in Member States. I have had the greatest difficulty in finding any payments made from the social fund in this area. Is that due to lack of publicity by the Commission or is it due to the complex rules and regulations that arise on the position of women in the social fund? No doubt the Commission will express concern at the difficulty of collecting reliable statistics to enable valid comparisons to be made. If the Commission can make recommendations on how we measure suspended particles in surface water and how we harmonize chestnut puree and salad cream, it should be child's play for it to bring forward statistics on women.

Having collected that information, it is important to see that it is disseminated. Long-standing attitudes and habits must be overcome. That is why we seek statistical data on this matter. Without that statistical data we cannot see whether the goals and timetables that we set ourselves are attainable, so that we may correct deficiencies.

I am not one of those who feel that all women want the opportunity of being President of this Parliament or the Prime Minister of their respective countries. Not all women desire to take up those opportunities. The opportunities are available. Women have a choice. If they choose to devote the whole of their time and attention to their family and bringing up their children, that contribution should be considered no less than that made by those who desire to work outside the family.

There are in the European Community vast untapped resources of women which can contribute not only to full-time paid employment but in politics and voluntary activities. Therefore, I am fully convinced that the full and complete development of the Economic Community requires the maximum participation of women as well as men in all fields. That is the reason for the questions being put on the agenda of today's sitting.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission, — I welcome this opportunity to deal with the question. It was put on the agenda as a follow-up to International Women's Year. This gives me an opportunity to insist once again that the development of Community action for the promotion of equal treatment between men and women in the field of employment preceded International Women's Year. I acknowledge that this very important event brought a favourable climate into the work of the Commission and the Community — a climate in favour of women workers — but the work now continues as one of the main planks in the social action programme, and it would have been such had there been no International Women's Year.

We are grateful to Lady Fisher for having given us an opportunity to discuss this subject. It may be useful to give the House some history of the Commission's task in relation to women in employment. The first task which faced us was that of equal pay, which was covered by Article 119 of the Treaty of Rome. But despite the fact that it was an Article of that Treaty, and despite subsequent formal recommendations adopted by Member States of the Community, the principle of equal pay was not fully or uniformly implemented. We felt it necessary, therefore, to propose to the Council a directive defining more closely the obligations of Member States in relation to equal pay, at the same time extending the notion of equal pay to include not just the same work as would be done by men but also work of equal value.

This directive, which received the support of Parliament, was adopted by the Council and came into force on 10 February this year. I do not know whether it is necessary to remind the House that an important part of that directive, which must be applied and is now being applied in national law, gives a woman who feels aggrieved a right to go to her own courts and to have her case heard. That is an important provision and an important advance, and much depends on women in the Community making full use of this new power, given to them to fight against discrimination on the question of equal pay.

Important as it was — and it was most important — to eliminate discrimination in relation to pay, that was only part of the problem confronting women in the field of employment. It is worth mentioning at this stage that all the difficulties which face women in relation to employment result from a factor which is frequently raised here — the absence of women from the higher post in the Commission, the Council and Parliament, and in private posts.

When we were studying the problems of women we found that the next logical step to take was to legislate to give them equality of opportunity in access to employment, in promotion, in vocational training and, of course, in conditions of work. Our experience

on equal pay had led us to assume that recommendations would have little effect, and so the Commission again drew up a directive and this, too, has been discussed in this Parliament, has received its full support and was adopted by the Council last December. In 1978 there is a period in which Member States are given an opportunity to put this directive into their national law, but from 1978 onwards it will be possible for any woman who feels aggrieved about access to employment, who feels that she has been discriminated against in her application for any employment, who feels aggrieved about promotion prospects or considers that she has been overlooked because she is a woman, to go to the courts, as on equal pay, to establish her right to be considered for employment, promotion or access to vocational training. Again, our experience is that the absence of adequate training prevents many highly talented women from taking up posts about which we now wonder why they are not filled by women. There is an absence of educational opportunity, too.

These two directives represent a major step in the social progress of millions of women in the Community. But we do not see that as the total action which the Community can undertake. We have a long-term task to change traditional attitudes, whether we call them anti-women or just negligence. We have the task of changing these attitudes and creating a climate in which a woman applicant for a job, for promotion or for training, will be regarded, as men are, on her individual merits and will not be excluded because of any idea that her sex makes her less capable or less likely to give adequate service in a task.

It was for that reason that we published, at the time of the proposals for a second directive and the results from our studies, a Memorandum dealing with all the obstacles which women meet in their careers or the difficulties placed in their way and all the prejudices with which they have to contend. In that Memorandum the Commission, at the end of each chapter, made proposals for overcoming these obstacles. Some of these would be for Member Governments to take up. Others would be for employers and trade unions and others for the Community. That Memorandum will be our guide for many years to come.

The next task, as is obvious from our study, is to extend equality of treatment into the field of social security, a point mentioned by Lady Fisher. There are serious discriminations, which are to the disadvantage of women, in the field of social security. Preliminary work is under way in the Commission's services, which are my responsibility, on the preparation of a first directive in the field of social security and Parliament will have an opportunity of discussing that directive this year. I hope to have it in Parliament for discussion in the autumn.

Hillery

Vocational training — and, I would add, vocational guidance — are of major importance to women seeking equality in work, in treatment, in promotion and so on. A seminar was held last November in Paris, following which we are working on draft Community recommendations to Member States. These, too, will be submitted for consideration by Parliament in the course of this year.

Since 1962 the Commission has published eight different reports on the situation in respect of equal pay in the Community. Our services have been collecting and analysing data and commissioning surveys relating to the broad question of women's employment. Major experts, and independent experts, have been associated in this work, and publications have been issued on various findings. A study scheduled for this year will concentrate specifically on women engaged in agriculture. Another source of information of interest in relation to women is the Annual Report prepared by the Commission on the social situation in the Community. This covers developments affecting women's rights in Member States.

Apart from the legislative measures which the Commission is promoting, we are convinced of the need for greater information to be available on the rights and obligations which devolve from the Community's directives so that, the way is open to women to enforce their rights. We have been considering how best to disseminate information. An important development here is our commissioning of a film on this subject for television networks in Member States. This film is at present being made, and we hope that it will be seen on television screens of all Member States and will bring home clearly to women their rights in relation to employment and promotion. The directives that I have already mentioned demand that information be made clearly available to women in the place of employment and that no woman can be dismissed or put at a disadvantage for seeking rights in relation to the rights established by these directives.

I wish next to refer to the Social Fund. We do not have separate figures for the number of women employed in the projects for which we give Social Fund grants, but we hope to have these figures from now on. One figure that I do have is for the textile industry, in which obviously the majority of people retrained are women — 80 %. However, I hope to be able to tell Parliament in the years to come how many women benefited from training schemes under the Social Fund.

The Member States do not bring forward a sufficient number of schemes for women under Article 5 of the Social Fund. I have said that in capitals — though not all capitals — where I have had the opportunity to do so. Lady Fisher of Rednal may be right, and perhaps

we should have more publicity about what the Social Fund can do for training projects for women. I hope that in the future we shall be able to answer the question posed by Lady Fisher of Rednal and give Parliament more definite figures than I can give now.

In the last week or so, the Commission has decided to set up a Women's Bureau in the section of the services for which I have special responsibility. The Bureau should be operational by the autumn of this year. It would be a specialized service. By setting it up, the Commission wishes to ensure the active and continuous development of a vigorous policy to promote equality for women in employment. I hope that such a Bureau will relieve the pressure from the many dedicated people here who have to keep forcing the issue of equality for women in employment. It is necessary to continue to force this issue day after day. The tendency is to go back to the situation where women are either neglected or discriminated against.

I have welcomed the opportunity to contribute to the debate. Lady Fisher of Rednal is to be complimented for causing this to come about.

(Applause)

President. — I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* Mr President, I too should like to thank those who put down this question. I feel that conditions in the world — including Europe — are such that it is constantly necessary to press for greater equality in all respects between men and women.

I am slightly disappointed at the views expressed by Lady Fisher, but perhaps I misheard or misunderstood her, in which case I stand corrected, Lady Fisher appeared to find it right that women should be kept as a labour reserve, but that this reserve should be given satisfactory conditions. I should like to express my total disagreement with this. Men and women must have completely equal opportunities when choosing their jobs, and in a few years time it may well be normal for young men to want to work at home, and not always be the women who are in that situation.

I say this because, while I feel that bringing up a family and running a household are valuable jobs, it should not automatically be the woman who has to assume this burden.

Having said that, I should like to thank Mr Hillery for his concluding remarks to the effect that we are now going to have a real Women's Bureau within the Commission. This will give us a genuine opportunity to go further than we have done up till now. We fully agree that Article 119 has given women — not only in Europe, but also outside Europe — a lever which many women may well envy the Community.

Kruchow

I also agree that there has been progress in recent years. I shall not repeat what Mr Hillery said, but simply thank him for the consistent efforts to achieve progress. However, now that we are going to have this Bureau — and hence more statistics and information, as requested by Lady Fisher — I hope that we shall really dig deep, that we shall really leave no stone unturned, so that we can get a true picture of our industrial society and its structure and get an idea of the conditions in which women live.

The fact is that our industrial society is a new way of life, and that is only in the course of the last few hundred years that it has replaced the peasant society in Europe. Before that, it was natural that when two people married they had a common workplace and a common home, and everyone in the family — even the children, once they were able — worked for the common good and the common weal in that workplace. What happened when we changed over to the industrial society? Some people will say there was the immigration into the cities. This is true, but at the same time we retained the distribution of labour of the agricultural society, as exemplified by the attitude that the woman works in the home while the man leaves home in the morning and comes home in the evening.

However, it was not until this century, particularly after the Second World War, that women started to say 'Technology has now reached our homes, and we want to go out to work'. And they find that they're at the back of the queue, among other things because — as was mentioned in the previous debate — women are hampered by various social factors. The educational conditions, for instance, are such that women do not always receive the education their intelligence entitles them to — and there is of course no difference in intelligence between men and women, as medical science has established. Whether one is highly intelligent or stupid does not depend on one's sex. What I am calling for is a study of conditions in the industrial society and a declaration that there is to be equality in all respects — not just in earnings, but in work and leisure opportunities as well.

The previous debate dealt with what Mr Espersen called structural unemployment. If the term 'structural unemployment' applies to our overall situation, it most certainly also applies to the situation in the family.

As I said, there is nothing I would welcome more than if we were to take advantage of the existing opportunities for employment, and if we were to have an assessment aimed at achieving equality between men and women, whether they are married or unmarried, so that those who are bringing up a family or having children can have the same opportunities — and this also applies to being together with their children. We cannot have the one getting out and about all the time, while the other sits at home all day.

I should therefore like conditions in the family to be taken into account in this context and raised to such a level that there is no talk of this or that political system being best suited to solve this problem. What is involved here is ordinary humanity.

(Applause)

President. — I call Mr Yeats. Before giving him the floor, I remind him that, just as the other speakers, male and female, he has five minutes. I then close the list of speakers, including as our last speaker Mr Evans, otherwise we shall not be finished before lunch.

Mr Yeats, you have the floor.

Mr Yeats. — I, too, would like to thank Lady Fisher of Rednal for putting down this question at this moment when, for the first time, there is at last some real prospect of creating equal rights and opportunities for women, many years after these concepts were first enunciated in the Treaty of Rome. There is now a real prospect of achieving them. It is very important that this Parliament should keep the matter constantly under discussion, in order to ensure that the various target dates are, in fact, met.

The question speaks of equal status and opportunities for men and women in employment and there are here, of course, two related problems, one of which is a great deal more difficult of achievement than the other. I refer to the concept of equal opportunities. Equal pay is a simpler matter. Equal opportunities can easily be provided by law, but the law is not enough. It is easy to say that women, for example, should have complete access to jobs, but having given them access, how do we then provide that they will, in fact, be appointed? They can apply, but that does not necessarily get them the job they are seeking. One needs, in addition, a great deal of education of public opinion, and in particular male public opinion, which in general is in the seat of authority and therefore in the position to appoint people to positions.

The Commission, in its very valuable communication on equality of treatment, which was sent to the Council last year, said, in the explanatory memorandum:

The central objective proposed by the Commission is to guarantee to both men and women equal access to work and the effective exercise of the right to work. This right, which figures in most of the constitutions of the Member States, appears to too many women as a purely formal statement which they are not in fact able to make real.

That is, alas, the position as it is shown by all the available facts from our various countries. It is clear that throughout the Community, as elsewhere in the world, women are still concentrated essentially in low-paid, unskilled jobs. It is clear that the vocational training of women is, in most cases, still entirely

Yeats

inadequate and that they have, by and large, little real chance of promotion to higher positions. In none of the Member States do the women have the same professional opportunities as men.

The Commissioner referred to the oft-quoted figures of the Commission. If I quote them again it is not in a sense of upbraiding the Commission. In many respects the Commission has done its best. However, the figures are valuable, as they are available, and indicate the kind of situation existing in private business and Government service everywhere.

According to the 31 December 1972 figures, in the Commission there were 32 members of staff in the top grade, A 1, none of whom was a woman. In the A 2 grade there was one woman out of 112. The figures may have improved since 1972. Out of 299 positions in the A 3 grade, three were occupied by women, and 89 % of grade C employees were women. I do not criticize the Commission. It did its best. The same position obtains everywhere. That is the kind of situation with which we must deal. It is a universal problem.

The inferior position of women — undoubtedly in many respects it is inferior — has traditionally been maintained by a variety of fallacies — for example, the theory that female absenteeism is inevitably worse than male absenteeism and that females do not warrant the same access to promotion or the same pay. The facts appear to show that female absenteeism is, by and large, no worse than that of men.

There is, too, a general accent on the importance of muscle power, as opposed to tasks requiring skill and precision which in many cases are performed just as satisfactorily, if not more satisfactorily, by women. In many employments a prejudice exists which suggests that they are not suitable for women. I do not refer to furniture movers or truck drivers. My country affords one example. Up to about six years ago the banks employed only male cashiers. When they were asked about it, they said that they did not employ female cashiers as to do so would destroy the confidence of the public in the integrity of the banking system. I do not invent that statement. It was solemnly made by the governors of our Irish banking system. That position has changed in the past six years. Women are now employed as cashiers. The banking system is still intact.

A great deal of education must take place. We hope, therefore, that the Commission will keep a close and urgent eye on the position to ensure that equal opportunities are granted by 1978 and that — as has happened in some places on the question of equal pay, especially in my country — when the day comes we do not find little change. It is essential that the 1978 target be reached and accomplished. I therefore hope that the Commission will keep a close eye on events.

(Applause)

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I am delighted that for the first time this week we see women on the Commission benches. I note that the Commissioner brought with him 3 % of the women in the A 5 grade and 1.5 % of the women in the A 6 grade. Had there been a similar proportion of the men in those grades present, we may imagine the crush that there would have been. In fact those two ladies together represent 0.17 % of the males and females in grades A 5 and 6.

I believe that to be an intolerable position.

One of the factors that makes it so difficult for women to aspire to the higher jobs, either in industry or the Commission, is the difficulty of getting started and obtaining a wider background of training after they have taken their professional qualifications. I feel strongly that when interviews are given for these positions, the difficulty faced by women, despite their merit, in obtaining this wider training before applying for the positions should be taken into account so that women are not placed at a continuing disadvantage and so that the figures do not become worse.

The figures which I quote are dated 10 March of this year. They are slightly worse than those which were given by Mr Yeats. In fact, only 4 % of the women are in the A 5 grade, although 83 % are in the bottom grade. We are totally neglecting half of the brains in our Community — in fact, rather more than half, because there are more women around at present.

I find it intensely depressing that although we discussed this at length last year, we were obliged to put the matter yet again on the agenda, to try to do something about it. Only last year the Commission produced an admirable document on equality of treatment between men and women workers in employment, vocational training, promotion and working conditions. The Parliament produced a comprehensive report, through its rapporteur, Lady Elles, which was received graciously by the Parliament. Indeed we were hopeful that it would be acted upon. However, the position is almost exactly the same as it was before. Women are still crowded into the duller, worse-paid jobs throughout the Community. We hope that the bureau which is about to be set up will help in that area and provide us with information into which we may get our teeth. We shall dig deep for that practical information.

I had intended to make a long speech, but I shall not overstep the limit. We shall keep a close watch on the work of this bureau. We shall also keep a close watch on the appointments policy of the Commission. I suggest that on the wall of every Commission building concerned with the employment of women there should be a photostat of the document dated 10 March showing just how few women are employed, so as to bring to the attention of those in a position to engage staff how important it is to improve this posi-

Kellett-Bowman

tion — which, make no mistake about it, Mr Commissioner, will be brought to your attention on every possible occasion until the position is satisfactory.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — I agree with Lady Fisher's report, and I thank her for bringing it forward. I agree with everything that my colleague, Mrs Kellett-Bowman, said.

I started my professional career in a male profession. I remember looking around the court and seeing that the judge — as was invariably the case in Scotland in those days — was a male. The senior prosecutors were males. Most of the solicitors in Scotland were male. The accused was usually a male. When I moved to the profession of politics I found that in the United Kingdom Parliament, which has a membership of over 600, there were 29 women. I asked why there were so few. I visited many other parliaments, including some parliaments of the Member States, where I found the same situation. We politicians must put our house in order and tell our political parties that they must alter an election system which puts fewer than 30 female members in a Parliament of the size of that of the United Kingdom.

When we look around this Chamber, even when it is full, we find the same situation. Therefore the situation in the United Kingdom must also exist in the Member States. Half the world population is female — although we might not think so in places such as this.

Lady Fisher said that women might not want to be Prime Ministers. A number of women do want to hold that office. There is one lady in the United Kingdom who seems to want to be Prime Minister. I may even end up as Prime Minister myself. We never know. Women are eminently suitable for politics. When Harold Wilson was Prime Minister, sometimes there was a row of women Ministers on his front bench although he had a limited number of potential women recruits. He was good at choosing Ministers and even making Cabinet appointments from the small number of women who were apparently suitable.

I congratulate Commissioner Hillery on what has been achieved. I so much agree with him that the right to take firms to court was a great step forward. But that relates only to particular instances of unfairness to particular individuals. We are discussing general unfairness, and this will involve every Member State when considering questions of training and retraining, questions of women who are victims of marital violence and what they are to do when they are put on the street, questions of time off for women during and after pregnancy, and arrangements for women to slot back into their occupations or profes-

sions in all our Member States, if they wish to do so when their children are still young or after a long break. The absence of adequate nursery school provision is one of the main reasons why so many women find it impossible to take work. There should also be different tax arrangements.

Industry must encourage factory managements to give consideration to the hours during which women want to work. In my first parliamentary constituency there was a factory, with a work force mainly composed of women, which allowed them to choose their own working hours. It was a very interesting development and it was found that many women preferred to start work early so that they could be back home when their children returned from school.

I hope that the statistics which have been mentioned will reveal among other things which Member States have any bars to the entry of women into professions, trades, or other occupations. Recalling the comment of Mr Yeats, shortly after I had first become a Member of Parliament I heard a man giving advice to a classroom of boys in a school about entering the engineering profession. Naturally, I asked him 'Where are the girls?' He replied, 'We did not think they would be interested' and that was an official careers adviser. We must assume that women are capable of entering any career.

Perhaps in winding up the debate Commissioner Hillery will state when sufficient statistics will be available to show us where we can go and what can be done. Perhaps he can find out, for instance, whether women with young children are working because of pressure or because they are motivated to do so and want to work outside the home — because we have to accept that some women do not choose to work outside the home.

(Applause)

President. — The last speaker will be Mr Evans.

Mr Evans. — I noted, Mr President, that you said that I would be the last speaker and that we would then have lunch. In that remark you sum up perfectly the male attitude. Lunch is more important than women. We like to have women with us at dinner, but lunch is something that we must have and, particularly on the European Continent, we must have two hours for it...

President. — That is not my opinion but the opinion of others.

Mr Evans. — ... Yes, and with one or two exceptions men agree with you completely. Like my co-signatory I, too, would wish to congratulate Lady Fisher on bringing forward this question and I thank Mr Hillery for his report. I would ask him to clarify one issue on

Evans

the contents of the document to which Lady Fisher referred, the European Youth Forum which is proposed to be set up. It is stated on page 2 :

Provision has therefore been made for establishing a flexible and permanent secretariat comprising one young Secretary-General (male) assisted by one secretary (female).

I wonder whether the Commissioner would comment, if not today on some subsequent occasion, on why the terms 'male' and 'female' had to be inserted, the male for the higher job, the female for the lower. Is the Commissioner aware that this would be outlawed under the Sex Discrimination Act which is now on the statute book in Great Britain ?

On the general question, we have discussed women's rights and equality of pay and opportunities, but let us be quite frank : by and large, we have talked about the bottom end of the scale. We have talked about women in industry and, with respect to Mrs Ewing, women having the right to be employed as mechanics and electricians. What concerns me more than women having equal rights at that end of the scale is women having equal rights at the top end of the scale. I should like to have some statistics about the number of women who are in Parliament, women who are Cabinet Ministers throughout the nine countries, women who are occupying positions at the higher-ranking levels in the media, television and in broadcasting companies, in the Press, in the Church, in the professions and in education. With respect to Mr Hillery, when he refers to the film that the Commission is proposing to make, I would suggest that women at the higher levels are the finest example of all to the rest of their sex. While I utterly deplore and condemn the policies propagated by Mrs Thatcher, the Leader of the Conservative Party, I was at least delighted that the Conservative Party had the guts to promote a woman...

President. — You are in Strasbourg, not in Westminster.

Mr Evans. — Mr President, I fail to understand why you interrupted me. I was about to say that I applaud the decision of the Conservative Party in having the courage and the strength to elect a woman to the position of Leader. I hope that one day my own party will also have that strength and that courage to elect a woman as Leader. Maybe we shall then see a women Prime Minister. As Mrs Ewing said, such people as Mrs Gandhi, Mrs Bandaranaike, and that great lady, Mrs Golda Meir, are the finest examples to the rest of their sex.

One of the many questions with which we must concern ourselves is that, although Parliament has had this debate on the role and position of women in society, sex itself has not been mentioned. That is one of the major areas in which we have had discrimina-

tion. I am sorry if I am upsetting you, Mr President, but one of the things that I think the Commissioner should produce for us is the policy of all the nine member countries about abortion, birth control and contraception. At least in my country — and I know that the United Kingdom is by no means perfect — we have measures in these matters which are of enormous benefit to our women.

Commissioner Hillery, with the greatest respect, your country is hardly one of the world's leaders in this field. These are fields in which we should have statistics and information from the Commission. Truly, this is one area in which, as a European Assembly, we can operate and in which we can bring pressure to bear on the governments and parliaments of Member States. Certainly, there is a changing situation in the world today, and it will certainly continue with the younger generation of women.

I am sorry, Mr President, if I am continuing for too long, but I hope that lunch can wait for just two minutes while I make my final point ...

President. — You have to restrict yourself to five minutes. The other speakers did, including the women.

Mr Evans. — ... I close on this point, and you and I, Mr President, can have a discussion on some other occasion.

There is a changing situation. There is a new situation, particularly in such countries as the United Kingdom and the United States of America, where young girls, aged less than 16, are growing up in full equality with their young male partners. They are no longer afraid of marriage and pregnancy. They are growing up and they are confident that they will make their mark in life.

Time is not on man's side. When we look round the world today we must acknowledge that in so many areas men have made a pretty shabby mess of things. At least women could hardly do worse and it is the view of some of us that they could do a damned sight better.

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — I would be very grateful if you would allow me to speak on the advertisement mentioned by Mr Evans and Lady Fisher of Rednal. The first inquiries have suggested that it appeared incorrectly in the translation and that it was not in the original draft. I am not sure about this, without having the opportunity of inquiring in Brussels. I would be grateful if some Member would put down a question so that we might be able to give a full answer at some time.

Mr Broeksz. — (NL) May I ask the Commissioner a question? He has told us that he is going to set up a Women's Bureau in his department. Will the head of this bureau be a man or a woman? I would be interested to know.

Mr Hillery, Vice-President of the Commission. — There will be a woman in charge, but I hope there will be men at the lower levels.

President. — The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

The sitting was suspended at 1.00 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: MR BERKHOUWER

Vice-President

President. — The sitting is resumed.

8. Membership of committees

President. — I have received from the Socialist Group a request for the following appointments:

- Mr Knud Nielsen as a member of the Committee on Economic and Monetary Affairs;
- Mr Haase as a member of the Committee on Budgets, to replace Mr Schmidt;
- Mr Suck as a member of the Committee on Budgets, to replace Mr Lagorce;
- Mr Haase as a member of the Committee on Agriculture;
- Mr Molloy as a member of the Committee on Public Health, the Environment and Consumer Protection, to replace Mr Knud Nielsen;
- Mr Molloy as a member of the Committee on External Economic Relations, to replace Mr Barnett, and
- Lord Walston as a member of the Committee on Development and Cooperation.

Are there any objections?

These appointments are ratified.

9. Oral Question with debate: Competition policy

President. — The next item is the Oral Question, with debate, put by the Committee on Economic and

Monetary Affairs to the Commission of the European Communities on competition policy (Doc. 151/76):

At a time when the Community achievements in the area of free competition are being seriously threatened by a return to protectionism, brought about by economic difficulties and monetary instability, and with a view to achieving a more resolute competition policy better adapted to the risks now besetting it, the Commission is asked to answer the following questions:

1. What action does the Commission propose to take in response to the frequently¹ repeated calls from the European Parliament for stronger Community discipline in connection with the granting of national aid? When will the list of support measures be drawn up and the timetable for reducing them be laid down? When will the Commission bring out proposals on export credits?
2. When does the Commission intend to submit the urgently-needed proposals for removing the distortions of competition between private firms and public undertakings,² for continuing harmonization of legislation on the placing of public contracts and for the genuine dismantling of national monopolies?³
3. Does the Commission not consider that the preliminary consumer protection and information programme ought to be accelerated? Will the European Parliament be kept informed of the study on improving the range and quality of services to consumers and of the annual report on steps taken by the Community and the Member States in the interests of the consumer, to be published according to the Council resolution of 14 April 1975?⁴
4. Does the Commission consider that the extent of the problem involved in pursuing a genuine competition policy necessitates the setting up of a European Office for Competition Policy?⁵

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — It seems a little strange that there is no Commission representative here. May I formally move, as there is no Socialist here either, and your own group has hardly any representatives here...

Members. — No!

Mr Scott-Hopkins. — I said 'hardly any' — may I formally move that until the Commission send their representative we should adjourn? I regret this bitterly. After all, it was in the order of the day.

¹ EP resolution of 18 October 1974, OJ No C 140, 13 November 1974; EP resolution of 13 June 1974, OJ No C 76, 3 July 1974.

² EP resolution of 15 November 1974, OJ No C 11, 7 February 1974.

³ Following the report by Sir Richard Clarke and Mr Guy Charpentier.

⁴ EP resolution of 13 May 1974, OJ No C 62, 30 May 1974; Council resolution of 14 April 1975, OJ No C 92, 25 April 1975.

⁵ EP resolution of 15 January 1974, OJ No C 11, 7 February 1974.

President. — The proceedings are suspended for ten minutes or a shorter time.

The house will rise.

(The proceedings were suspended at 3.10 p.m. and resumed at 3.15 p.m.)

President. — The sitting is resumed.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — Commissioner Thomson has finally arrived. I quite understand the reason for the delay and I am sure that it was no fault of his. It is a little strange that when we are about to consider an oral question, with debate, put down on behalf of the Committee on Economic and Monetary Affairs we do not see the Chairman of that committee present — Mr van der Hek. Presumably he will be moving the question, but unhappily I fail to see him in the Chamber. Has one of his Socialist friends been authorized to attend this debate for him? Exactly what is to happen?

President. — I call Lord Bruce.

Lord Bruce of Donington. — It will not have escaped the recollection of the House that last evening, when an item was called for under the urgent procedure, pursuant to Rule 14, by three groups representing no fewer than 91 Members, only 10 of them were present.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — I want to take this opportunity to apologize to you, Mr President, and to everybody in the House for the fact that I was not in my place at 3 o'clock when I should have been here. I was unavoidably delayed. But it is the responsibility of a member of the Commission to be here in good time, and I unreservedly apologize.

President. — I thank Mr Thomson for this apology and take note of Mr Scott-Hopkins's observations.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — As the mover of this question is not present, may I suggest, although I regret having to do so, that we move to the next business on the order-paper? If a chairman cannot bother to be here or appoint a representative to take his place, surely it is right that we should move to the next item on the order of the day? I regret this, because this is an important matter. Perhaps it would be foolish to seek to prevent your saying, Mr President, what you are about to say—that we should hear Commissioner Thomson—but, much as we like to hear him speaking on these important matters, he cannot do so if he has not initially heard the point of the question.

President. — This question has been tabled by the Committee on Economic and Monetary Affairs as a whole, and for its discussion the committee chairman's presence is not essential. The Rules of Procedure do not allow me to concede your point. Furthermore, if I were to begin by calling Mr Springorum's report, the appropriate member of the Commission would not be present.

The best I can do is to give the floor to Mr Thomson so that he can answer the question. For this purpose neither a quorum neither the presence of the chairman of the Committee on Economic and Monetary Affairs is required.

I call Mr Yeats on a point of order.

Mr Yeats. — There appears to be a slight problem, because Rule 46 (3) states that one of the questioners may speak to the question for up to 10 minutes and one member of the institution concerned shall answer. This would appear to me to mean that he has to answer what has been said by one of the questioners, so at the very least somebody would have had to have put the question—though I take it that he could do so in just one sentence—before the Commissioner could answer.

President. — Senator Yeats, this is facultative, not obligatory. It means that if one of the authors wants to speak to the question, he may do so for up to 20 minutes. We, on the other hand, find ourselves in the fortunate situation that no one has asked to speak to the question. I therefore cannot oblige you any more than I did Mr Scott-Hopkins.

I give the floor to Mr Thomson, whatever that floor at the moment may be.

Mr Thomson, Member of the Commission. — I have temporarily taken over responsibility in the Commission for competition affairs owing to the unfortunate state of health of Mr Borschette. I am sorry that my first appearance in this role should have been accompanied by my own unpunctuality and these procedural difficulties, but I can assure you, Mr President, that whatever other inadequacies I may have as a deputy for Mr Borschette, I am capable of providing an answer to the question on which we have prepared this debate, whether the question is in its written form or raised in a speech of one minute or 20 minutes.

I should like to begin by reminding the House that the Commission, in its Annual Report to Parliament on Competition Policy, has provided an exhaustive survey of the current situation which covers most of the points raised in this oral question. I am sure that, as in previous years, this Annual Report on Competition Policy will be the subject of long, fruitful and sometimes controversial discussion in various committees of this House and will ultimately come back to the Floor of the House for a major debate in plenary

Thomson

sitting. I hope that the present debate will assist the House and its committees in dealing with this Annual Report. Therefore, I will briefly but, I hope, reasonably take these matters in the order in which they are raised in the question.

First, there is the question of State aids. The House will find the Commission's position set out fully in pages 65 to 105 of the Fifth Annual Report. On the establishment of an inventory of State aids, for which this question calls, I am happy to report that progress is being made and that a draft is being discussed with Member States. I can assure you that the Commission is treating this matter with a proper sense of urgency, but since the timetable depends on cooperation between Member States, it is not wholly in our hands.

I should recall to the House the difficulties that are inevitable in drawing up an inventory of State aids in what is a constantly changing position. Those in the House who attach importance to this inventory ought to bear in mind that, with the best will in the world, at the end of the day they may find themselves with a photograph of a situation throughout the Member States of the Community which, by the time it is published and debated in this House, is inevitably somewhat out of date.

The Commission shares with those who have posed this question the desire to see progress made on this inventory as speedily as is practicable. While we should like to see progress on the inventory, I must add that the idea of setting a timetable for the reduction of State aids seems to the Commission to be quite unrealistic, especially in the present economic circumstances.

The Treaty imposes on the Commission — and, indeed, on the Community as a whole — the task of ensuring fair free competition as the best means of achieving the objectives of the Common Market in particular, ensuring minimum prices for the consumer and avoiding exporting unemployment and other economic difficulties from one country to another.

On the other hand, the Treaty recognizes that Member States may at times have to intervene in the economies to overcome problems such as the need to develop regional policies or to promote the role in the Community economy of certain key industries.

In a Community economy which is experiencing — and no doubt will continue to experience — widespread change, there will always be situations of an industrial, regional or social nature where market forces alone will not achieve the desired results at an acceptable economic or social level of cost. In these circumstances, State aids may represent an indispensable tool of the economic and social policy of our Member States. This is set out in the Treaty in Article 92. The Treaty's object, and hence the Commission's object as the guardian of the Treaty, is to take care that in all circumstances and in the economic and social climate prevailing in the Community, State aids, whatever their aim and whatever their form, meet real needs.

The intensity of State aids should bear in mind the Community dimension and should be of a degree not greater than that necessary to bring about the changes which are essential if our economies are to remain competitive and provide the jobs and the living standards which we all need and have the right to expect.

It was to be expected that the serious recession which has faced the Community during the last two years would lead Member States to intervene more frequently than in the past in order to safeguard the existence of their firms, to protect employment and, if possible, to get the economy moving again. The Commission has been aware of the seriousness of these problems and, using the powers given to it by certain provisions of the Treaty, notably Article 92 (3) (b), to deal with serious disturbances' in the economies of the Member States, has not stood in their way.

Nevertheless, in reviewing the substance and operation of the schemes put forward by the Member States, the Commission has taken care that difficulties have not simply been exported from one Member State to another and that, where structural problems arise, State aids do not simply preserve obsolete structures but promote change where change is the only solution. In parenthesis, may I say that the responsibility that I have enjoyed in the Commission since 1973 has been for regional policy? I know that there have been many fears that the obligations in respect of a Community regional policy might run counter to the duties of the Commission in terms of promoting competition policy. In three-and-a-half years, I have not found that to be so. I think that the record will show that the Commission's response in terms of its obligations under its competition policy has always been one of common sense and the only one acceptable in political, social and economic problems.

I turn to the section of the question dealing with regional aids. The year 1975 saw the definition of a more elaborate and more sophisticated set of principles of coordination valid for all Community regions. I speak here as much with my responsibilities for regional policy in mind as my present responsibility for competition policy. I emphasize that in enforcing these fundamental rules for regional aids the Commission is above all operating in the interests of the underprivileged regions themselves. These underprivileged regions — the poorest regions in our Community — have everything to lose in a free-for-all competition between one region and another and between one Member State and another in the offering of incentives to attract new industries. The more the Community can develop a coherent and effective system to prevent this kind of over-bidding, the easier it will be to ensure that the poorest regions with the greatest needs have the benefit of the biggest incentives in terms of State and regional aids.

I turn to the question of export aids, which is raised in the question. A distinction must be drawn between those export aids given by Member States to promote

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sales in other Member States and those export aids given to promote exports outside the Community.

The Commission has always regarded aids to exports to other Member States as clearly incompatible for the purposes of Article 99 (2) (i) of the Treaty and that no exemption should be given for measures which cannot be reconciled with the general principles of a common market, and particularly the principle of the free movement of goods within the Community. The Commission therefore makes sure to the best of its ability that Member States do not apply such aids.

I now refer to exports outside the Community. This is primarily the responsibility of my honourable friend Sir Christopher Soames. The Commission is aware of the distortions and has for many years harmonized export credit arrangements. The Commission made many proposals to this end, few of which have been adopted by the Council, despite long and arduous technical discussions. As to harmonizing the techniques of export credits which cause distortion, the Commission put forward in 1974 a new approach on which some progress has been made, although the road ahead is still long. In particular, attention needs to be focused on rates of interest and length of credit, which in the last few years have become the main distortion. A Commission proposal on this aspect of export credits in 1971 failed to be adopted by the Council. More recently, there have been a series of international discussions in this area with the Commission as a participant, which in the end, I regret to say, produced no agreement. The situation on export credits therefore, as my colleague Sir Christopher Soames has so often said, is highly unsatisfactory. It is not for want of effort on the Commission's part that that is so. The Commission intends to pursue its efforts in this area. I might perhaps say to Members of the House who are also members of the Committee on External Economic Relations that this is one of the matters which Sir Christopher Soames hopes to discuss with them at its sitting next week.

Eight Member States have now implemented the two directives on public-works contracts which were adopted in 1971. Against the ninth — Italy — an infringement procedure has been taken for failing to comply with those directives. The Commission has been closely surveying the situation and compiling the appropriate statistics, and the report will be presented to the Council at the end of the year. As for public-supply contracts, another directive will most probably be adopted by the Council within a few weeks or months. This, again, is the responsibility of my colleague Mr Gundelach, and he gave, I thought, a reasonably encouraging report on this matter in Question Time in the House yesterday.

I ought to tell the House that work is also continuing in the Commission on the possibility of directives dealing with the operations of public enterprises, particularly their procurement policies. This follows the work done at the Commission's request in the reports

made by Mr Charpentier and Sir Richard Clark, two distinguished experts in this field.

As regards State monopolies of a commercial character, considerable progress has been achieved by the Commission. At the end of 1969, the Commission sent recommendations to three Member States — France, the Federal Republic of Germany and Italy — concerning 12 monopolies, and there now remain only two State commercial monopolies enjoying exclusive rights likely to have an appreciable effect on trade between Member States. Among the most recent measures to dismantle monopolies, the Italian Parliament adopted some measures at the end of 1975 so that the wholesale import and marketing of manufactured tobacco is no longer reserved to the State, while the French Parliament has recently passed similar measures concerning its own monopoly in manufactured tobacco.

For the sake of completeness, let me add that certain aspects of the new arrangements for the marketing of manufactured tobacco in the two countries concerned are currently being considered by the Commission to verify their conformity with the Treaty. The retail trade in both countries is being looked at under this head.

I now turn, on the same subject, to the French and German alcohol monopolies. There is a history, of course, which is tightly bound up with that of the Community's common agricultural policy. The German Government abolished its monopoly on 18 March this year in response to the Commission's representations and recent judgments of the Court of Justice. In the case of the French alcohol monopoly, infringement proceedings against that monopoly have been initiated by the Commission.

Furthermore, certain aspects of the French petroleum marketing arrangement — raised with me at Question Time — are being considered by the Commission in the light of recent judgments by the Court.

Another question that is raised with us, Mr President, concerns consumer information and protection. This is, of course, again not a direct responsibility of my department in the Commission but a responsibility of my colleague, Mr Scarascia Mugnozza. I can tell the House, briefly, that the Commission is putting its preliminary programme, adopted by the Council last April, into operation as quickly as the complexities of the subject will allow. The first Annual Report on Community and national measures in the interests of the consumer is now in the course of preparation and will be laid before the House as soon as it is ready. The Council and Parliament at present have before them draft directives on the labelling and advertising of foodstuffs, and on safety standards for gas-cookers and water-heaters, amongst other matters. Draft directives on consumer credit, on doorstep selling and on misleading advertising — all of considerable importance as measures of consumer protection — are at various stages of preparation within the Commission.

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I turn to the fourth and final point of the question, the setting up of a European office for competition policy, as called for in a parliamentary solution of this House in 1974. There is, in fact, nothing that I can add to what Mr Borschette said on the last occasion this was discussed here. In the Commission's view, the time is not yet ripe for the creation of such an office. The reasons for this are substantial, and I hope that they will carry the support of a substantial part of the House. They are political reasons and relate to the current situation. Competition policy is a field in which the Commission possesses important powers of direct intervention. I think many people who are concerned about the credibility of the Community as a whole in present circumstances, and the general credibility of the Commission within the Community, would agree that these important powers which the Commission has and which it exercises vigorously, consistently and conscientiously should not be interfered with at this moment.

I might add one second compelling argument — that the delegation of powers to a cartel office would require a modification or an amendment of the Treaty of Rome, and it hardly seems desirable or even possible at present to contemplate that step.

I have sought to deal precisely with the various issues that have been raised in the question. These matters will, of course, all be discussed more thoroughly in the Committee on Competition Policy and I look forward to taking my part in that dialogue.

I might say in conclusion, if the House will allow me, as a general remark about the role of competition policy in the Community's activities, that, having looked at the debates which have taken place on this, I have been struck by a certain artificiality on both sides of the debates. The rules of competition of the Treaty, as they are enacted in the world as we find it by the Commission, are not based on some sort of classical Adam Smith *laissez-faire* philosophy. On the contrary, these powers represent a means of public intervention to prevent the tendency towards monopolization and to control the behaviour of private sources of economic power which find themselves in a dominant position.

In some sectors of our modern economy, industrial development requires big concentrations, and competition policies should be used not to break these up but to enable them to respond to the social control of a democratic community.

If my noble and very old friend, Lord Patrick Gordon Walker, will allow me to say so, I thought he had it about right the last time these matters were debated in substance in this House. He made the general point that it is intellectually — and I say this to my friends on my immediate right — easy to advocate getting back to a *laissez-faire* situation and regarding any departure from it as bad. I might also turn to my friends on the left and say that it is equally intellectu-

ally easy to erect a system of total State ownership and total State control.

What is much more difficult, but much more relevant to our problems, as Lord Gordon Walker said, is to define and secure the maintenance of a balance within mixed economies.

That is a complex task. It is a sophisticated task. It is not a task in which one will always get the answers right by any means, but it seems to me to be the task that faces democratic politicians today when seeking to ensure that our mixed economies meet the needs of our citizens.

I am bound to say, looking around the rather troubled world and at the various economic and political systems, that I remain convinced that the mixed economies of Western Europe are the best equipped and have the best chance of meeting the aspirations of the ordinary citizen for both prosperity and liberty.

(Applause)

President. — I call Lord Gordon Walker.

Lord Gordon Walker. — I am very grateful to Mr Thomson for his closing remarks, and I must say that I agree with them wholly. I think that the Commission has done well, and indeed the governments of our Community States have done well. I must say I find the question rather difficult to understand in its English version, but obviously it is intended to be critical, and I thought that Mr Thomson dealt with the critical points extremely well.

Obviously there is no policy that one cannot criticize and attack with some justification. Nobody has a policy that works perfectly, and no system of government or of economy can work perfectly. I always remember Sir Winston Churchill saying that parliamentary democracy was the worst possible system, containing many troubles, but that all other systems were worse — and I think that is true of the mixed economies that we have now.

It is difficult to keep the balance, because one can tip over either side. One can tip over toward too much State control, too much of the government using up too much of the national wealth in the budget. One can go that way and go too far, so that liberty is infringed and reduced. But one can equally go the other way if one has changes of government and so on; one can go too far in letting the so-called free economy work to the point of making important concerns bankrupt, and causing all sorts of misery and trouble. With the strict interpretation of the free economy, the Conservative Government should not have rescued Rolls-Royce; it should have let them go bankrupt under the proper rules of competition. But, of course, the Conservatives were sensible about it and interfered, and they have set up a Rolls-Royce firm that is very efficient. It would have been a mistake to let it go.

Lord Gordon Walker

There are, therefore, great limits to allowing the rigid rules of competition to work when they work to the grave disadvantage of particular parts of the economy, of exports and so on. The balance is indeed a difficult one to keep. There are no rules. One cannot say, 'We will follow this rule or that rule.' We have to follow an instinct. Sometimes we must increase the State participation in industry and sometimes we must reduce it. It is a very difficult balance to keep, but we are more likely to keep that balance in a democracy, where we are open to criticism and can be attacked, where the government can be changed and replaced by another one if the people can be persuaded that another party would form a better government.

I agree very much with what Mr Thomson said, that on balance, although we can criticize everything that happens, we have done pretty well in the West and we owe a great debt to the good sense of the Commission, which, although it has very large powers, cannot always enforce them. One can have powers one cannot in fact use, and very often one lacks the powers which one ought to have. After all, if the Commissioners cannot carry the Council with them they cannot deal with the problem.

Therefore I would like to associate myself with the reply that Mr Thomson gave to this question — a question which, if I read it properly, has some hostile intent. In so far as it has, I thought he rebutted it very well.

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

Mr Artzinger. — (D) First of all I should like to thank Mr Thomson most sincerely for his clear and accurate statement, especially as he has only recently taken over this position and had to speak on a subject with which he is not normally concerned. We fully appreciate this.

As he rightly pointed out, we have yet to report on and discuss the Commission's report on competition in plenary sitting, and I therefore think that today's debate should not be too prolonged. I shall therefore confine myself to a few remarks.

Mr Thomson, you referred in the final part of your speech to a certain 'artificiality', presumably implying that the members to your right incline towards the Adam Smith philosophy of atomistic competition, whereas those on the other side of the House take the opposite view. I don't think, Mr Thomson, that you can divide the opinions in Parliament quite so simply, since even my Conservative colleagues realize that Adam Smith lived 200 years ago and that the structure of the economy has changed considerably since then. Even the dogmatic Germans, who are so keen to use export market economy, are not so dogmatic as to fail to see that the market economy is a malleable concept

which can and must be adapted to varying circumstances. I agree with Lord Patrick Gordon Walker in his advocacy of a mixed economy and a balance between 'controlled' markets and totally free competition. I think that the majority of the House favours this middle course, and that the Commission, particularly its directorate concerned with competition, has noticed this. Fortunately, we enjoy excellent relations with the competition directorate and are extremely grateful to them for the work they do.

This question, which may seem rather pointless and which, given the attendance in the House, I am now inclined to think should perhaps not have been raised, arose from our concern that in the wake of the recession, State aids might blossom like primroses in spring. We have in fact discussed various factors which would seem to be distorting the conditions of competition within the Community. As you yourself have pointed out, the recession has led to State interventions where the claim that these have no effect on competition is, to say the least, questionable. For example, in one Member State — and perhaps in several, but I have one in particular in mind — guaranteed minimum wages sometimes have to be reimbursed to the undertakings in the form of grants because these firms simply cannot afford to pay them. If we have reached the point where wages are being subsidized by the State — and to varying degrees in the various Member States — then this must distort competition and we cannot approve of it.

When it comes down to it, the whole subject of State aids is the central issue of the competition policy, since we cannot only be concerned with Article 85 or 86 but must also consider Article 92. In this sector, the Commission is making slow progress in the face of much opposition.

Thank you for reassuring us that the Commission is also concerned with the most recent consequences of the recession. It seems to me that State aids are like the Hydra: when one head is cut off, two more grow in its place. This is probably the case here, which explains why the Commission is having so much difficulty controlling them. I don't wish to comment further on the other points raised.

On behalf of my group, Mr Thomson, I would like to thank you for the information you have given us.

(Applause from the Christian-Democratic benches)

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

Mr Nyborg. — (DK) Mr President, I should like to add my group's thanks to Mr Thomson for the detailed statement he has given us, and make one or two comments on my group's behalf.

Nyborg

As more and more support measures are being introduced throughout Europe, with the aim of solving the economic crisis and its social consequences, it might be asked whether market forces can still be relied upon to work for the increased benefit of society. The answer must be that they can, for competition facilitates the continual adjustment of the structure of supply and demand to developments in taste and technique. It is also an instrument to combat inflation and improve the employment situation.

In the past year, the Community's competition policy has undoubtedly shown itself most imaginative in its opposition to contracts and its condemnation of the improper use of dominant positions. A new stage will be reached with the adoption of the proposed regulation on controlling mergers of undertakings.

Nevertheless, we agree with the Committee on Economic and Monetary Affairs that, as regards the conflicts which have arisen in various quarters, closer account should be taken, when implementing the competition of the dangers which threaten us. It was particularly evident in the crisis we have just experienced that the most important question is how to combine an effective competition policy with the Member States' social, regional and industrial policies. The Community has undoubtedly developed in such a way that national support systems have become increasingly advantageous, as they can be made available more readily and are better suited to requirements, whereas properly prepared and effectual Community support mechanisms cannot be developed sufficiently quickly. The crisis in the iron-and-steel industry, and the Commission's delay in acknowledging its existence, showed the need for a change of attitude at the highest level. Otherwise the governments of the Nine will be prompted, under pressure of events, to pay less and less heed to the provisions on national aid laid down in Article 92.

Now that the crisis has revealed the limitations of competition policy as a means of providing a socially acceptable solution to the difficulties existing in certain sectors, the Community's decision-making processes must be speeded up in order to prevent the States from aiding sectors in difficulty by irregular means.

As is evident from the Fifth Report on Competition Policy, the action of the Commission, even if it can only contribute indirectly towards finding a solution, has failed to respect one of the essential conditions for solving today's problems. This is shown by the Commission's reaction to the request for authorization of a new steel cartel. As we are all aware, the German and Dutch steel industries and the Belgian-Luxembourg group ARBED-Sidmar have decided to set up an international group of companies with a view to rationalization through specialization and joint

distribution. An economic grouping of this nature clearly runs contrary to the principle of competition as defined by the signatories to the Treaty of Paris. This cartel, if authorized by the Community authorities, would dominate the entire Community steel market, and would have no hesitation in opposing any attempt by the Commission to use its powers of control and administration as laid down in the Treaty of Paris.

This is a harrowing prospect, which carries as great a risk as certain forms of State aid. The Commission should not let itself be divested of the powers granted to it under the Treaty. It must take a rapid decision, even if this were something of a new departure. The members of the Commission should not be content to dream, but should act boldly: only then can they defeat one of the most dangerous attempts to damage the Community built up over the past twenty years.

I should like to end by saying that support systems should undoubtedly be harmonized on a provisional basis, not only at Community level by giving further consideration to the proposal for a common credit policy, but also at OECD level — provided, of course, that we achieve genuine harmonization of rates of interest and, in particular, length of credit.

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

Mr Normanton. — I should like to be the first to offer our collective regrets at the absence, and the reason for the absence, of Commissioner Borschette. At the same time I offer a warm welcome to Commissioner Thomson not only for stepping into this breach but for the many observations which he made when he opened the debate.

I have only one comment on his many observations. That relates to the proposal for the establishment of an office for competition policy. I still believe that that is neither the line nor the solution to deal effectively and appropriately with maintaining a competitive market in Europe. Therefore I am not at all disappointed to hear that this is definitely an item which is being kept in his filing-tray.

Some honourable Members may well question the appropriateness of the inclusion of this item on the agenda at this part-session, more particularly since competition policy may figure as a major item on the agenda at a part-session of this Parliament in September or October, when I hope to have the privilege to present, on behalf of the Committee on Economic and Monetary Affairs, a report covering the Commission's report on competition policy, which was published recently.

First may I rise to the fly which was cast by Commissioner Thomson when he hinted at an ideological

Normanton

commitment, or a possible ideological commitment, by his honourable friends on his right — I think that those were his words — in the European Conservative Group to the doctrine of *laissez-faire*. We may be committed to a rejection of the dogma of a totalitarian State, but we are equally committed to the rejection of *laissez-faire* in the form in which Adam Smith and others have postulated it over many centuries.

The answer is that we are opposed to dogma in all its aspects, including the political aspect. When we consider these affairs and the way in which industry and commerce should be handled — that is, within a political framework — we conclude that the right approach is a flexible approach. It is wrong to be adamant and dogmatic at either end of the spectrum. We strongly subscribe to the general principle of competition policy, which, so far, serves as the guideline to the Commissioner and the basis upon which he made his opening remarks.

The oral question gives one an opportunity to ask for — and I am sure we shall get — a strong reminder of the dangers of protectionism and protectionist policies, whether they are proposed to be pursued by one Member State or by more, or by the Community as a whole. I hope the House will continue to endorse as strongly and consistently as it can the view that protectionism as a principle is a blunt weapon at best and a destructive one at worst. It spreads the disease rather than cures the complaint.

Let me in the next two minutes add a special caveat that we must be prepared to be as objective as we can — though not dogmatic — when we consider the problems facing one industry as opposed to another. I shall refer to only two industries. The first is textiles. If we were to propose a totally unrestricted market in textiles in the Community, there would be millions of men and women unemployed and thousands of millions of units of account of capital investment going to waste, and at the end I do not believe that those countries which had concentrated their investment on the field of textiles would necessarily have obtained a secure market in Europe. I want to make the point that we need regulation of the market and the machinery to ensure it.

In the ship-building industry we have the classic example of a nation which is committed to an ideology to which this House is totally opposed, using economic instruments as a means of promoting its political ends. In other words, protectionism must be resisted, but only where the market recognizes that the principle of a competition policy, such as that on which this Community is based, operates freely and is open to discussion and debate. In these two instances in particular — and there are more — we cannot be unreservedly open-market-competition-minded. Equally, we must reject the principle of protectionism in its extreme form.

President. — I call Mr Molloy.

Mr Molloy. — I am one of those who believe that this European Parliament, as time goes on, will have to discuss more and more the great economic philosophies, because it is the ordinary people of this Economic Community who will, in the end, decide whether they are merely to be ballot-fodder, to go to voting-stations to cast their votes every so often — while their desires will be ignored! I believe this might prove a very difficult and dangerous situation. Therefore it is far better for those of us in this Parliament to state quite clearly which of the great philosophies we support.

I am one of those who believe that *laissez-faire* is certainly on the way out. Even the most extreme capitalist Conservatives in Europe no longer adhere to the follies and the shameful behaviour committed under *laissez-faire* some 60 years ago. Nor do I believe, with great respect, that we ought to follow too much the line advocated by my old colleague Commissioner Thomson, who does not want to go too far to the left or to the right. The most dangerous place on any European road today is in the middle, and that applies politically, too.

When people speak of the awful things that have happened under public ownership, I find that over the past 25 years — except for the steel industry, as far as Great Britain is concerned — I cannot recall any Conservative Government proposing to remove any form of public ownership that Socialist Governments in Great Britain had put on the statute book. Therefore, there cannot be a great deal wrong with them. I do not believe any lunatic would suggest that we should go back to the middle of the road on education. When today 96 out of every 100 British children are educated under the State system, no one would suggest that we should have a 50/50 proportion. Therefore that is out.

There have been no serious proposals on energy, that we should do away with the public ownership of coal extraction, or electricity or gasboards, the railways or publicly-owned steel operations in Great Britain. All this philosophy fits in with the public-ownership aspect of the National Health Service, social security and public housing.

What is happening, slowly but surely, is that men and women are beginning to realize that in future they must not be frightened by statements in the popular press which try to give the impression that such words as 'nationalization' are slightly naughty. That whole business is finished with. When attempts are made to divert people in this way, we reply by saying that they have a right to the best things in life and to bring up their families in reasonable and sensible conditions, and to be able to look back and ask, 'What did the old free-enterprise system do?' Now they look back with disdain.

Molloy

They are beginning to realize that the basis of free enterprise is that of the gambler — and it has to be a gamble. Admittedly, the gambling element is being reduced, but the principle is still the same. A book-maker must win or he will go out of business.

My colleague Lord Gordon Walker gave a classic illustration of a famous British name, Rolls-Royce, which under the principles of free enterprise had ground to a standstill. Nothing is more irritating to ordinary people than for them to see massive firms which may have made fortunes in the past dive into the cupboard and get out the begging-bowl as soon as there are hard times, rushing to the Government to say, 'We need help from taxes taken from ordinary people.' Whether it likes it or not, a Socialist Government has to give such aid.

It would be wrong for us to rush into advocacy of massive forms of total and outright public ownership, and I would be against that. A case has to be made. But we in this European Community will be unable to ignore the fact that this is now a mighty philosophy which has received a great deal of admiration and cooperation throughout this Community.

In the end, if we have to honour democracy and all its principles and to ensure that the will of ordinary people is carried out, it will be the combined States of this Community, *via* Parliament, who will have to ascend to the commanding heights of our joint economies.

President. — I call Mr Carpentier.

Mr Carpentier. — (*F*) Mr President, ladies and gentlemen, I am inclined to ask the question, what is competition, or rather, what is a system based on competition?

I think there is a certain amount of confusion here. Competition, in a market-based system, is perfectly legitimate. But do not let us speak of competition in the same breath as the public service, since they have nothing to do with each other. The public service is, by definition, the best service that can be made available to the people.

Competition, therefore, can operate only in a market economy and on the market. I shall make myself the devil's advocate: it may be the best system, and it may be the worst. It may be the best system as long as the market operates smoothly and consequently competition remains free, since competition cannot work without freedom. But as soon as attempts are made to limit the effects of competition, for the sake of profit, the market ceases to operate properly and competition becomes meaningless.

An example of this is a matter which we have already discussed during this part-session — namely, the fact that we have too much milk, too much milk powder

and too much butter. What would happen to these surpluses if competition operated normally? There would be a drop in the consumer prices of milk, milk powder and butter. Under the present system, however, we prefer to put it into storage, thereby perverting the laws of competition, in other words the laws of the market, rather than allowing the normal, natural interplay of competition.

I think it was another Member of this House who, like myself, mentioned the audacious attempt by the German, Luxembourg and Belgian iron-and-steel industries to set up a sort of cartel. Is this acceptable from the point of view of competition or not? Should we condemn it? — And not just on the basis of the Treaties and the ECSC. Is this not a straight infringement of the natural, normal workings of competition?

And so I feel that the system of competition was perhaps not the best, but it is the best when it operates in ideal conditions. Today, however, the very principles of competition have been perverted so that it is not possible to found a policy on this concept of competition, especially as competition cannot be controlled: that would be a contradiction in terms. As soon as any attempt is made to control competition, the whole system is perverted. So there is a choice to be made: either we must opt for the market system with which we are familiar, in which competition no longer operates because there are agreements, protective arrangements and interests to be safeguarded — and that is in my opinion the right choice; or we must go back to the natural order of things — which I am against; or else people will wake up to what the economic system is and start organizing it properly.

(*Applause*)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Honourable Members who took part in the debate would probably like a brief reply on some of the points raised. My first duty is to say how glad I was to be here to listen to the first speech in this House—the maiden speech, in British terms—of my old parliamentary colleague, Mr Molloy. I know the House will look forward to hearing his pungent contributions to our debates frequently in the future.

I would like to reassure him on a couple of points he raised. He appeared to feel that membership of the Community implies some threat to any plans that any Member State may have for public ownership and nationalization. I reassure the honourable Member that the Treaty is entirely neutral on these matters and that it is for each country to decide them democratically in its own judgment.

The honourable Member chided me for being in the middle of the road. I am in the middle of the road and I make no apology for that. It depends on

Thomson

modern world as to how wide one thinks the road is. I doubt whether these days there is much economic movement between the left and right within the economies of Western Europe. Sometimes no doubt it is dangerous in the middle of the road. Life is dangerous. It may be better to be in a dangerous position in the middle of the road than to be in a dangerous position on the left or right.

(Applause)

I could not agree more with what Lord Gordon Walker said. This is becoming an almost circular argument. He and I had in common that neither of us expected to be called to speak at the moment that we were called. But that is not the only thing that Lord Gordon Walker and I have in common.

In a very generous speech Mr Artzinger expressed some anxiety about certain developments in the present recession situation relating to State subsidies to maintain minimum wage-payments. He was probably referring to a situation in France. However, that is by no means an isolated example of the reactions of national governments to the present recession. Arrangements have been made in the United Kingdom for special employment premiums. Similar arrangements have been made in Ireland. I believe I am correct in saying that even in the Federal Republic of Germany this kind of response to a particular employment problem has not been unknown recently.

The Commission has been following these activities very closely, as is its duty. The Commission has sanctioned these various arrangements on a temporary basis in order to safeguard jobs and to deal with the temporary unemployment problem. I emphasize that the accent here is on the word 'temporary'. These are legitimate actions to take as a measure of first aid, but one must be watchful that they do not become a permanent feature of a situation which, without necessarily saving jobs, may very well reduce living standards for the Community as a whole.

Mr Nyborg spoke about the situation in the steel industry. He chided the Commission a little for not recognizing soon enough the crisis in the steel industry. In my view he was unjust in so doing. I attended the most recent consultative meeting of the Coal and Steel Community. I had the general impression that there were differences of opinion, normal in any democratic grouping. It was my judgment that the Commission had made a very difficult period of winter crisis in the steel industry had been a sound judgment and had justified the prudent way in which it had handled these matters.

question of the new situational organization. I am sure the Commission is watching the situation and its statement of intentions will be made year by year by these steel under-

takings in the various countries of the Community. We must look especially at the proposed rationalization agreements. Although we have had prudent unofficial contacts about this matter, we have so far received no formal notification of rationalization proposals. Until we receive a formal authorization we cannot formally take action on a matter. We recognize that the situation is important, and it is one that we are watching.

Mr Normanton, whose kindness I appreciate, asked me to underline the case against the resort to protectionism—while recognizing that there were special cases and special industries, such as textiles and shipbuilding, in respect of which action on a Community level should be authorized. I am happy to do so. I think that one of the remarkable achievements of the European Community in a period of recession, when it has not been easy to point to positive achievements by the Community, has been to keep its Member States loyal to the principle of resisting pressures for protectionism. I am sure that if there had been no European Community over the past two years, when we passed through the worst recession since the Second World War, there would have been an attempt to deal with the problems of growing and serious unemployment by a resort to methods of trade warfare of the kind that we knew so tragically and sadly between the two world wars. Today we should have been in a much worse situation, both economically and politically. Therefore it is important that, having survived the worst pressures of the recession and resisted the temptations to protectionism, we should continue on that course.

I think that those were the main points raised in the debate. I hope that the details I gave in my speech will provide useful information for the discussions that are now going on inside the competition committee of this House, and that by the time we come to the plenary debate on the Fifth Annual Report on Competition, we shall be able to hold a thoroughly useful and constructive debate.

President. — The debate is closed.

10. *Future guidelines of the Community's coal policy*

President. — The next item is the report by Mr Springorum, on behalf of the Committee on Energy and Research, on the future guidelines of the Community's coal policy in the framework of the overall concept of a Community energy policy (Doc. 133/76).

I call Mr Springorum.

Mr Springorum, rapporteur. — (D) Mr President, ladies and gentlemen, the Committee on Energy and Research today submits to you its report on the future

Springorum

guidelines of the coal policy in the framework of the overall concept of a common energy policy. This report has as its starting-point the Commission Decision of 25 February 1976 on a Community system of measures to benefit the hardcoal mining industry in the Community. Despite the Commission's promises, Parliament was not consulted. This is particularly regrettable since the Commission has repeatedly promised to consult Parliament on matters concerning not only the EEC Treaty but also the ECSC Treaty, although the latter does not provide for this. I should be interested to know why the Commission has not kept its repeated promises.

In fact, however, the Committee on Energy has no objections whatsoever to the Commission's regulation on aid. On the contrary! We value these new aid facilities very highly, but unfortunately, because of the nature of the Treaty, they are not binding and will not lead to a real Community coal policy, let alone a Community energy policy.

In the report now before Parliament, we have therefore only touched on the regulation concerning aid and have incorporated the necessary coal policy into the general conception of an energy policy, which is where it undoubtedly belongs. Let us remember that coal is now our only secure, long-term source of energy. As regards all other sources of energy, either their availability is of limited duration or else we do not know in what quantities they will be available to us. Despite the vote in California in favour of nuclear energy, it is still uncertain whether we shall be able to develop nuclear energy in the sectors where it is needed. Coal will have an extremely important part to play in the next hundred years, and any future energy policy must strive to prepare for this by creating the necessary structures well in advance.

I should like to quote from a speech made a few days ago in Zurich by Mr Lanzke, executive director of the International Energy Agency. He said:

A conscious process of change must be initiated if we are to avoid the danger of one day encountering further upheavals which may affect not only our economic system but also the very structure of our society.

It therefore seems to me — and, I think, to anyone concerned with energy questions — that, for the moment at least, the basic requirement is to stabilize European coal production, and this basic requirement must at all costs be met.

In its decision on future guidelines, the Commission has therefore stated that Community hardcoal production as a whole must be maintained. But then it adds the following, which really casts doubt on the whole regulation concerning aids: 'under satisfactory economic conditions'.

That now means that coal production is to be maintained under satisfactory economic conditions. The door is left wide open to any interpretation of what is

or is not economic, and the situation concerning coal is as uncertain as ever. For unfortunately coal is at a disadvantage when compared with hydrocarbons in that it doesn't come out of the ground of its own accord but is extracted only after much hard labour. I do not know who proposed this additional clause; it was not in the Commission's original text. In my view, the Commission should not have submitted to the Council in this matter.

However desirable the aid regulations may be in themselves — and I would refer here to the new possibilities for an effective labour policy, for the regeneration of investments, the creation of new plant and the possibilities for granting financial aid for the storage of pit-head stocks — they have so far come to nothing because they are not incorporated into an overall conception.

What is the current position as regards hard coal in Europe? Despite the slowly improving economic situation and increasing energy requirements, production for the first four months of this year — January to April — was again down; as compared with 1975, Community production from January to April 1976 fell by 4.7%, with the largest drop — 6% — occurring in Britain. Despite this fall in production, pit-head stocks increased: at the end of April, Community stocks had reached 28.5% million tonnes — twice as much as the previous year — and this figure will increase during 1976.

This means that the increased energy requirements have been met entirely from other sources: coal has not even maintained its share of the process. Once again coal has been given the function of a shock-absorber: it is needed in times of hardship, but at others it is simply left to pile up. It is precisely this situation that the aid regulation is intended to prevent, since coal is a labour-intensive industry and therefore cannot easily withstand such fluctuations.

What are the reasons for the further decline in the sales of coal? In general, energy consumption has fallen since 1974 — only since the beginning of this year has it begun to rise again — and this situation has forced other energy suppliers, eager for a share of the market, to fight, at all costs, to establish fresh positions or at least to do their utmost to maintain their previous position, sometimes at prices which come nowhere near to covering their costs.

Apart from natural gas, which is coming onto the market in ever-increasing quantities, it is chiefly heavy fuel-oil which is currently being offered at prices very close to the minimum safeguard price. You are all aware of the problem of the minimum safeguard price, which is supposed to be 7 dollars a barrel. According to the Commission's specification, heavy fuel-oil should cost between 50 and 54 dollars a tonne, whereas in fact, expressed in terms of hard coal, it only costs between 35 and 40 dollars.

Springorum

The result of this is that in many sectors the demand for electric power is not increasing at the same rate as that for energy in general since many undertakings with their own power-generating plant no longer use outside electricity but produce their own power, using cheap heavy fuel-oil.

This extremely low price, which is undermining the whole energy market, is financed by the sale of chemical products and by the constant petrol-price increases in the Community, since the mineral-oil market must balance the unrealistically low-priced heavy fuel-oil.

The undoubted increase in petrol consumption this year, together with an inevitable increase in the marketing of heavy fuel-oil, will lead to further disruptions of the energy market. This is a clear case of negligence for which the governments of the Member States, and, to a certain extent, the Commission must accept responsibility. Shortly after the 1973 crisis, this Parliament unanimously recommended the Council and the Commission to take steps to facilitate the hydrogenation of heavy products in the mineral-oil industry, so that the investments required for conversion plant would be protected by appropriate financial machinery. Parliament has repeatedly called attention to this situation. Unfortunately nothing has yet been done. The first plants could have been in operation by now and the whole energy situation would improve considerably. The development of nuclear energy would be proceeding smoothly, for the power suppliers would at least know that their nuclear energy was competitive. Coal would have access to a larger market; the mineral-oil industry would have its refineries in full production and would be able to coordinate supply and demand. The greatest advantage of this arrangement would have been an increased independence from mineral-oil imports from the Near East.

This objective, which at one time or another has received general support and which the Commission has repeatedly tried to bring to the forefront of its energy policy, now seems to be forgotten. And yet King Khalid of Saudi Arabia recently stated that a future oil embargo remains a possibility, and Frank Zarb, energy advisor to the President of the United States, declared only a few days ago that a further boycott was likely some time in the future. That is why the Americans have decided to establish an additional reserve of one thousand million barrels, despite the fact that America is more independent and less vulnerable than Europe.

In our case, however, it seems that the common energy policy has been put into cold storage. Some time ago — in fact it is not so very long ago, but it now seems like ancient history — the European Council actually decided that the energy ministers of the Member States should meet every two months to draw up an urgently-needed European energy policy. Now they hardly ever meet, and this, of course, makes things easier. An excuse can always be found: this month it was the Italian elections, in October it will

be the German elections, so there will be no more meetings. We should unreservedly, albeit enviously, acknowledge the fact that the OPEC countries have stood the test with flying colours as a community and as the holders of a price monopoly. Despite considerable losses, they have still, in the main, managed to get their prices accepted. Apart from a few minor exceptions, no one is prepared to break the price agreement. Contrary to what is usually said about these countries, they maintained astonishing discipline.

The industrial nations have behaved quite differently. In the International Energy Agency they have at least been able to agree on a few basic points. As for the European Community, however, there has been total failure as regards an energy policy. It is not long since the European Council at which the common energy policy was decided on, and yet nothing more has been done. Even if agreement had been possible on an objective basis, this possibility is used as an object of barter: and when the location of the JET project comes to be decided, we shall no doubt find that quite a surprise is in store for us over the transformation of a practical question into a political one. In particular, the quarrels over emergency machinery and a minimum price once again reveal the overwhelming lack of a Community will as regards energy policy. I don't think I need to tell the House how regrettable this situation is, and I know that the Commission shares this view.

What steps should the European Parliament take? We have passed numerous resolutions; where possible, we have supported the Commission. Nothing has had any effect, nothing has induced those responsible to take action. Neither the continuing unrest in Israel nor the ever-louder battle-cries and potential dangers in the Lebanon have disturbed anyone's peace. There will have to be a much louder, more powerful explosion before anything happens, before someone wakes up to his responsibilities. But since no-one can really wish this to happen, all we can do is to repeat to those responsible: Sleep peacefully! You'll get your salary, don't worry about a thing! Good night!

Nevertheless, I would ask you to adopt this resolution.

(Applause)

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

Mr Schwabe. — *(D)* Mr President, talking about coal when it is 30° C in the shade has its peculiar problems. If it were 20° C below outside and some caprice of the oil-producers had again induced them to teach the oil-consumers a little lesson or practise withdrawal, then perhaps the necessary sympathy for coal would be there in this Chamber today; coal would then be very much a subject for requests for urgent procedure and similar expressions of emotion of the sort we know in this Parliament.

Schwabe

Nevertheless, I have gladly remained here as one of the 10 % of European statesmen who can spare the time and energy for this energy debate, because I gladly recall the great impression made on me by the European Coal and Steel Community's Pavilion at the Brussels Exhibition of 1958. On the ground floor you could see the representatives debating, and in the cellar the safest and most modern mining methods as the practical results of joint mining research. That was a magnificent demonstration of politics in theory and practice. Even then I wanted to be able to help with that some day. Now I have reached my goal, I sometimes have the feeling that then we were further on in many things than today.

Nevertheless, I shall not forget the best European practices, and should like to start by declaring on behalf of the Socialist Group that Mr Springorum, who is a distinguished expert in this field, has submitted a report that explains matters clearly, and that we certainly do not wish to deny our support in principle. I should like to take this opportunity of expressing to Mr Springorum, who, for the first time in the six years he has chaired the Energy Committee, has submitted a report and not merely a motion for a resolution, my appreciation of the work he has done, and should like to add some observations, as far as I am able in my capacity as a non-expert, as a mere politician.

The motion for a resolution we have to vote on contains justified criticism of the attitude of the Energy Ministers in the Council for their lack of decisiveness on a Common energy policy. These criticisms cannot be made too often or too clearly. In recent years coal seems to have taken second place as a factor in energy supplies; it has even clearly taken second place, not so much in its importance as in its evaluation.

Mr Giraud. — (F) Data-processing too.

Mr Schwabe. — (D) What has now become apparent is what our Energy Committee has been repeating *ad nauseam* for years now — namely, that the Community's coal is the best guarantee of at least some degree of independence from oil supplies. It must, of course, be made quite clear that we cannot do without imported oil, nor do we want to. We should be grateful if we manage to reduce our present degree of dependence on imported oil from 60 % to 40 %.

The same sword of Damocles continues to hang over us: not only does crude oil produced outside the Community have its price, but that price can be manipulated at any time, making first one and then another substitute source of energy no longer profitable. That is the core of Mr Springorum's report. The effects of this kind of manipulation must, however, be opposed as far as circumstances allow. The ECSC Treaty not only covers Community competences in

energy policy, regarding coal, but puts the Commission, as High Authority, in a far stronger position with respect to the Council than is the case in the other two treaties. That opportunity should be taken advantage of.

That is why the report of the committee supports the specific measures and, moreover, calls on the Commission to take further steps in the following areas. First, the establishment of a safeguard system for Community coal; secondly, the establishment of a crisis mechanism for the full energy policy, using Community coal as a starting point because of the possibilities offered by the Treaty; and, finally, the transformation of the present aid system for coal from a possibility to an obligation.

It must be said here that our coal as a primary energy source is too valuable to have its calorie and therefore energy content simply disappear up the chimney. Coal is not only a valuable primary energy source, but also a raw material that can be transformed. Fortunately, pure and applied research are engaged in developing methods for using as much as possible of the energy embodied in coal. New procedures for coal liquefaction and coal gasification are being developed and should be encouraged.

The two reports by Mr Burgbacher on these subjects have shown the way, and the House has adopted the motions for resolutions contained in them.

A contribution to the development of nuclear energy is conceivable here too, since this procedure also employs high temperature reactors, thereby allowing the Commission to make a kind of strategic pincer movement from two sides, *via* the ECSC Treaty and the Euratom Treaty.

There are indications for all these points in the motion for a resolution. It would, however, be advisable also to take note of the explanatory statement, which is after all not very long, since here the individual points are explained in great detail. There is, however, one exception — namely, paragraph 7 of the motion for a resolution.

As co-signatory of the proposed amendment to paragraph 7 of the motion, I should therefore like to say a few more words. This proposed amendment by Mr Lange and myself leaves the wording unchanged apart from the notion 'minimum safeguard price', and proposes instead: 'reasonable safeguards for investments in respect of primary energy sources within the Community'.

There are two decisive reasons for this. Firstly, the minimum safeguard price on the basis of the Commission's proposal to the Council is the subject of a report by our esteemed colleague, Mr Giraud, also on behalf of the Energy Committee. This report is still being discussed. Its adoption depends on the opinion of the Committee on Economic and Monetary Affairs,

Schwabe

which is still being prepared. Under these circumstances, I feel, we cannot, if we are to be consistent, already support the minimum safeguard price as one of the principles of the future coal policy. That would be anticipating a decision that we cannot discuss until the Giraud report is ready. Moreover, the report by Mr Goldberg on behalf of a rise in energy prices on the competitiveness of the Member States, Doc. 431/75, which was referred to the committee responsible on 13 January this year, will probably be on the agenda in July.

Secondly, the notion proposed by Mr Lange and myself, that of investment safeguards for primary energy sources within the Community, is a larger concept that goes beyond the mere minimum safeguard price. It may include it, if Parliament so wishes, after considering the Giraud report. However, it also covers any other conceivable measures to protect investments in primary energy sources. The rapporteur, Mr Springorum, has suggested various measures to protect investments in his explanatory statement. Nowhere in his explanatory statement does he, if I remember correctly, single out the minimum safeguard price. That does not, of course, mean that such a minimum safeguard price is not conceivable; it was merely not a subject of the explanatory statement. We should therefore choose the term 'investment safeguards' as being a wider one.

On that note, ladies and gentlemen, I should like to close, once more expressing my thanks, supporting what Mr Springorum has said and declaring my agreement in other respects with all the points of the resolution. I should be grateful if you would take this slight change into account.

(Applause)

IN THE CHAIR: MR YEATS*Vice-President*

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

Mr Vandewiele. — *(NL)* Mr President, about a year ago, at the July part-session of this Parliament, we had a detailed discussion on more or less the same subject on the basis of a report by Dr Burgbacher on the medium-term guide-lines for coal. Various speakers pointed out that coal policy in particular should never be considered as being definitely fixed once and for all. I recall the observation made by Mr Simonet that this policy should not only be continued but also if necessary modified in the light of experience and of the constantly-changing political economic and social circumstances.

The Christian-Democratic Group has taken special note of the excellent report prepared by the highly

competent Mr Springorum, Chairman of the Committee on Energy. The rapporteur rightly stresses that, if supplies in the Community are to be assured, coal policy is, and will remain for some time to come, an important corner-stone of our energy policy. This is evident from the figures available. The latest statistics show that the 1985 objectives will only be achieved in part. The plan to reduce Community dependence by 1985 to the original target of 40 % no longer seems feasible; we shall probably have to make do with 50 %. Hence the need to devote particular attention to the following three aspects of Mr Springorum's report: the investment problem, which Mr Schwabe has already highlighted with his amendment; the problem of reserve stocks; and, finally, the personnel problem.

In its decision of 25 February 1976, the Commission expressly stressed that the Treaty provided for the establishment, maintenance and observance of normal conditions of competition. As a result of the decline in coal output, undertakings were faced with abnormal and unequal burdens which might distort normal competition. State subsidies to help cover such burdens were therefore compatible with the principles of the Common Market, provided they were examined beforehand by the Commission. The Council signified its agreement with a number of aid measures to stabilize the total Community output.

This output should even be increased to a certain extent. This means that in economically healthy mining areas — Great Britain and Germany in particular — additional output capacity must be created by enlarging existing or setting up new installations. This demands considerable investment, and special aid has been requested for this. The coal-mining undertakings, however, must place the funds received for this purpose in a special account and report to the Commission at least once a year on the individual investment programmes.

As regards its aid system, we should like to hear from the Commission whether it intends, on its own initiative, to submit further proposals or to take decisions to ensure a certain equality in the operation of this system. I would draw attention in particular to the discussions which have been held in our Committee on Energy and Research.

During these discussions, attention was drawn, among others by the rapporteur, to the differences between countries as regards the conditions of ownership and management in the mining industry in Europe. In some countries, coal-mines are state-owned, while in others they are in private hands. In view of this situation, we feel that measures should be taken to avoid any possible distortions of competition.

We therefore agree with the rapporteur's recommendation that the aid system be made obligatory and

Vandewiele

applied in such a way as to lead to longer-term measures. Like the rapporteur in his report, I would ask the Commission representative to ensure that the period of validity of certain measures is extended from ten to twenty-five years and that the effects of the system are equitable so as to avoid distortions of competition.

Some Members of this House might consider unrealistic the wishes of the Committee on Energy and Research. Is it desirable to look so far ahead? For me, personally, this is a most important question, since it concerns the security of medium-term investments. This is why we should be grateful to Mr Simonet for an answer later on.

We feel it is particularly important that the objectives laid down by the Council in 1974 as regards the restricted use of heavy fuel-oils and natural gas in electric power-stations be strictly fulfilled. These power-stations are for the time being the only outlet for coal. In periods of crisis Community-produced coal will remain our safest source of energy.

I do not wish to go into the delays in implementing the nuclear energy development programme. Mr Springorum, going beyond the framework of his report, has already mentioned several aspects of this problem. I shall confine myself to the subject of his report.

From the point of view of the rational utilization of energy, it is not a good policy to use such fuels as heavy fuel-oil and natural gas in electric power-stations. Natural gas should be reserved for domestic use. I would also point out, on the basis of a report published recently in Belgium, that in certain countries the power-stations of the future will rely for the most part on nuclear energy. In Belgium there are at the moment only two conventional power-stations under construction. It would be rash to expect a considerable increase in coal consumption in the electricity sector.

According to current Commission estimates, Community hard-coal output in 1985 will amount only to 220 million tce, i.e., 30 million tce less than the original target.

In view especially of the need to guarantee energy supplies, it is evident that special attention must be given to the question of coal-stocks. Besides national coal-stocks, adequate Community reserves should be built up and regularly replenished. Once again, we face a question which is certainly of interest to public opinion in the Member States.

Can the Commission tell us what measures could be taken to deal with the heavy financial burden which would result from the maintenance of such Community stocks? The ECSC budget would hardly suffice, and this additional financial burden will probably have to be distributed equitably among the different Member States.

Another problem worthy of our attention besides investment and Community stock problems is of personnel policy. Last year, when we discussed the report by Mr Burgbacher, our group and numerous other speakers emphasized that the future of our coal industry depended to a considerable extent on the quality and personal effects not only of the administrative staff but also, and above all, of the personnel working underground. We pointed out that over the past years in the Community the number of underground workers had fallen by 5 or 6%, i.e., from 361,000 in 1973 to 338,000 in 1975. These are the latest figures which I have; they have been taken from documents produced by the Commission.

The prospects of the coal industry have changed so much that the whole labour policy needs to be re-examined. In most of our parliaments we have discussed regularly in the past several years the question what was to be done with miners who had been made redundant. They had to be found new employment and be re-trained. The time has come to recognize that in a number of countries and mining regions we are having to train new, young, specialized staff capable of starting up and running the new installations. Our policy must be such as to assure these workers security of income over a considerable period.

We must ensure that all miners and administrative staff have a high degree of professional ability. The young miners must be given training opportunities which will enable them to move eventually into administrative posts. If underground labour requirements cannot be met by people from the Member States, we shall have to rely more and more on workers from third countries. I wonder whether this is the best solution in the present situation.

There is no question but that there has been considerable technical progress in the mining industry. This means, however, that constantly higher qualifications are being required of employees. Besides his actual mining ability, the miner must also have the necessary technical training to operate and maintain the machines in use. According to the Commission, this means an increase in the mining industry of such posts as mechanic, electrical engineer, hydraulics engineer, etc. This list demonstrates the importance and variety of professional training required to perform the various tasks of the underground workers.

Since 1970, the Commission has had at its disposal the funds needed to subsidize the building of training centres for the mining industry by means of low-interest loans. If possible, we should like to know to what extent the Member States concerned have availed themselves of such loans. If it is not possible to receive an answer straight away, the question could perhaps be dealt with in the Committee on Energy.

When preparing this debate, I discovered a number of facts which deserved to be highlighted.

Vandewiele

An amendment has been tabled by Mr Lange and Mr Schwabe. Our group has not yet been able to discuss it. I am therefore giving my personal view on the matter.

Mr Schwabe maintains that we shall be dealing at length with the difficult problem of reasonable minimum safeguard prices and that other committees besides the Energy Committee will be delivering an opinion, in addition to the report by Mr Giraud. He therefore wishes to change a few words in the motion for a resolution so as to give us the opportunity to discuss this question again without committing ourselves already at this stage. He has submitted a counter-proposal, in which he shifts the emphasis to reasonable safeguards for investment in respect of primary energy resources. Personally, I am inclined to support this proposal. However, I should like to hear first what the other speakers have to say, and in particular the rapporteur.

The Christian-Democratic Group shares the rapporteur's concern at the fact that the Community's energy supplies are no more secure now than directly after the crisis of 1973-74. We shall be pleased to support the resolution, which contains a number of practical proposals.

(Applause)

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, I should like to start by complimenting our rapporteur, M Springorum, on behalf of the Group of European Progressive Democrats on the excellent report he has submitted to us today. We congratulate him on the lucidity and perseverance with which he has dealt with the Council in the matter of the Community energy policy.

This is not the first time that our Assembly has examined and debated coal policy, nor is it likely to be the last.

Until the energy crisis, the coal industry had been experiencing a decline which was often faster than originally anticipated owing to the cumulative effect of the measures adopted. Representatives of the coal-mining industries certainly did not fail to draw attention to the dangers and absolutely irreversible aspects of our policies. The annual report for the French National Coal Board for the budgetary year 1962, for example, contained the following passage :

It is certain that, unless Europe maintains a strong domestic source of coal supplies, it will be unable to resist the demands of its (energy) suppliers and will be forced to suffer both the resulting price increases and the material consequences of a possible shortage.

Unfortunately, these predictions have come true : there has been, and still is, an energy shortage in

Europe, at least for the time being ; we have been, and still are, experiencing heavy and continual price increases — we can see this happening from one month to the next.

Thus, the Community has become aware of the importance of the contribution made by coal to its energy supplies. It has realized that the only way to reduce its reliance for energy on the energy-exporting countries is to develop alternative energy sources to the maximum and to step up its coal production.

Consequently, the Commission has rightly initiated an ambitious coal policy. During the first phase, our efforts have concentrated on stabilizing Community output before embarking on a phase of expansion. We are all familiar with the difficulties encountered even in maintaining present levels of production, for it is not easy to check a process, launched many years ago, which has had far — reaching effects on employment as well as on investments ; and in fact Community coal output has continued to fall despite an increasing number of measures to develop production, the effects of which will only become apparent in the years to come.

Even so, the production level reached in 1975 — 237 million tonnes — is already a first step in the right direction. To our dismay, however, coal-stocks have increased by 20 million tonnes — and that in spite of a rising demand for energy, for the new demand for energy is, once again, reflected primarily in an increase in oil imports. This is clearly not the best incentive for the coal industry, nor is it the best way of reducing our dependence on the petroleum-exporting countries.

Beyond the short- and medium-term problems, we must also look at long-term prospects, and here we have to bear in mind the simple fact that there are sources of energy which are exhaustible and others which are inexhaustible, no matter how much they be exploited. It is worth recalling this fundamental fact. The exhaustible sources of energy are familiar : they are basically fossil fuels such as petroleum and coal and, to a lesser degree, mineral ores — I am thinking of uranium. On the other hand, there are such practically inexhaustible energy sources as geothermal, solar and hydroelectric energy and hydrogen used in thermonuclear fusion — to name but a few ! These energy sources call for a different approach.

Another parameter must be considered, that of the intrinsic value of each particular type of energy. Some types are more valuable than others because of their wide range of possible uses.

Petroleum and coal are perfect examples. They are made to yield secondary sources, but can also be used as raw materials in the chemical industry. In contrast, other sources produce energy and nothing else.

Let us examine the case of petroleum.

Liogier

Europe faces a twofold problem. First of all, world resources, are not inexhaustible, and since this precious liquid has been marketed for a long time at very low prices it has been used excessively — one might even say irresponsibly. It took the energy crisis to make us aware at long last of the true value of oil and of the need to stop squandering it.

The second problem is the lack of extensive oilfields in Europe and the extent of Europe's dependence on petroleum-exporting countries. All this demonstrates the difficulties the Community will face in the long term in meeting its petroleum needs. The difficulties will keep increasing, even if now the only problem is one of price.

The question is, then, how we can supply the needs of our chemical industries in the more distant future. An answer to this reveals the part that coal will have to play some day in this field. Some experts contend that coal resources are practically unlimited. It is my personal conviction that if coal is put to such diverse and excessive use as oil — thanks to liquefaction, for example — we shall run into the same difficulties — and that sooner than expected.

Mr President, ladies and gentlemen, the situation calls for a rapid development of power production from inexhaustible sources — from thermonuclear fusion, from geothermal, hydroelectric and solar energy, and even from nuclear energy — for uranium reserves are, after all, quite extensive. This would enable us to give priority to the chemical industry in the use of the raw materials contained in coal; the chemical industry is likely to experience a shortage of these materials rather sooner than we might expect.

In conclusion, Mr President, we must not, in my view, hesitate to give coal the place it deserves today in a European energy policy, but we must also start giving thought to the supplies our chemical industries will need tomorrow.

The Group of European Progressive Democrats will support Mr Springorum's excellent report and Amendment No 1, tabled by Mr Lange and Mr Schwabe.

(Applause)

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

Mr Osborn. — I rise to speak in three rôles. First I speak as a member of the Committee on Energy and Research. I am well aware of the concern of Mr Springorum, the chairman of the committee, to rationalize a complex and uncertain problem and his emphasis on this occasion on the importance of coal.

Secondly, I speak as a Member of Parliament from an area which is near the coalfields of Britain. I am based in South Yorkshire. I am therefore interested in this subject. I have held meetings with representatives in

South Yorkshire, Nottinghamshire and Derbyshire. This report will be welcomed by people in South Yorkshire, Nottinghamshire and Derbyshire as a charter for coalminers. It must give them greater hope than they have had for many years. Thirdly, I speak as a rapporteur of the European Conservative Group. We are impressed by the determination expressed in the resolution and by the work carried out by Mr Springorum. If I may say so, paragraphs 1 to 6 all more or less say the same. There is, apparently, no determination now in Europe to achieve independence from the oil resources of the world. We seem to be living in a fool's paradise. My group thanks Mr Springorum for emphasizing that fact.

I accept that any energy policy, whether for a nation or for the Community, has its limitations. I prefer to think in terms of a flexible strategy and to allow interchange and market forces — that is, the law of supply and demand — to have some effect on what we want to achieve.

The energy policy of the Socialist Government of the United Kingdom in the mid-1960s was devised without knowing how much oil or natural gas there was in the North Sea or the Celtic Sea. Therefore, a flexible strategy is all-important.

This initiative by the committee is well-timed for Britain. This month, following the publication of the guidelines and report by Dr Walter Marshall — at one time of Harwell and the Energy Advisory Committee — the Minister for Industry, Mr Anthony Wedgwood Benn, is holding an open discussion on British energy policy and the factors that will condition it. I hope that representatives from Brussels have been invited to that meeting and will be invited to speak, as any British policy must be part of a European strategy.

This report deals primarily with coal and secondly with the all-important determination of an energy policy and the rôle of coal in it. We must consider these figures. Some time ago coal accounted for 80 % of the energy consumed. Mr Springorum reminded us that the figure had dropped to 17 %. It is interesting that in Britain coal accounts for 63 % of the electricity generated at present. He also said that 90 % of the fossil reserves in the world are accounted for by coal, 6 % by petroleum and 4 % by natural gas. We must remember those factors, when thinking of how much free play the market forces should be allowed.

I turn to the coal industry. The National Union of Mineworkers endorsed by a narrow majority the United Kingdom Government's prices and income policy. This week the TUC will endorse that policy, in a new age. The coalminers of Britain held to ransom a Conservative Government in 1972. In 1974, aided by the Socialists, they forced a Conservative Government out of office. There is a political weapon in the hands of coalminers everywhere. They are showing great responsibility at the moment, but the consumer is

Osborn

aware that that is a powerful political weapon which makes policies all that more difficult to determine. One solution to the problem is to depend on external supplies for coal, whether from non-EEC countries to the East, COMECON, or from overseas. Last year it was decided that the 1985 consumption target would be 300 million tons of coal, of which 50 million tons would come from outside. I ask the Commission whether that target is still relevant.

In the meantime, in Britain there is an ambitious project at Selby, where the drift-mining principle will be employed, and there are other plans for the expansion of coalmining.

Reference was made to increasing coal-stocks. It is all-important to provide that facility and to enable power-stations using ordinary sources of energy to switch to coal.

We might ask why stocks of coal are rising. Obviously, there is an economic crisis. Industry has not required so much coal. However, the other consideration that the miners of Europe should bear in mind is that they ask too much, and there is nothing we can do to secure their position as extractors of this valuable fossil fuel.

I accept the recommendations that since heavy fuel-oils are being sold at cheap prices we must use heavy fuel-oils and convert them by a variety of processes back to lighter fuel-oils. The factor of their productivity and difficult working conditions limits the use of coal.

Another factor is the pressure from the environmentalists. Tomorrow we shall be discussing two documents, Doc. 501/75, on sulphur and fuel-oils, and Doc. 5/76, on health protection. I shall be speaking in the debates on those two documents. Sheffield probably leads in smoke-abatement.

We must look at the impact of sulphur removal on coal. When environmentalists ask for the removal of sulphur from the atmosphere, this might well increase the cost of energy generated from coal by between 15 and 25 %. Similarly, the reduction of sulphur in gas-oils inevitably means that there is sulphur in fuel-oils. This causes added costs for the use of conventional sources of energy.

In accepting the report, we must ensure that energy assets are exploited to the full. There must be continued and fair pricing, on the one hand, balanced by customer care in terms of consumption and conservation on the other hand. Here I have in mind the importance of industry. In this connexion, we must examine the importance of research and development by firms in the Economic Community and by specialist international institutes with a view to trying to reinforce the more encouraging programmes.

The committee discussed the potentialities of solar energy. There is the possible use of the heat-pump for heat transfer — wind, tide and geothermal but, again, that has limitations. Better use could be made of waste heat, particularly from power-stations, not only for

housing development but possibly for agricultural and horticultural purposes in areas near conventional power-stations. These are all worthy of rapid economic development.

In terms of the conservation of electricity, the load-levelling factors of reservoir storage or the battery storage of electricity could be used. However, if the share of the energy market occupied by oil as part of the energy policy is to be significantly reduced, we must boldly finance alternatives and developments in other spheres in the Community. This would be an expensive risk for national governments, particularly in the development of nuclear energy. However, that is a separate issue.

Mr Springorum and Mr Vandewiele spoke about the \$7 basic price for fuel-oils. Mr Schwabe referred to the proposed safeguards. He discussed this question with Mr Giraud in the committee. If we are to protect other sources of energy, as opposed to fuel-oil, the implication is that there will have to be a subsidy for these other sources, which indicates that a charge or levy will have to be imposed.

The idea of a common energy policy — just as there is a common agricultural policy — will have limited acceptance in the Community. Therefore, the committee will have to proceed with care — and I know that the Ministers will ensure that this is so.

Mr Springorum has given a valuable initiative to the Assembly, for which I thank him. We have magnificent reports recording and indicating the change in energy patterns and energy uses; but the Commission must make urgent recommendations to the Council relevant to the report by Mr Springorum, which will be debated by the Council of Ministers with informed advice from industrialists in various countries.

Unless we in this Assembly take action, the Community will be vulnerable, because we use oil from politically insecure sources. Unless we accept the recommendations of Mr Springorum, the people of Europe will be living in the fool's paradise to which I have referred. They may be very cold one winter and may not have the energy sources for the transportation which is so necessary to our survival.

(Applause)

President. — I call Mr Giraud.

Mr Giraud. — *(F)* Mr President, since my colleague, Mr Schwabe, has spoken on behalf of the Socialist Group, I shall confine myself to a few personal comments. I should like to start by thanking Mr Springorum for the alertness and perseverance which he has shown in our committee in his efforts to find solutions to the problems of coal. Secondly, I would like to encourage Mr Simonet to exert continuous pressure on the Council on behalf of the Commission for the implementation by the various countries of the measures envisaged at the time of the great crisis in 1974.

Giraud

As the popular saying has it: 'The saints are dismissed when the danger is over'. Well, now, that we are out of danger we find that the various governments of the Community are exhibiting a regrettable lack of resolve. The alert interest which both Parliament and Commission have maintained in this problem is therefore to be welcomed.

We have seen in fact that the economic upswing has been accompanied by a new rise in consumption. The public's immediate response has been to stop saving. All heat recovery plans and similar projects designed to reduce the volume of consumption have also been practically abandoned. Now everybody is clamouring for more energy, but no one is willing to make the sacrifices needed to acquire it.

As present circumstances show, coal remains one of the safest sources of energy, whether we like it or not. Just think of the increasing number of effective campaigns which have been conducted all over the world against the construction of nuclear power plants and of the new wave of fear triggered by the recent collapse of a dam in the United States. Since the Community wants energy without making the effort to seek the necessary means, it risks running into the same difficulties it experienced in 1974. Therefore I think that Mr Springorum's report is timely. Coal is and will remain one of the Community's few practically secure sources of energy. While we are pleased to see the governments of the Federal Republic of Germany and the United Kingdom sustain their support for coal production, we can only regret that other governments — I am thinking of the French government in particular — have made no serious moves to maintain a reasonably high level of coal production, even at the cost of some financial sacrifices.

Let us remember that there is no way a desperate situation can be remedied instantaneously once it has been allowed to develop.

Abandoned installations cannot be resuscitated. New installations require eight or ten years to complete, allowing for the inevitable construction times.

The employees who have been scattered far and wide, and sometimes retrained inadequately, are lost for good. It will take years to train qualified personnel in sufficient numbers.

I believe therefore that we should adopt this report today. There is, of course, one aspect which we cannot overlook, that is the price of production. One cannot simply produce anything regardless of cost, and the individual countries and the Community as a whole must be made aware of the stiff price one has to pay for certainty and security. It costs money to hold reserves, to develop new mines and, as Mr Vandewiele said a while ago to train miners. Are we willing to pay the price? If you want the end you must not stick at the means! I think the bad example which the French have set is gaining greater foothold: we want to have our cake and eat it.

The great interest of Mr Springorum's report lies precisely in the fact that it poses the problem in its true light, in the short, medium and even long-term context.

I would like to add that we are suffering in this area, as in many others, from the Community's inability to solve problems owing to internal divisions which are only barely concealed by any successes it may gain in external affairs.

Our common energy policy, which Mr Simonet has outlined on several occasions and for the implementation of which he has suggested the appropriate means, remains at the moment in the realm of wishful thinking. Therefore I think that our debate today is not without purpose, although somewhat sparsely attended, for it should present the problem of the place of coal in a European energy policy to the public and to the governments which have a direct interest in it.

In conclusion, a word on the amendment concerning the minimum safeguard price tabled by Mr Lange and Mr Schwabe. As rapporteur of the Committee on Energy and Research on this question, I would like to say that we have in fact not yet taken a decision and that we are aware that somewhat different opinions may exist in one or the other committee of the Assembly — I am thinking particularly of the Committee on Economic and Monetary Affairs. For this reason, and although I am neither the author of this resolution nor the rapporteur, I shall not insist on the minimum safeguard price, for I think the wording proposed by Mr Lange and Mr Schwabe is correct and implicitly covers the notion of a minimum safeguard price. But one thing is certain: we cannot be semi-independent, let alone completely independent, in our energy supplies unless we guarantee to the producers of all types of energy in the Community price-levels which enable them to pursue and even plan their activities without courting disaster.

I think this resolution is a step in the right direction, and I believe that Parliament will adopt it.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — I should like to add my congratulations to the chairman, Mr Springorum, on this admirable report, which is no more than we would expect from such a knowledgeable chairman in this field. My own regret is that I was obliged to leave the Committee on Energy and Research; there is nothing more pleasurable than to serve on a committee whose chairman knows what he is about.

I share his anxiety about the lack of progress in developing our European energy policy. I speak as the son of a coal-miner, although I never went down the pit. I

Hamilton

recall my father telling his four sons, at a time when the mines in Britain were privately owned, that he would rather bury us than send us down the coal-mines. I am glad to say that he kept us all out of the pits. He died of pneumoconiosis: we have to pay a price for our energy.

We have to pay a price not only in terms of cash but in terms of blood, sweat and deaths, because whatever technological developments there may be in the mining industry, it will remain one of the most dangerous occupations, if not the most dangerous occupation, in the industrialized world. Therefore, although Mr Springorum and the rest of us recognize that we have to seek means by which we can become less and less reliant on outside resources of energy, whether oil or anything else, we have at the same time to recognize that in building up our indigenous resources we have to pay the bill, and that it will no longer be a cheap energy policy.

I am glad to read, in paragraph 29 of Mr Springorum's explanatory statement:

In view of the present rôle played by coal as still the safest primary source of energy produced in the Community — and without prejudice to the rôle which nuclear energy should eventually play, but will not if progress continues at its present slow rate — a coal policy is to be regarded as an important cornerstone of the Community's energy policy. Coal represents a positive alternative to imported oil.

I do not think anybody would seriously challenge that proposition. Indeed, with the benefit of hindsight, I think we were extremely foolish, not only in Britain but in other coal-producing members of the Community, so speedily to run down the coal industry in the course of the last decade and to assume that we should for ever get cheap supplies of oil from the Arabs and elsewhere. That was a very foolish policy, a foolish set of assumptions to make, and we are now seeking to redress the balance and to return to greater reliance on indigenous supplies of fuel.

I would also say that while the record of the British publicly-owned coal industry is second to none in the world in terms of productivity and in terms of efficiency over the last 30 years since public ownership, there is still a long way to go. The miners — and I think it applies to the miners in Britain and in the rest of the Community — do not want to be in a position of holding governments to ransom. I am sorry that Mr Osborn used that unfortunate phrase, for the miners did not hold the government to ransom; it was the government who confronted them with a decision in a situation which compelled them to take the action that they took. However, that is a domestic matter which we can leave in the history-books.

The future of the coal-mining industry in Britain, and I think in the rest of the Community, is a good future, but the industry needs increasing investment. It is certainly getting that in the United Kingdom, and I would like to pay a tribute to the Commission for the help which they have given to our coal-mining

industry in one form or another. It is not sufficiently publicized in Britain that an enormous amount of financial help has been given to our fuel industries in the United Kingdom. I hope the Commission will take steps to remedy that deficiency.

We have our part to play, but I hope that it will be an exercise in mutual effort at publicizing what is being done, because there is a tendency to pay too much attention to North Sea oil resources and too little attention to coal. The truth is that the coal reserves in Britain are infinitely more valuable in both economic and strategic terms than all the oil and gas that has so far been discovered off our shores in the North Sea. The coal reserves are out of danger from Soviet submarines, they are not vulnerable in defence terms, and they are not subject to price-levels determined by outside bodies.

There are many reasons why we should use our every endeavour to develop to the maximum our indigenous coal reserves. In those terms I would like very much to repeat the thanks and congratulations both to Mr Springorum and his committee and to the Commission for what has been achieved. I hope that the progress will be maintained and the momentum increased.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* Mr President, I should like to thank Mr Springorum for defending, in his motion for a resolution on behalf of the Committee on Energy and Research, once more a policy which corresponds exactly to what we have been trying to do for more than two years now.

There are, however, certain points, and quite appreciable ones, on which I think he is a little too optimistic, though I admit that in the present state of the Community excessive optimism is certainly more forgivable than despair.

It has been pointed out how little progress has been made in the last few months. One speaker in particular recalled that a meeting of the Council of Energy Ministers should have been held. This meeting did not take place, not because there was no prospect of agreement on every point, but because — on an important point concerning distribution during an emergency — a compromise acceptable in every respect can be reached only after long discussion. So much time was necessary for the governments and, more particularly, the officials to agree on this measure that its impact on public opinion may well have been weakened. Nevertheless, we should not be misled by this mainly psychological phenomenon into underestimating its importance when the day comes for the ministers to take their decision on it — a day which I hope will dawn before the end of my time at the Commission.

Simonet

I should now like to turn my attention for a moment to the comments made with regard to the minimum safeguard price. On this point opinions continue to differ between the majority of the Member States on the one hand and the French Government on the other. And it is my belief that the basic decision — that taken by the European Council in Rome — will have to be interpreted, one way or the other, by those who took that decision — namely, the Heads of State or Government.

For six months now, the representatives of the British and the French governments have been talking at cross purposes, each of them interpreting this decision in such a way that there is no prospect of agreement on political and economic arrangements to protect Community energy production by means of a minimum safeguard price. If one government declares that all the Council of Ministers now has to do is to carry out the decision of principle taken at a political level by the Heads of State or Government, and the other replies that what the Heads of State or Government have done is to agree on a policy of protecting Community energy sources which does not preclude the minimum safeguard price; if one government says that it was decided to introduce a minimum safeguard price and the other retorts that what was decided was that it was not impossible for a minimum safeguard price to be introduced one day, this is the type of discussion which can go on *ad nauseam*. Until some new political deadlock occurs — until, for example, the British government expresses an urgent desire for a definitive solution of this controversial decision, as long as there is no clarification at the highest level by the European Council — I cannot foresee any decision to carry through the principle of a minimum safeguard price adopted — or not precluded — by the European Council.

It is in the light of these disappointing developments that we must assess Mr Springorum's latest praiseworthy effort. On the principle of support which he again reiterates for the definition of a European coal policy I do not think that there is any point of disagreement between him and the rest of the Energy Committee.

I do, however, feel that it is necessary to tone down somewhat the rather optimistic position which Mr Springorum maintains on coal policy. I cannot think that a source of energy which accounts at the most for one-fifth of the Community's total energy supply can be regarded as the most important source requiring the most elaborate Community policy. We must, of course, have a policy and a comprehensive one, ranging from social measures in favour of vocational training to direct aid at national and Community level and production and investment subsidies; but I do not think that, though the range of measures to promote aid of all types must be very wide and diversi-

fied, one could go so far as to envisage, as suggested by Mr Springorum, making aid compulsory in the Member States; nor do I think that it would be wise to spread the period of aid to the coal industry over a quarter of a century.

Those are two points on which I make no bones about the fact that I do not share Mr Springorum's point of view, however much I agree with the arguments he advances and the policy he recommends.

We should not, however, underestimate the financial aid which has been granted to the coal industry: in the past year the governments of the coal-producing countries have been authorized to subsidize the industry to the tune of 700 million units of account. It is quite possible, of course, that this will one day prove to be inadequate; but it is equally clear that as it stands the coal policy is still incomplete and that we shall have to organize a system of short-term storage — as we have in fact already suggested to the Council — against the event of production surpluses, since it is not enough — and that is a mistake which we must avoid at all costs — to decide how we are going to increase production in order to substitute autonomous energy as far as possible for imported energy: we must also ask ourselves — and this seems to me to apply particularly to coal policy — what we shall do if this is achieved and we then have a surplus of Community-produced energy, due either to a stabilization of consumption, which I do not believe probable in the long term, or to a general drop in prices, as mentioned a few moments ago. In the latter case the system of aid to coal production which we are recommending must form part of the machinery not only for the development but also the protection of autonomous energy-production. This brings us back to the need for machinery for the production and development of autonomous energy, on which, as I said a few minutes ago, political deliberations are now in a state of deadlock.

The motion for a resolution also covers other areas, of course, and the Commission is paying due attention to them. The Energy Committee is currently studying a problem raised by one of the speakers here — namely, the use of coal in power-stations.

I have already discussed the proposal to finance the storage of coal.

Thirdly, turning away from the coal policy for a moment, the refining policy of the Community is another area in which we are attempting to make progress. Here, in view of the present surplus refining capacity, we are faced with an extremely delicate problem.

There are also a number of things which should be said regarding the opportunity we shall have in the weeks and months to come of reactivating the dialogue with the Member States on the need for a

Simonet

common energy policy, since, however important the various aspects of a European energy policy are, there is a fundamental indecision which periodically comes to the surface and which has now quite clearly come to the surface again, as regards the very desirability of a Community energy policy. The lax attitude to which Mr Giraud referred, has prevailed for several months. For reasons which have by no means reflect a conscious effort to reduce energy consumption or combat wastage, there has indisputably been a slow-down in the growth of consumption.

At the same time, for reasons which it is more difficult for us to determine with any accuracy but which are probably bound up with the long-standing power-struggles within the Organization of Petroleum-Exporting Countries, these countries — perhaps some of them unintentionally — have shown moderation in taking the decision, as you know, to stabilize prices for the next few months.

However, we should not have any illusions. If, as indeed we hope, the Commission's forecast of a real growth-rate of 4.5 % for the overall product of the Community countries is confirmed and if all the calculations made by specialist consultants, economic institutes or international economic organizations indicating that Western industrial society has entered another period of sustained development prove correct, there is an obvious danger that, while attempting to eliminate all forms of wastage, we shall be heading for another structural increase in oil-consumption which may, perhaps even in the near-future, give rise to a situation similar to the one we experienced in 1973. In that event we should be faced with several alternatives. Firstly: either the Community countries are still convinced that they need a common energy policy, or they think, as some of them have always tended to do, that preference should be given to organization on a wider basis, such as that which has been established within the International Energy Agency. The second alternative — and an extremely depressing one it is — is this: either the countries, enjoying once more the comfort of economic growth, remain passive, while attempting, of course, to eliminate some of the adverse effects of economic development — simultaneous persistence of a relatively high level of unemployment and relatively severe inflation despite the high level of economic activity — or else they will attempt to solve the problems resulting from this somewhat abnormal combination of economic factors. It is to be feared that they will again neglect energy policy, and we may then find ourselves lacking in — indeed, almost devoid of — the instruments necessary for a real energy policy, a situation which we should then regret very bitterly.

Those are the comments I wish to make on the points on which I have certain reservations. I can only repeat

what I have already said on several occasions. As Mr Liogier reminded us, this is the not the first time we have discussed coal policy, nor the last — I hope, although I fear it may be.

I thank Mr Springorum warmly for his efforts to persuade this Parliament and the Member States of the need to introduce a common energy policy. I have always derived particular pleasure from working with him and I hope to continue to do so and that we shall one day be able to say that our joint efforts have succeeded.

(Applause)

President. — I call Mr Springorum.

Mr Springorum, rapporteur. — *(D)* Mr President, I should like cordially to thank all those who have taken part in the debate for the nice things they have said. I should also like to thank Vice-President Simonet. We of the Energy Committee are very grateful that in our position on energy policy as a European policy we always were of the same opinion, still are and will continue to be.

Just one brief word on your reservations: I am well aware that coal, with its present share of 20 % in energy consumption, is no longer an important energy source. Natural gas will soon overtake it. But in the next 10 or 15 years natural gas and oil will no longer be able to show the same rates of increase as hitherto. Only nuclear energy and coal will be available. We therefore need a very long transition period if there is not to be a break in structures. Coal will inevitably once more acquire great importance, since in the foreseeable future we shall not advance very rapidly with nuclear fusion, especially if European affairs continue the way they are going. I therefore feel that we should create instruments right now, through an active coal policy that will make this transition possible.

I fully understand, Mr Vice-President, if you say that 20 or 25 years would be too much for an aid arrangement; I, however, would prefer to say that they could not be put through the Council. The British now propose to adopt this 25-year programme. If you bear in mind that sinking a new pit takes 10 years, then 10 years are really too short, since that would mean that the aid would be stopping just when the pit was ready. I therefore feel that a longer period would be preferable. I know that in this I have the agreement of part of your colleagues: I therefore do not see too great a difference here.

I am at any rate grateful for the good cooperation with the Commission, particularly for the good cooperation in our committee, which has here managed to achieve

Broeksz

a political unity that I should very much like to see in other areas.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) I should just like to say to Mr Springorum, who has cited the example of the United Kingdom, that one British swallow does not, alas, make a summer.

Mr Giraud. — (F) It heralds it, though!

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 6 to the vote.

The preamble and paragraphs 1 to 6 are adopted.

On paragraph 7, I have Amendment No 1, tabled by Mr Lange and Mr Schwabe :

In this paragraph replace the words 'a reasonable minimum safeguard price for Community-produced petroleum' by 'reasonable safeguards for investments in respect of primary energy sources within the Community'.

I call Mr Schwabe.

Mr Schwabe. — (D) Mr President, I have already moved this proposed amendment in my speech. I think that I can adduce some voices, notably that of Mr Giraud, to show that we shall soon be expressing our opinion on this particular topic in a report. What we are proposing here is, therefore, to choose a more general formulation which entirely includes Mr Springorum's view but does not bind us so much to this specific point as might be the case with the adoption of Mr Giraud's point.

President. — What is the rapporteur's view?

Mr Springorum, rapporteur. — (D) Mr President, I have no objections to this proposed amendment, particularly in the interpretation presented by Mr Schwabe that it is intended only as a wider term. I should, however, like to point out the problems. When British firms drill for North-Sea oil, the oil costs \$ 3 per tonne in one case and \$ 10 in another, with the same level of investments. How is this problem to be solved by this clause? We simply cannot get round the safeguard price. That is included, of course. For the sake of keeping things short, I would therefore advocate that this proposed amendment be adopted.

President. — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

I put paragraph 7, so amended, to the vote.

Paragraph 7, so amended, is adopted.

I put paragraphs 8 to 16 to the vote.

Paragraphs 8 to 16 are adopted.

I put the motion for a resolution as a whole, so amended, to the vote.

The resolution is adopted.

11. Oral question with debate: Industrial policy

President. — The next item is the Oral Question, with debate, on behalf of the Committee on Economic and Monetary Affairs, to the Commission of the European Communities, on industrial policy (Doc. 152/76):

The Ninth General Report¹ refers to the scant progress made in 1975 in the field of industrial policy and emphasizes the urgent need to come closer to achieving the Community objectives in this sector. In this connection, the Commission is asked to answer the following questions:

1. What progress has been made in the preparatory work on the proposals for directives, which the European Parliament urged should be submitted as soon as possible, concerning the structural improvements of the shipbuilding² and paper³ industries?
2. When does the Commission intend to put forward practical proposals for ensuring supplies of raw materials to the paper industry and to establish a special research fund in this sector?⁴
3. In connection with the creation by 1980 of a genuinely European, viable and competitive data-processing industry, when does the Commission intend to submit proposals concerning the definition of norms and public procurement policy, and leasing aid policy, pursuant to the Council's resolution of 15 July 1974?⁵
4. When does the Commission intend to submit its new programme for industrial policy?⁶

I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, the chairman of the committee which put this question to the Commission is unfortunately unable to attend today and has therefore asked me to move the question.

¹ Ninth General Report, p. 170.

² Resolution of the European Parliament of 13 June 1974, OJ No C 76/41, 3 July 1974.

³ Resolution of the European Parliament of 15 October 1974, OJ No C 140/17, 13 November 1974.

⁴ Resolution of the European Parliament of 15 October 1974, OJ No C 140/17, 13 November 1974.

⁵ Resolutions of the European Parliament of 23 September 1975, OJ No C 239/16, 20 October 1975, and of 12 January 1976, OJ No C 28/7, 9 February 1976, report by Mr Cousté (Doc. 153/74).

⁶ Sixth General Report, p. LI.

Broeksz

It is understandable that, in a period of recession caused by both conjunctural and structural factors, the Community industries which are in difficulties should come in for special consideration. And this is what we have given them repeatedly over the last few years. I need only mention our debate on the problems in the fishing, fibre, textile and shoe industries. Both the Parliament and the Commission have devoted considerable attention to these problems.

We drew attention to the danger at such times of seeking national solutions in preference to Community solutions, which would be much more to the good of the Community.

There is every reason to put a number of questions again to the Commission if we consider the statements in the Commission's Ninth General Report of 1975 as regards industry and technology :

Despite the emergence of an economic situation in which the Community countries might have been expected to pull more closely together, the fact is that the decisions taken by the Community on industrial policy in 1975 have been few and far between.

I believe that every true European will endorse this. The Commission also warns against the danger of seeking national solutions.

Besides the industries experiencing difficulties, which I have just mentioned, there are, of course, other industries such as the printing-trade, which is beset by structural difficulties arising from new production methods and where the consequent reduction in the number of jobs is making itself felt more and more every day. The electronics industry, too, faces some serious problems, not least of which is the Japanese competition, although this particular problem has already been mitigated to a certain extent. Japan has agreed to restrict her exports to the Community, but present imports into the Community from Japan still constitute a threat to the European electronics industry.

Mr President, what is the Commission being asked about? They are all points which have already been discussed before. Nevertheless, we have reason to raise these points once more. Firstly, we should like to be informed of the Commission's latest efforts in this field. Secondly, we should like the Commission to tell us which of its activities and proposals have not been followed up by the Council — which, incidentally, is not represented here this afternoon. All we know is that the Commission has submitted a number of proposals which the Council has not adopted.

Question 1 relates to the ship-building industry. In my view it is perfectly obvious to what extent this industry in Western Europe is threatened. Not so long ago, most of the world's ship-building took place in Western Europe. This production has now for the most part been taken over by Japan, where the industry operates most efficiently, although not always

at realistic prices. Another problem is that, for reasons of protectionism, the East Bloc countries no longer place any orders in Western Europe. We should like to know what the Commission has done in this field and what the Council has decided.

The problems of the paper-making industry are not solely a result of the recession. It is probable that they always existed. For some years there was a great shortage of paper in the Community. It is obvious that measures must be taken, particularly as regards paper pulp. In Western Europe, this industry is still underdeveloped: Finnish and Canadian competition on the paper market is tremendous. With regard to paper pulp, I would point out that, again in the Ninth General Report, the Commission states that its communication, forwarded to the Council in April 1974 on the paper-pulp, paper and board industry, was considered by the Parliament and the Economic and Social Committee, that both accepted the Commission's analysis, but that the Council, while also approving the analysis, was unable to do more than simply take note of the communication, since too many aspects were involved for a resolution to be possible at that stage. In fact the difficulties arising here are due mainly to nationalistic attitudes, which make it impossible to heal such an industry in Europe, or even make serious efforts in this direction.

Among the industries which are in difficulties, I have not mentioned the steel industry, since happily we have just heard from the Commission that this year production will have to be higher to cope with the increase in demand. This is good news. The effects of the recovery of the European car-industry will be all to the good of the steel industry.

The last question concerns the data-processing industry. We deplore the lack of unity and Community resolve in this field.

In Europe a certain cooperation had been established between the computer industries. The French computer industry, however, withdrew from the European group to cooperate with the American firm Honeywell — a truly amazing move on the part of the French industry, which is always so concerned about American domination! Surely the most striking example of American domination in the industrial sector is the computer industry. IBM controls more than three-quarters of the European market; its computers are not even sold but merely hired out so that the industry does not lose its hold on the market! It is essential that the Commission achieve greater cooperation in this field. I know that since the French industry withdrew from the European group, a number of industries have concentrated on smaller computers. Of course this is in itself necessary and desirable, but I do feel that the Commission should be on its guard in this area.

Broeksz

Certain other points might be raised as regards data-processing. We have received a report about the threat it may constitute. I shall not say any more about this today, since it is not on the agenda. The Legal Affairs Committee will no doubt be reporting on the matter. Originally the intention was to set up a special committee to deal with this, but this idea was never put into practice. The matter has been referred again to the Legal Affairs Committee, which has already brought out a first report on the subject.

We look forward with great interest to the Commission's answer.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) Mr President, the reply to Mr Broeksz's question could be either long, if it took the form of a complaint about the number of proposals lying dormant in the Council, or short, if I just answered the specific points he had raised. I shall be brief, since I have very little of comfort to say to Parliament about the progress made by the Community towards a joint industrial policy.

There is a paradox in the Member States: those who are the greatest interventionists as regards national industrial policy suddenly reveal an astonishing ability to comply with the most liberal conception of the common market, a *laissez-faire* and *laissez-passer* policy. In some Member States — and I would go so far as to say in most Member States — there is undoubtedly a real will, in the form of important, specific initiatives, to intervene in the industrial sector and re-mould the industrial structures of their respective economies by developing the rôle of the public sector, since it is felt that the private sector is not adequately fulfilling its task of making industry as dynamic as possible; but, strangely enough, once one tries to tackle certain problems jointly at the European level, the will and the conviction evaporate. My replies to Mr Broeksz's question will prove this.

First of all, the ship-building industry. This is a sector which, as Mr Broeksz pointed out, has for a very long time not only been very important to the economy of some countries in Europe but has been practically monopolized by them. For almost a quarter of a century we have witnessed the development of ship-building in other parts of the world: Mr Broeksz himself alluded to Japan. It is true that today we are faced with extremely efficient and extremely active competition from Japan based, as we know, on conditions of manufacture and cost which are much more efficient than those applying in the countries of the Community.

The Commission has been following this problem for a long time. A few days ago it forwarded a communica-

tion to the Council in which it advocated two main lines of action: first, the organization in the Community of a joint attempt to reduce production capacities and, secondly — and I would even say that this is the main objective — participation in concerted international action under the auspices of the OECD for an overall programmed and coordinated reduction of production capacities. Since this problem cannot be solved by the Community alone, it would only be in the regrettable event of international action proving impossible that the Commission would have to adopt the first line of action and try as far as possible to solve the problem at its own level.

As regards the paper-making industry, also mentioned by Mr Broeksz, the Commission submitted a communication to the Council more than two years ago on which Parliament and the Economic and Social Committee delivered a favourable opinion. But no political decision has yet been taken and the last decision, a purely formal one, was taken on 1 October 1975 by the Permanent Representatives, who approved the analytical part of the document.

I think I can say that at the moment there is no chance of a directive for improving the structures of the paper industry being adopted by the Council.

As regards supplies of raw materials, a proposal for a directive was submitted to the Council in 1974 and an amended proposal in 1975. The purpose of the basic proposal was to increase the production of domestic timber, and the problem of supplying the paper industry was dealt with briefly there. These various documents are currently being considered by the Council.

As regards data-processing, Mr Broeksz was right to stress the importance of the problem of regrouping European undertakings and of creating a computer production capacity that shall be something more than the extension in Europe of large international groups and in particular of large American groups. It has to be recognized that, apart from the regrets expressed by certain governments on the Community's dependence in the data-processing industry, no serious effort has been made so far to develop an industry in Europe that could be compared with the American industry. Nevertheless, the Commission has tried to draw up an all-embracing programme, which has now been divided up into various specific programmes: these we shall submit to the Council as they are finalized.

I nevertheless feel, Mr President, that the basis of the problem is the conviction shared by most of the Member States, and probably even by a large part of the industry although they do not give voice to that conviction, that in Europe at least the development of industrial structures is mainly the result of the more or less spontaneous development of industry, whether private or public, and the interventionism of the

Simonet

national authorities. This negative attitude, which consists in the Member States' trying to curb any European initiative, is noticeable mainly in industrial policy, although it also exists in other areas. Today we are all convinced that there is no point in trying to unify the agricultural markets or to achieve economic and monetary union if one of the main sectors — in this case, the industrial sector — of Community economic life is not also the subject of Community action and collective action. That is why, despite the slight progress made so far, I remain hopeful and convinced that one day we shall be able to convince the Member States of the need for that collective will, that Community will in industrial policy which has so far been sadly lacking.

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

Mr Nyborg. — (DK) Mr President, in view of the 'exceptional' number of Members present, I shall be very brief.

First of all, European undertakings must be made more competitive. I wish to point out here that any attempt to make our industries more competitive on world markets will also favour the maintenance of full employment in the long term, even if it might sometimes appear to jeopardize employment in the short term.

The industrial policy pursued in recent years in Europe has succeeded in its aim of forming large groups capable, by a pooling of resources, of competing with their foreign competitors on equal terms on world markets. It seems to me today, in the light of the crisis, that we should concentrate our efforts on improving the underlying structure of industry, which largely consists of small and medium-sized firms. As was said in a previous debate, these firms are flexible entities, which have rapidly learnt to face conjunctural disturbances and grasp any opportunities that arise. Small and medium-sized firms should also be given the means to enter world markets.

It would indeed be fortunate if the Community eventually reached a stage of integration enabling us to draw up an effective industrial policy favouring a natural distribution of work throughout Europe, as has already been proposed: cars would be manufactured in the regions or countries where they were manufactured most efficiently, the same being true for growing lemons, processing sardines, manufacturing diesel-engines etc. But I fear that this pipe-dream will not become a reality, at least not in my life-time.

I was very pleased to hear Mr Broeks draw attention to the ship-building industry, and to hear Mr Simonet's reply, which demonstrated that the Commission is giving all its attention to the matter. I consider that

the proposals which have been put forward are extremely realistic, even if not particularly attractive from a strictly European point of view.

I do not wish to single out the individual industries that have been mentioned, such as the paper industry, but should like to say that the Community's industrial policy should not be concentrated on a few industries which are in temporary difficulties or on certain sectors which are particularly advanced on a technical level. It should be all-embracing, covering such different sectors as aviation, nuclear power, data-processing, engineering, chemicals and many other industries. Within each of these fields we must combine our efforts, for none of us is rich or strong enough to compete with the large industries existing outside the Community, which are further strengthened by their resources of raw materials. For this reason, we request the Commission and the Council to take more effective action than hitherto in all sectors, not only in those with advanced technologies but in those concerned with the replacement of raw materials or reduction in their use and with research into new techniques. The implementation of a wide-ranging common industrial policy is the surest way of establishing Europe's reputation.

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

Mr Normanton. — I deeply regret the absence of Commissioner Spinelli from the Commission benches this afternoon, because as a Commissioner he is and has been responsible for industrial policy. I would much rather have been able to be highly critical of industrial policy performance in his presence, though I am not at all unhappy with the presence of Mr Simonet speaking on behalf of the Commission as a collegiate body.

We must be highly critical of the way in which industrial policy in general has been handled by the Commission. That is my view as a Member of this House during the last three-and-a-half years, and I am prepared to say that it is the view of most honourable Members of this House who have served for many years longer. First, we have to recognize that the Community has no such thing as an industrial policy, despite repeated demands from this House; secondly, we have to recognize that papers on data-processing, the aeronautical industry and shipbuilding are not a substitute for policies on those subjects; and thirdly, we have to understand that industrial policy is inextricably intertwined with competition policy.

As far as my group is concerned, there is a void in the armoury of the Community, and unless it is filled Europe will continue to be not one market but nine identifiable separate markets—and that is not the object at which we are aiming in this House. That is

Normanton

not the goal upon which the Community was founded.

Our purpose in this House is to think of industry on a European basis, to give maximum freedom of scope for restructuring and expansion and to provide the maximum opportunities for investment, because only through ever-increasing investment in Europe and ever-higher technology can we ever hope that the standard of living of our peoples will rise.

Just as there is unanimity in this House on the need to establish freedom for people to move, work, play, retire, save and spend their own private money, by the same token there must be freedom for capital to invest. The only point at issue is whether, and to what extent, there should be discrimination between the movement of private and public capital. Unless there is maximum fluidity in the movement of capital, Europe will fail to maximize its inherent, latent potential. None of those conditions applies. I have no hesitation in claiming that we are dragging our feet badly at all levels— at Commission, at Council, at Member State level, and even here in this House.

We appear to be oblivious of the importance of industrial change. This morning we debated the question of the Tripartite Conference, the coming together of employers and employees with government representatives. That is a vitally important aspect of industrial policy. But we must ask ourselves whether the words which have been uttered on this and many other subjects have ever been matched by deeds. It is by deeds that we shall be judged and not by pious platitudinous manifestations of faith.

What progress are we making, for example, with company law? What are we doing about fiscal policy and harmonization in that area, in public purchasing policy, or in procurement policy for defence purposes? The answer, lamentable but true, is that it is minimal at best, microscopic or invisible at worst.

We deeply regret that the Commission cannot chalk up industrial policy among its lists of political successes during its four years of office. I only wish that I had been privileged to ask Mr Spinelli, not by way of an affront but by way of an appeal to him and his colleagues, to grasp this problem urgently.

The House and our committees must get to grips with the much more tangible consideration of our economic problems. They must recognize that industrial policy is not an intellectual, academic exercise. Industrial policy relates to men, materials and money, and to the combination of all three.

The Commission must mount a series of studies in depth of ten or twelve of the leading industrial sectors and must consider what are the obstacles in the path of their economic and technological development. It must identify measures which may be adopted to stimulate growth and present them forcibly as a charge to

this House, which must back them on every possible occasion. Only in that way—not merely by intellectual dialogue and discussion—shall we make progress in this area.

The House will expect a full report on Community industrial policy comparable in coverage with that which deals with the subject of competition policy.

Mr Broeks, Mr Nyborg and others drew attention to two industries. We need a far wider consideration of industry as a whole before this House will be satisfied that there is an effective and constructive industrial policy for the Community.

President. — I call Mr Broeks on a point of order.

Mr Broeks. — *(NL)* Mr President, I moved the oral question, but I did not speak on behalf of the Socialist Group. This I should like to do now.

President. — I regret that the rules do not permit this. A Member may speak only once.

As the mover of the question, I shall call Mr Broeks, in accordance with the rules, after Mr Simonet has spoken, to say a few words in response to the reply, but he may not speak again now.

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* I should not like Mr Spinelli's absence to be misunderstood. He is on totally regular leave of absence as he is campaigning in Italy. Although I am reluctant to be considered as the poor man's Spinelli, I should like Mr Normanton to look on me as a kind of Tory Spinelli.

(Laughter)

President. — Mr Broeks may now say a few words in reply to the Commission's answer.

Mr Broeks. — *(NL)* Mr President, I find myself in a rather strange position, since I am no longer sure of receiving an answer from the Commissioner. It would be nice if he were to give us an answer, as there is otherwise not much point in my speaking. I would welcome it if the Commissioner would comment on the remarks made by the House.

I think the Commissioner will understand that we cannot be really satisfied with the answers he has given so far. We know that the Commission has submitted proposals to the Council regarding the ship-building industry. We know also that the Commission has submitted proposals to the Council regarding the paper and paper-pulp industry. You know, Mr President, that I have never been particularly satisfied with

Broeksz

the way the Council works. I have obtained from the Commission that we Council works. I have obtained from the Commission that we be provided every six months with a list of those Commission proposals on which Parliament has given its opinion and which the Council has not followed up and on which it has not taken any decision.

Here again, the Commission states only that it has submitted proposals but that the Council has not taken any decisions. This is quite possibly true, but I wonder how long the Commission can continue to submit proposals as, for instance, in 1973 and 1974, and still receive no answer two or three years later.

Mr President, my situation is now becoming slightly difficult. I had thought initially that I would move the question on behalf of the Committee on Economic and Monetary Affairs and that someone else would be entitled to speak on behalf of our group. However, since I am now having to do both, I find myself in difficulty. I will, of course, follow your recommendations, Mr President.

All I can say is that we are particularly disappointed with the answers we have received. We know that we owe this disappointment mainly to the Council, although I do feel that the Commission often takes the easy way out by saying, 'We have made our proposals and that is all there is to it', just as if the Commission did not have any other possibilities.

I listened with interest to Mr Nyborg giving his views on the social conditions ...

President. — Mr Broeksz, the rule says that one of the questioners—that is, you—may, at his request, briefly comment on the answer given. It does not entitle you to comment on any other speeches that have been made. Therefore, I must ask you to bring your contribution to a close.

Mr Broeksz. — (NL) Under our Rules of Procedure you are right, Mr President; I cannot do otherwise but agree with you, and I would not contradict you on a point on which you are so obviously in the right. In any case, my statement was extremely brief.

I would have liked to say something about investment policy, but I understand that I cannot speak here in two different capacities. Only the Council can do that. The Council always has this facility, but not we.

(Smiles)

President. — The debate is closed.

12. *Order of business*

President. — After examining the amendments tabled to Miss Flesch's report on the draft estimates of the European Parliament for 1977 (Doc. 130/76), the

Committee on Budgets proposes that this report be placed on tomorrow's agenda.

Are there any objections?

That is agreed.

13. *Tabling and inclusion in the agenda of a motion for a resolution*

President. — I have received from Mr Lange, on behalf of the Committee on Budgets, a motion for a resolution, with a request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the release of seven posts in Category A in the establishment plan of the Commission of the European Communities for the 1976 budgetary year (Doc. 172/76).

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

I propose that this document be included in tomorrow's agenda. Are there any objections?

That is agreed.

14. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday 18 June, from 9.30 a.m. to 12 noon, with the following agenda:

- Oral question, without debate, to the Commission on import of agricultural alcohol into the Federal Republic of Germany;
- Cointat report on the release of research appropriations;
- Lange motion for a resolution on the Commission's Establishment Plan;
- Bourdellès report on the organization of the market in potatoes;
- Liogier motion for a resolution on the effects of the drought;
- Howell report on the processing and marketing of agricultural products;
- Früh report on the organization of the market in hops;
- Martens report on surveys of bovine livestock (without debate);
- Ligios report on intervention centres for oil seeds;
- Laban report on the suspension of duties on certain agricultural products;
- Martens report on the production potential of fruit-trees (without debate);
- Martens report on surveys of pig production (without debate);
- Jahn report on preservatives authorized for use in foodstuffs intended for human consumption (without debate);

President

- Joint debate on the reports by Mr Willi Müller on the use of fuel-oils and health-protection standards in respect of sulphur dioxide;
- Joint debate on the four Pintat reports and one Laban report on imports of certain agricultural and fishery products from Tunisia, Algeria and Morocco;
- Flesch report on the draft estimates for 1977;
- Flesch report on the EEC-UNRWA Convention;
- Boothroyd report on imports of beef and veal from certain ACP States;
- Report on Community help for the Friuli area;
- Vote on the draft Supplementary Budget No 1 on the Friuli area.

The sitting is closed.

(The sitting was closed at 6.55 p.m.)

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IN THE CHAIR : MR SANTER

Vice-President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of the 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 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 decision on the assimilation of disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill-farming and certain less-favoured areas applies ;

II. a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976 ; and

III. a regulation on special assistance for repairing infrastructural damage caused by the Friuli earthquake of May 1976

Doc. 165/76).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport for their opinions ;

— The proposal from the Commission of the European Communities to the Council for a regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 166/76). This document has been referred to the Committee on Budgets ;

(b) from the Council of the European Communities, the draft Supplementary Budget No 1 of the European Communities for the financial year 1976, established by the Council (Doc. 170/76).

This document has been referred to the Committee on Budgets ;

(c) from the committees, the following reports :

— report by Mr Artzinger, on behalf of the Committee on Economic and Monetary Affairs, on the preparations for the Tripartite Conference on 24 June 1976 (Doc. 168/76) ;

— report by Mr Cointat, on behalf of the Committee on Budgets, on the draft Supplementary Budget No 1 of the European Communities for the financial year 1976 (Doc. 171/76) ;

— report by Mr Martens, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities for :

I. a decision on the assimilation of disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill — farming and certain less-favoured areas applies ;

II. a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976 ; and

III. a regulation on special assistance for repairing infrastructural damage caused by the Friuli earthquake of May 1976

(Doc. 173/76) ;

(d) motion for a resolution tabled by Mr Scott-Hopkins and Mr Spicer, on behalf of the European Conservative Group, on proposals for a 200-mile marine economic zone (Doc. 180/76).

This motion has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Agriculture for their opinions ;

(e) from the Audit Board of the European Communities, a report on the flat-rate aid granted with a view to improving production and marketing structures in the following sectors : unmanufactured tobacco, olives, olive-oil and fruits and vegetables (Doc. 179/76).

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

3. Membership of committees

President. — I have received from the Christian-Democratic Group a request for the appointment of Mr Caro as member of the Committee on Agriculture and of the Committee on Social Affairs, Environment and Education, to replace Mr Zeller.

Are there any objections?

The appointment is ratified.

4. Presentation of two petitions

President. — I have received from Mr James Curry a petition on better conditions for mentally-ill patients after discharge from hospital.

I have received from Mrs Worden and others a petition on the safeguarding of migratory birds.

These petitions have been entered under Nos 6/76 and 7/76 respectively in the general register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on Rules of Procedure and Petitions.

5. Oral Question, without debate: Imports of agricultural alcohol into the FRG

President. — The next item on the agenda is the oral question, without debate, put by Mr Früh, Mr Artzinger, Mr Memmel, Mr Klepsch and Mr Mursch, to the Commission of the European Communities, on imports of agricultural alcohol into the Federal Republic of Germany (Doc. 155/76).

I call Mr Früh.

Mr Früh. — (D) Mr President, ladies and gentlemen, an oral question on the situation on the alcohol market in the Community has been tabled by a number of Members, including myself. In some countries there has, up to now, been a state monopoly in agricultural alcohol.

Since the end of the transition period two questions have been concerning us: First, is agricultural alcohol clearly classified as agricultural produce and does a regulation on the market therefore have to be introduced? Secondly, are the national regulations — the monopolies in France and Germany, for instance — no longer legal in the transition period and do they have to be abolished?

On the former question, it has been clear for some time that alcohol has to be covered by a 'regulation

governing the market. But there were conflicting views about the second question until the import monopoly in the Federal Republic was declared illegal by judgement of the European Court of Justice, although there is still no European regulation governing this market. This threw the alcohol market in the Federal Republic into chaos, because the government alcohol monopoly in another European country set its export prices — and therefore the import prices for the Federal Republic — so low that the import levies that were then approved by the Commission were not sufficient to check the imports.

However, they did settle the matter to some extent. It became apparent that imports from Italy could not be restrained because there is no monopoly in that country and above all because the value of the lira fell so steeply that lower prices could be quoted in every case.

Things have now got to the point that a quantity equal to at least one quarter of the agricultural alcohol produced in the Federal Republic comes from these imports. This raises the difficult question of how the German alcohol industry is to hold off this challenge and how long it will even be possible to maintain the measures taken by the Federal Republic.

In view of the time — the President is already looking round impatiently — I shall not keep you long. But allow me to make one important and decisive point: the need for a European regulation arises primarily from the fact that, for cost and structural reasons, the German alcohol industry cannot hold out against these dumping operations and because, understandably as I see it, the Federal monopoly or the Finance Minister will not be prepared to go on paying out the additional sums entailed amounting to some hundred million Deutschmarks.

I would therefore appeal to you, Mr Lardinois, and to the Commission, in the interests of the future satisfactory operation of the common agricultural policy, to solve this problem very quickly, because I could imagine — this sort of thing is already being said — that the reluctance of the German Federal government, already manifested here and there as regards the cost of the agricultural policy, will become even greater if it has to make further sacrifices and pay out more money in this specific sector because of the failure to introduce an agricultural market regulation in time.

Früh

Until one is adopted something in the nature of an emergency regulation should be introduced as a transitional solution. The whole of the alcohol-producing industry in the Community and the COPA—producers and users — are all hoping for such a regulation, which should, of course, apply only until the European agricultural market regulation is introduced. In your reply, Mr Lardinois, perhaps you could tell us how far these preparations have got and how things look with what the Commission now, we hope, has in mind.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I am pleased that this question has been put because it gives me an opportunity to tell you a number of things about the organization of the market in alcohol.

Parliament knows that the Commission had already put forward a proposal in 1972 for a market regulation of this kind but that this never came before Parliament because of the difficulties created by the three new Member States in this connection.

Hardly any progress was made in the Council on this matter during the various preparatory stages.

I have already told Parliament, earlier this year, that it was our intention to come forward with a new proposal, and I prefer this by far to the solution of an emergency regulation. In view of the stage reached in the preparatory work on a definitive regulation on the market in alcohol, I can give Parliament my promise that we shall be submitting to it the definitive regulation in a few weeks' time.

I am pleased that this is so. An emergency regulation would also have to be discussed by Parliament and the Council. The present difficulties may perhaps help to bring forth a definitive solution. That does not prevent interim measures from being taken if serious difficulties should arise. We are trying to protect the German alcohol market to some extent by means of internal levies, introduced by rapid procedure. I hope that it is clear to Mr Früh that we are not underrating this matter and I hope that this Parliament will not do so either. It is essential that the alcohol market in the Community be regulated as quickly as possible.

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, please allow me one short supplementary question. I would like to thank you, Mr Lardinois, for this positive reply and to add just one thing: have things changed to the extent that, although nothing has come out of the long preparatory phase from 1972 till now, you feel that we may count on a quick conclusion to the negotiations in spite of the approaching holiday period and the limited time left to the present Commission to act?

Please let me add one last question: on the assumption that this matter cannot be settled during your present period of office, would there be any possibility — if this drags on for an indefinite period and if you do not, as you yourself said, contemplate emergency regulations — of reimbursing the amounts paid out should the German Federal Government have to pay out large amounts over a long period? After all, an individual country can surely not be responsible for the rejection or non-materialization of a Community regulation.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Of course we cannot, after the event, make ourselves responsible for payments made by Member States about which we have not been consulted and to which the normal budgetary procedure is not applicable. This would not be right, even under national law. Following the judgment delivered by the European Court of Justice on the alcohol case, it must surely be absolutely clear to this Parliament and to the Council that there must be market regulation. It is not just a question of alcohol but also potatoes, for instance. There was a time when the Federal Republic of Germany said that it did not want any more market regulations. Now we see what that can lead to in the Community. This is one more reason for arriving at a definitive regulation as quickly as possible. We are all subject to democratic procedures, including this Parliament. You may or you may not agree with my ideas, but let Parliament in any case take a decision, because it has lasted long enough.

President. — The debate is closed.

6. *Research and investment activities under the 1976 budget of the Communities*

President. — The next item is the report by Mr Cointat, on behalf of the Committee on Budgets, on the unfreezing of appropriations entered in certain chapters of the statement of expenditure on research and investment activities in the Budget of the European Communities for the 1976 financial year (Doc. 144/76).

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) On Tuesday and Wednesday last, Parliament considered one aspect of the execution of the 1976 budget: the implementation of new actions entered in the budget with no legal basis. The matter before us today is another aspect of the implementation of 1976 budget — namely transfers of appropriations from one chapter to another and the unfreezing of certain appropriations in Chapter 98.

Cointat

I would like to take this opportunity to draw Parliament's attention to the problem of the procedure for transferring and unfreezing appropriations. There is, in fact, no formal policy, and procedures are devised as and when necessary. In particular, it has been agreed that, for transfers, approval could be simply a matter of consultation, with Parliament simply giving its opinion, and even — in general — merely asking the opinion of the Committee on Budgets without the item even being entered on the agenda of a plenary part-session. For unfreezing appropriations on the other hand, the European Parliament has to vote.

This is why I would like to take this opportunity to make a point of a general nature. It is important, particularly for the 1977 financial year onwards, that Parliament should adopt the system of freezing appropriations on the relevant line and in the relevant chapter rather than allocating certain appropriations with no legal basis to Chapter 98, because with on-the-line freezing, Parliament's budgetary powers are preserved whereas for appropriation transfers all that is wanted is the delivery of an opinion; in some cases, incidentally, only the Council's powers are involved under Article 21 of the Financial Regulation. I therefore hope that, in future we make general use of this policy of freezing on the line rather than in Chapter 98.

What is the point at issue today? It is a case that, precisely, is typical in this respect because, for these appropriations, we are asked both for our opinion on transfers, in particular for personnel costs from Chapter 810, and for Parliament's agreement on the release of appropriations in Chapters 320, 330, 351 and 352.

You will no doubt remember that, by amendment, we added 30m u.a. to the 1976 budget under the heading of these research appropriations and that we did so even though the Council had taken no decision. But the decision was imminent and experience shows that we were right, that we were reasonable and that we acted with a sense of responsibility since the decision has been taken and since today this release has saved a supplementary budget. We are not asked to defreeze these 30m u.a. in full, because the time has not yet come for it; we are asked only to defreeze 20.3m in payment appropriations out of the 30m entered in the budget. And we are asked to defreeze a little over 41m u.a. by way of commitments.

Since this agrees with the European Parliament's opinion and wishes when debating the 1976 budget, the Committee on Budgets therefore asks you to deliver a favourable opinion on the transfers and on these part-releases of appropriations.

In order not to prolong the debate. I shall not go into all the points made by the Committee on Budgets; I would refer you to the written report. But I would like to tell you of one vital comment that it made to the effect that research appropriations are, in reality, covered by one single article in the budget: Article

330. Furthermore, the annexes are arranged not by nature of expenditure (staff, administrative costs or research costs) but by programme, so that for budgetary experts this annex is completely incomprehensible.

This is why, in another document on budgetary questions, the Committee on Budgets has asked the Commission for greater clarity in research questions in future budgets. Unofficially at least, I can tell you that the Commission agrees with this principle and is working on a better presentation for the budget. We have therefore, Mr President, obtained satisfaction, almost officially. This is why I invite the European Parliament to release this money for research in order to allow a start to be made with the programme and to launch this policy that is so important for the building of Europe.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I would first like to thank and at the same time compliment the rapporteur on his report. My answers to the comments made in it are as follows.

I note that the motion for a resolution recommends the unfreezing of certain appropriations for research. I agree with the rapporteur that this type of procedure is not covered by precise legal rules, since neither the Treaty nor the Financial Regulation refers to the point. On behalf of the Commission, I would therefore like to discuss this question again with your Committee on Budgets in order to agree on a more secure and firmer procedure, which, I hope, will do nothing to compromise the flexibility and rapidity that we need.

I am particularly desirous to indicate my agreement with paragraph 5 of the motion for a resolution. It is my opinion as well that programme decisions have purely an indicative significance. I feel that this practice is also in line with the legal provisions in this field designed to ensure a better balance in the exercise of the powers and responsibilities of the Council and Parliament on this point.

As regards the last point made by the rapporteur, to the effect that this item in the budget should be made more transparent, I can assure Parliament it does not fall on deaf ears. Your rapporteur is probably already aware that we are already doing some preparatory work on this point so that, in co-operation with your Committee on Budgets, we may meet their wishes on this point.

(Applause)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution was adopted¹.

¹ OJ C 159 of 12. 7. 1976.

7. *Release of posts in the establishment plan of the Commission for 1976*

President. — The next item is the motion for a resolution tabled by Mr Lange, on behalf of the Committee on Budgets, on the release of seven posts in Category A in the establishment plan of the Commission of the European Communities for the financial year 1976 (Doc. 172/76).

I call Mr Cointat, who is deputizing for Mr Lange.

Mr Cointat, deputy rapporteur. — (F) Mr President, since Mr Lange was kind enough to take my place on Wednesday during Question Time, it is only right that I should take his place today on this question, which concerns the Committee on Budgets and Parliament. This shows — and my fellow-Members will agree with me — that there is a team spirit in the Committee on Budgets even though we may not always think the same way.

The problem is very simple. The Committee on Budgets asked for a debate by urgent procedure, in accordance with Article 14 of the Rules of Procedure, on the release of 7 category A posts set aside for control functions (one in the Directorate-General for Agricultural Policy, 3 in the EAGGF 'Guarantee' section and 3 in the Directorate-General for Financial Control).

There is no point, I think, in stressing the importance of monitoring Community expenditure. On Tuesday you approved a major report on this problem concerning the organization of the exercise of control by Parliament. It is therefore normal that the services of the Commission should have the means of replying to questions put by Parliament's sub-committee on budgetary control and by the future Court of Accounts.

I would therefore ask you to agree to the release of these 7 posts. In view of the urgency, the Committee on Budgets would also like Parliament to authorize it to settle the details of this matter, after consulting the other committees concerned, with the other Community institutions and principally the Commission and the Council.

In conclusion, I therefore ask Parliament to be kind enough to approve the motion for a resolution tabled by Mr Lange, Chairman of the Committee on Budgets.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) I should like to thank the rapporteur for his recommendation on behalf of the Committee on Budgets.

I support his proposal that the European Parliament approve this motion for a resolution.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution was adopted¹.

8. *Regulation on the common organization of the market in potatoes*

President. — The next item is the report by Mr Bourdellès, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the common organization of the market in potatoes (Doc. 158/76).

I call Mr Bourdellès.

Mr Bourdellès, rapporteur. — (F) Mr President, it is regrettable that a text that is so important for the EEC's economy — since the subject is the common organization of the market in potatoes — should have to be debated in the hurry and scurry of a Friday morning at the end of a part-session.

Our Committee on Agriculture approved this proposal by only 6 votes for, with 9 abstentions evidence enough of the problems involved. Consulted for its opinion, the Committee on Budgets took a more charitable view, since it adopted it by 11 votes to 1.

These complications stem from the fact that the markets for potatoes, whether for new potatoes, ware potatoes, seed potatoes, flour potatoes or potatoes for processing, are already governed in most of our nine countries by a more or less effective, fully-fledged or embryonic organization. There is the Potato Marketing Board in the UK, the Irish Potato Marketing in Ireland, the STOPA in the Netherlands, the AIMA in Italy and the producer groups in France, all of which are already operating satisfactorily. We have to harmonize these various and dissimilar national regulations in order to remove obstacles to the liberalization of trade in potatoes. This is the object of this proposal, which the Commission has to submit very shortly to the Council.

To sum up this text, I would say that its effectiveness is founded on the setting up of groups of producers in the nine countries who will be given responsibility for managing the supply of potatoes and stabilizing the market.

Since I have largely incorporated in my report the amendments tabled by the different Members in committee, I hope, gentlemen, that you will approve it in order to provide the Community as quickly as possible with a regulation in a field which is not yet organized.

¹ OJ C 159 of 12. 7. 76.

Bourdellès

With your permission, I would like to tell you of two fresh amendments that you have in front of you, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group. Both concern Article 7 of the Commission's proposal to the Council, which deals with producer groups.

Regarding Amendment No 1, I feel with Mr Scott-Hopkins that the provisions in paragraph (e) are unnecessary. I do not, incidentally, think that the Commission will have any objection to this deletion in view of the fact that it accepted a similar deletion in the case of hop-producers.

As to Mr Scott-Hopkins second amendment, this in my view is a simplification. I feel that this condition can be imposed on the producer-groups and, as rapporteur, I readily accept this amendment.

President. — I call Mr Hansen, draftsman of the opinion of the Committee on Budgets.

Mr Hansen, draftsman of an opinion. — (F) My thoughts on the problems arising in the potato sector and the views of the Committee on Budgets have been set out in fairly detailed fashion in the Opinion of the Committee on Budgets, and I shall therefore be very brief in what I have to say today.

Potatoes are a highly important agricultural product in Germany, the United Kingdom, the Netherlands, France and even Luxembourg. In recent years there has often been reason to refer to the need for a common organization of the markets in potatoes. In view of the considerable effect that this food product has on consumer price indices in Northern and Western Europe, the need was realized for measures to stabilize the situation as regards potato prices.

A glance at Table 1 and the Index attached to the Opinion of the Committee on Budgets gives a clear indication of the considerable extent to which the prices of potatoes intended for consumption have fluctuated.

Most Member States have taken measures designed to bring about some stability in the way the market is supplied. These measures have sometimes given rise to difficulty, because instead of being co-ordinated they were prepared on an *ad hoc* basis. In addition, some third countries have taken steps to subsidize potato imports — the effect, in general, of which has been to make matters worse.

Paragraph 13 of the Opinion analyses the financial aspects of the proposal in detail. It is extremely difficult — and I say this frankly — to determine the budgetary implications of the Commission's proposals with any accuracy in view of the large number of imponderables. Nevertheless, it is highly likely that in the next four years budgetary expenditure due to the organization of the markets in potatoes will total somewhere between 1.3 and 6m u.a.

Most of the members of the Committee on Budgets consider that the financial aspects are satisfactory, particularly in view of the complicated nature of the proposal. In addition, the Committee on Budgets had asked that, in the event that the proposal were adopted, EAGGF reports should in future contain an account of the application of these measures in order to enable Parliament to exercise effective control from the outset.

In conclusion, Mr President, I would ask Parliament to approve this proposal, on which the Committee on Budgets has delivered a favourable opinion.

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

Mr Hughes. — I congratulate Mr Bourdellès on the report. Unfortunately, I cannot do the same to the Commission on their proposals.

The amplitude of variations in the production of potatoes is well enough known. One asks whether the Commission's proposals will do anything on behalf of either the producer or the consumer of potatoes to even out the problems raised by these wide fluctuations, largely climatically induced, in the price and supply of potatoes. Far from doing that, in our view the proposals will bring about the reverse. They will remove the present procedures in various member countries which, to a greater or lesser extent, have succeeded and replace them by most uncertain and unclear objectives.

The only certainty that we can see about the alternatives is that they will impose a financial burden on the Community's budget and a price-burden upon the Community's consumers. On neither of those counts can they be supported by the Socialist Group, nor, I trust, by Parliament.

We clearly do not have adequate control of the area of potatoes planted, which is one of the most difficult features of the British Potato Marketing Board. It is impossible by the methods suggested in these proposals to do other than scratch at the surface of the problems of supply, demand and price in the potato sector.

The methods of market organization containing intervention arrangements *via* private storage aid for potatoes, the dehydration of the stored products and so forth for animal feeding-stuffs, have too familiar a ring of the catastrophies of the common agricultural policy in other sectors to enable them to be welcomed.

The costs estimated for the EAGGF Guidance Section are clearly most tentative. When one looks at earlier cases where estimates of costs were given and then one saw what happened in reality, one finds no grounds for confidence that these estimates will in any sense prove accurate. On the contrary, once more there will almost certainly be underestimates.

Hughes

The proposals to fix prices for early potatoes show the Community once again as a high-cost protectionist self-seeking unit in the international world. The level of protection is excessive. One is very disturbed that potatoes which can command a protectionist price because of their quality should be given an additional tariff protection for no good reason that has yet been vouchsafed. I should be very happy to support the two amendments proposed by the Conservative Group, but I trust it will not get even that far. The whole proposal of the Commission is unnecessary, irrelevant, immaterial and unworkable, and I trust that this House will reject the proposal *in toto*.

(Applause from the left)

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

Mr De Koning. — *(NL)* Mr President, I would like to associate myself with the compliments paid to the rapporteur. He has produced an excellent survey of the problems. My group is able to agree in general with the conclusions of the report, but with one important exception concerning Article 8 of the motion for a resolution, which presses for intervention rules for new potatoes. I shall come back to this point later.

Unlike the previous speaker, I should particularly like to compliment Mr Lardinois as well on submitting this proposal. We endorse the view that there is a need for the organization of the market in potatoes particularly since existing national regulations have been undermined by the Charmasson judgment. We also feel that preference should be given to a 'light-weight' regulation. Because of the nature of the product and the big fluctuation in production figures, a regulation for the potato market should have greater similarity with those for vegetables and fruit than with strict regulations such as those governing dairy produce, grain, sugar and meat. If we were to adopt a strict regulation for potatoes, then we should see that surpluses in this sector would give more trouble than problems arising in the other sectors.

We are pleased that the Commission wants to use quality criteria as its main instrument for the organization of the market. This is in the interests of consumers and provides for a flexible balance between supply and demand. Even so, I cannot over-emphasize the difficulties entailed in establishing quality standards in good time. Action with regard to expected market trends should always be taken very early on. Can the Commissioner give us some more information about the production and sales forecasts on which the quality standards are to be based?

We support the idea of encouraging the activities of producer groups in this sector. Groups of this kind can help considerably in stabilizing the market through the negotiation of long-term contracts. They can also help to improve the quality of production.

Like the rapporteur, we doubt whether the 3-year initial period is long enough to achieve the aim in view.

We do not agree with the rapporteur's suggestion that intervention rules should be drafted for *new* potatoes. I am not thinking primarily of the practical effects of such a regulation, although they should not be underestimated; my primary concern related to the principle that this would introduce. The purpose of all our intervention rules is to define a floor-price on the market for the average good quality product. Special qualities above the average then have to fetch a higher price on the market, which the consumer is prepared to pay because of the importance he attaches to the higher quality. This system of allowing the market to determine the price of specialty produce helps to improve the quality of production, because it encourages producers to bring out high-quality produce, since he gets a special price for it. Early potatoes are speciality of this kind, and in my view it is unfair to take them off the market by intervention. This will not only cause high costs but also weaken the motivation of producers on the market. What does Mr Lardinois think of the proposal for intervention rules for new potatoes?

Mr President, I invite you to have a separate vote on paragraph 8 of the motion for a resolution so that we may later define our position more specifically.

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, on behalf of the Group of European Progressive Democrats, I am very pleased with the excellent report presented by Mr Bourdellès on the common organization of the market in potatoes.

Although this is a basic food product in Europe and a major item of EEC agricultural production, the Community has not yet set up a common organization of the market in this sector. The project existed for some time but did not materialize, for a number of reasons. We are now in a position to overcome these difficulties and we are pleased at the provisions that will liberalize trade whilst improving the situation for both producers and consumers.

The Community is a major potato-producing area, since it has 25 million producers with an average annual output of 40 million tonnes.

On the other hand, potatoes are a problem product, since they are perishable and highly sensitive to climatic change. Last year we saw the adverse effect of the weather on production — which was wholly inadequate because of the drought in the summer. Hence the steep rise in prices, the effects of which, to say the least, were highly unpopular.

Whilst the proposals we are considering do not pretend to control the weather, they will help considerably to regulate this sector. Quality and marketing standards are proposed in order to ensure that the

Liogier

market is regularly supplied with better-quality potatoes. Measures of support are also proposed to protect producers in periods of surplus. The common organization of the market will also facilitate trade within the Community because the national regulations will be harmonized.

Neither should we forget that the judgement delivered by the Court of Justice in the Charmasson case makes it illegal for Member States to maintain obstacles to trade in agricultural produce for which there is no organization of the market. Hence the need to set up a common organization of the market in potatoes.

The Community is faced with a similar situation in relation to other products such as horsemeat, alcohol and sheepmeat.

In the proposed regulation, the Commission proposes that producer groups be made responsible for supply management in this sector. The producers would in this way be responsible for market stabilization. These producer-groups would also administer market support measures. These are heavy responsibilities to place on the producer-groups, and they are looked upon with some concern in certain Community areas.

This applies particularly to those areas where producer-groups do not exist or are not well organized. The producer-group notion is new there and will need some time to be properly assimilated. In order to overcome these initial difficulties, the Commission proposes that special aid be granted for a period of three years to set up these groups. However, as the rapporteur, Mr Bourdellès, has said, this is not long enough; and we support his proposal for an extension of this period of initial aid to five years. Nevertheless, the idea of making producer-groups responsible is good and we support it. For many years groups of this kind have shown their worth in France, and they should work just as well in other European Community areas. We are pleased that they now have a Community basis, but their success will depend on the amount of aid that is granted and the time allowed for them to be set up. In some Community areas, such as Brittany and the north of France, it is the only crop and farmers count on the price obtained for potatoes to make a decent living. Apart from the potato's sensitivity to the weather, the absence of a common organization of the market has aggravated the problems of shortage and surplus. The very low prices in the 1974 season have a lot to do with the present shortage, which has sent consumer prices soaring at an astounding rate.

We should therefore look forward with some satisfaction to the stability that a common organization will bring to the market in potatoes. For this reason we are glad to give our support to the motion for a resolution presented by Mr Bourdellès on behalf of the Committee on Agriculture.

(Applause)

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

Mr Howell. — The Conservative Group feel that the time is not ripe to proceed with these regulations. We feel that there are much more serious matters which should be dealt with before we attempt to deal with this complicated problem of coordination in respect of potato-marketing and organizing. I find myself very much in agreement with the remarks of Mr Hughes. Therefore, we support the suggestion that this proposal should be rejected.

(Applause from the left)

President. — I call Lady Fisher.

Lady Fisher of Rednal. — May I say how much I welcome the comments of the rapporteur and the point of view put forward by my friend Mr Hughes, who fully put the standpoint not only of the producer but of the consumer and it is particularly on behalf of the consumer that I should like to address my remarks to the Commissioner.

I get extremely worried about what people call 'simple regulations'. I am afraid that the simple regulations we have this morning will mean that in about two years' time we shall get complicated regulations to get us from underneath a mashed-potato mountain — and I say that to the Commissioner very sincerely.

Honourable Members have said that is an important part of the family diet of a majority in the Common Market countries. When one speaks about management stabilization, I would ask whether that means, for the housewife, the high prices now being paid. Is that what market stabilization means, or can the housewife look forward to a simple regulation being passed this morning to give a much lower price for potatoes?

I should like some assurance from the Commissioner that when we are talking particularly of farm products we get some point of view put forward on behalf of the consumer, for that is perhaps even more important. If there were no consumers there would be no farmers, and it is important for the views of housewives to be much more clearly expressed.

We have reached the stage where we view with horror apples being ploughed into the ground, when there are thousands of children in the EEC countries who could eat another apple a day. We have reached the stage when we are producing too many peaches in the market, but there are a number of people to whom I speak who are not eating even one peach a week. We get into these ridiculous situations. I want an assurance from the Commission this morning that we do not pass, or are not asked to pass, simple regulations which eventually will land us in a much more difficult situation in two years' time.

(Applause from the left)

President. — I call Mr Spicer.

Mr Spicer. — I am very conscious that we have very little time this morning. Could I say, first, that I consider that it is very bad judgment that we should be dealing with an important subject such as this with our eyes on the clock? I would have much preferred to spend more time on this subject and perhaps less time on some of the other subjects which we have discussed during the course of this week. A number of other Members would have wished to speak.

I am rising only to say that we shall not move Mr Scott-Hopkins' amendments, because, as Mr Howell has already said, we shall be voting against this resolution.

President. — I call Mr Hamilton.

Mr Hamilton. — I shall be brief, but the brevity of my speech will be in inverse proportion to the importance of the subject.

The consumer of potatoes is fed up with being exploited. I quote from a document that comes to us regularly by post: *Industry and Society*. The issue is dated 21 October 1975. The footnote on page 2 reads:

During its recent meeting in Brussels, the Consumers' Consultative Committee held a wideranging discussion on consumer interests in the common agricultural policy.

There is no evidence that the consumer is involved in this matter. Indeed, paragraph 3 of Mr Bourdellès motion approves the principle of making groups of producers responsible for managing supply and stabilizing the market. There is nothing in it about the consumer. Nor is there anything in it about the housewife.

(Cries of 'Hear, hear!' from the left)

It is time that the consumer was consulted and was in a position to influence the policy of the market on this and similar items.

In paragraph 14 of the Commission's report, there is an indication that tariffs on new potatoes from third countries, from the Canary Islands and from Cyprus will be increased. That is an absurdity. Where the high prices of potatoes cannot be prevented in conditions of shortage, there is no benefit to the consumer. Similarly there is apparently no benefit to the consumer from lower prices when supplies are plentiful. Therefore, whatever happens, the consumer is taken for a ride.

(Cries of 'Hear, hear!', from the left)

I hope that the Assembly will return to these problems, not on a Friday morning but in conditions where the consumer's voice may be heard throughout the Assembly — and when less is heard from the producers.

(Applause from the left)

President. — I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, I took the liberty of asking to speak because I cannot allow what has just been said by Lady Fisher and by Mr Hamilton to go unanswered. I am deeply shocked by the statements that have been made, because if the farmers refused to plough and sow, all of you here would die of hunger, and that is something that you tend too much to forget. Producers cannot do without consumers, but consumers cannot do without producers: the point needs making.

When the Commission — or the Council or Parliament — proposes regulations of an economic nature for agricultural production it is as much in the interests of consumers as it is in that of producers. And our experience of the last fifteen years has proved this to be so, since prices inside the Community in a number of sectors have fallen below world prices.

If you are not prepared to have an economic organization for potatoes you will be responsible for restricting their consumption to the rich.

We are entering a period of world food shortage. I say once more that it is the organization of European agricultural production which will ensure regular supplies to European consumers. This is why I draw your attention to the need to organize each sector of agricultural production so that farmers' earnings may be maintained, consumer prices regularized and a regular and normal food supply guaranteed for consumers in Europe.

This is why, Mr President, I asked to speak.

(Applause from the right)

President. — I call Lord Bruce.

Lord Bruce of Donington. — I had not intended to intervene in this debate until Mr Cointat spoke. If Mr Cointat had read the agricultural report he would have found that over the years there was only one item in respect of which the Community price of a food product was less than the world price. The remainder of Community food prices were between 20% and 23% higher than world prices. About that there can be no doubt.

I might say in parenthesis that my country's balance of payments has suffered in consequence during the year to the tune of £788 million.

President. — I call Lord Walston.

Lord Walston. — I, too, did not intend to intervene in this debate, and it is difficult to do so in view of the time available. However, I must support the point made by Mr Spicer. It is wrong and out of all proportion that a matter of this importance should be discussed under pressure of time and with such a sparse attendance.

I find myself in a further difficulty. I support my colleagues — especially Lady Fisher and Mr Hughes — in their rejection of the report. However, I also share some of the views expressed by Mr Cointat on the importance of the agricultural producer.

It would be unfortunate if we allowed ourselves to think that there were two completely opposing points of view—that of the producer, on the one hand, striving to obtain as much money as he can out of the exploited consumer, and that of the consumer, on the other hand, trying to exploit the producer so as to obtain food as cheaply as possible regardless of the standard of living of the man or woman producing it.

Whether we are producers or consumers—let us remember that every producer is also a consumer—we all have the same interest. Those of us who have any pretensions to Socialism must maintain that it is only right that the labourer is worthy of his hire. The man who produces what is needed by the consumer must receive a fair reward. Equity and common sense demand that. Unless the producer receives a fair reward he will not be able to increase his efficiency, and in the long run the consumer will suffer. Therefore our interests are not divergent. Nor are they contradictory. They are similar.

It is our duty as parliamentarians to ensure that sufficient food is produced. Here I am in agreement with Mr Cointat in emphasizing the impending dangers of a world food shortage, of which we have only just seen the beginning. It is also our duty to see that the consumer is protected.

My objection to these regulations is that they fail to ensure that protection. They are designed in such a way that we are still attempting to have the free play of the market but at the same time to give a floor to agricultural prices. It is my contention that one cannot have those two things together without at the same time allowing a producer an undue profit, as we have seen in the last 12 months, at times of shortage.

We must increasingly move away from this idea of market forces towards a market that is managed not in the interests of any one section of the Community, but for the overall benefit of those who produce the food and those who consume it. I believe that there are other ways — and experience in different countries has shown this — in which the market can be managed, not isolated from world trends altogether,

not on an illiberal, unfree-trade basis, but in a way which encourages production efficiently and to the advantage of the consumer. However, this is not the method by which it can be done.

For that reason, I urge that these proposals be taken back and re-examined, not simply in the light of one commodity, potatoes, but as part of a marketing organization for all agricultural products.

I support the contention of Mr Hughes that these proposals should be rejected.

(Applause)

President. — I call Mr Molloy.

Mr Molloy. — Having read the report, I find it very difficult to refrain from intervening in the debate.

The very nature of the report and the time allowed for a debate on a report of this calibre does this Parliament no good whatsoever. It makes it look absurd, because we are considering a main item of consumption of millions of people within the Community. We cannot brush aside an important report such as this in a few hours, particularly when it contains such contentious recommendations.

The argument was submitted a few moments ago that, if it were not for the farmer, there would be no consumers. The farmer in his own way is a consumer also. He probably consumes the products of engineers, of miners, and of the people who make his clothes and those of his children. When he rests from the labour of his day, he probably listens to the wireless or watches television. Therefore, the sort of spiteful argument that we heard a moment ago is a crass absurdity. Nevertheless, I am glad that it was advanced because it was such an absurdity that it gave me more courage to speak, because the conclusion of the honourable Member's recommendation was that this proposal should be supported.

Let us acknowledge that, whilst, of course, the farmer is an important producer, he can also be called an important consumer. However, there is no point in allowing a situation to arise in which the farmer is allowed to continue to produce but the consumer is unable to consume his products. In such a situation, we should have to find another alternative and build another great food mountain. Then, when the mountain was high enough, we should have to flog it all off to somebody outside this Community at knock-down prices, which is what Parliament has done before. It is this that is annoying and frustrating ordinary people.

It used to be said that the open market-place was a place set aside for men to cheat each other. Now it seems from some of the policies of the Community that it is a place set aside for consumers and producers to cause each other frustration.

Molloy

I believe that the proposal should be taken back. Let us acknowledge that there is a problem, but the contentions of the report do not make any useful contribution.

Therefore, I am on the side of those who say that we must reject the proposal.

(Applause from certain quarters on the left)

President. — I seem to have heard some expressions which cannot be described as Parliamentary language.

I call Mr Früh.

Mr Früh. — *(D)* Mr President, please forgive me if I briefly make one general point. It is, however, urgently necessary, because I feel that the idea in this House that Members concerned with agricultural policy are a sort of 'green lobby', continually trying to enrich themselves at the expense of the consumer, should disappear once and for all in debates of this kind. Not long ago I had occasion to point out to people who took that line of argument that it was not so and that there were other examples as well. Only recently, in a big German newspaper, there was a full scale attack on the agricultural policy.

On the same page there was a news item — I shall quote only one example — that the wage of a seamstress was DM 10 in the Federal Republic of Germany and 90 pfennigs in Korea. So I then asked whether the textile union was a pressure group trying to rob women who want clothes or men who want shirts and why we should not order everything, I repeat everything, from Korea if the wage rate is 90 pfennigs an hour, as it is for textiles.

This silly example explains why the farmer in a modern industrial society like ours where a job is worth a hundred thousand or more Marks cannot produce at dumping prices or even at prices that provide a living-wage in the developing countries. This cannot be demanded of anyone else in our society and not from the farmer either.

One question I would ask: what would have happened to the German economy in the recession if there had been no farmers with their DM 28,000 million buying potential? We ought to look at things in that light as well. Second: I cannot understand it properly: the regulations governing the markets in fruit and so on are always described as though someone wanted to destroy fruit so that the consumer — and here it is always the children in school that have to suffer — should eat no peaches. I do not understand. No one destroys fruit to prevent someone else from having it: the difficulty is the distribution problem. In Germany no fruit is destroyed. If there is intervention then the fruit is given to social institutions, at the intervention price, if they are prepared to take it. But the problem is that the hospitals and so on always say 'no'.

The only reason for this intervention being there is so that, when growers have — time after time — invested their money and their labour for nothing, they should not stop production the following year, which would mean the end of that particular product. That is the intention of regulating the market — not to harm the consumer.

One last point — and here I would like to turn to Mr Lardinois and ask him the following question if I may: could you tell us something about the likely situation as regards potatoes after 1978 that is to say, at the end of the transition period for Great Britain? I have the impression that the reason there is so solid a front on this matter is that the Members have their Marketing Board in mind and do not want anything to happen to it. I therefore ask, what is the significance of 1978 if the Commission does nothing about potatoes? What is going to happen when the transitional regulations and special provisions no longer apply?

President. — I call Mr Jakobsen.

Mr Jakobsen. — *(DK)* Mr President, when we discussed this topic in our group we felt despite Mr Bourdellès' excellent report and despite the fact that the Commission undoubtedly had the best intention that it was not ready for final discussion, especially at a Friday sitting. In my opinion, this debate has shown that we were unfortunately right.

There is nothing for us, for Parliament, for the Commission Member, or for Mr Bourdellès to gain if we adopt or reject this proposal on the basis of a free-for-all between consumer and producer interests. That sort of reasoning is too banal and too primitive! It is extremely suitable for election meetings, but there is no place for it at factual debates in this Parliament. It is nonsense to discuss whether producers can exist without consumers or consumers without producers. Can this Parliament exist without consumers or producers? What sort of way is that of lowering the tone of Parliament's proceedings? Various questions have been raised, and it will not be enough for Mr Lardinois just to answer them today. We must have the answers in writing. And if we can obtain further information about the consumer's point of view, there is certainly no Member from either side of this House that would prevent them from being heard, judged and discussed.

I believe, Mr President, that this matter is just not ready for discussion, and if Mr Lardinois says that absolutely no time must be lost, then I agree with what several speakers have said. Let the committee reconsider the question and let us take action as quickly as possible, but not in the unpleasant atmosphere of this discussion. It is not business-like, it is not to the

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consumer's or the producer's advantage, and it is not worthy of this Parliament.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* First I would like to thank Mr Bourdellès for his report and for the work he has put into it. He has explained an amendment by Mr Scott-Hopkins, and I understood that this amendment has been tabled, but I feel that a decision has to be taken on this matter by Parliament.

I also thank Mr Hansen, who spoke on behalf of the Committee on Budgets. I fully agree with him that this is a very important matter.

But the debate that we are having in this Parliament I just cannot fathom. I find it impossible to understand the debate, because those who, in fact, implicitly defend the system existing in Great Britain do so on the basis of the argument that the present system is a good one for consumers. Reacting against them, other Members then speak up for the producer. For me this is evidence that people do not know how the system in Great Britain is working at the moment, neither do they know what results our proposal would in fact have.

At this point, I must tell the Members of the European Parliament who happen to come from Great Britain that the system we propose would not only create a free market (which does not exist at the moment in Great Britain), it would also be much better for consumers and in fact less — far less — favourable for producers.

What do producers have in Great Britain? They have a guaranteed price for potatoes. Is that what we propose? Not at all.

They have an intervention price for potatoes in the sense that whenever the producer price is not obtained potatoes are made unfit for human consumption. Do we have this? Not at all.

Thirdly, producers in Great Britain have an absolutely protected market and have had a ban on imports in nine out of the last ten years. Do we have this in our system? Certainly not.

How have things been in practice?

Let us take potato prices prevailing over the last 5, 10 or 25 years in Great Britain and in Benelux, on the other side of the North Sea where the climate is roughly the same. In these 5, 10 or 25 years the price paid by the consumer for potatoes has been significantly lower on this side of the Channel.

I just cannot follow it.

By implication, a monopoly system, in the hands of the Potato Marketing Board, is being defended in

which not one single consumer is represented not one single consumer, Mr Hamilton. It is simply and solely a producers' control board. If that is not so, then put a written question if, indeed, you dare.

I have seldom taken part in a debate in this Parliament that was so ill-informed about the real situation or in which — though I am not passing judgment — there was such a clear display of obstinacy. Neither can I accept Mr Hughes' assertion that the proposal is 'unnecessary, unworkable, irrelevant, immature', etc., etc. On the contrary I fear that here an institution is simply being defended which up to now — I will not say has served certain interests — naturally it has served interests — certain interests; Great Britain found that it had to import potatoes — as well as early potatoes. Nevertheless, a fully guaranteed price was set for a product where variations in output are far greater than with any other product. This was done by a completely monopolistic producer marketing board which also had considerable power as regards the policy on potato imports.

I cannot imagine that anyone who supports the idea of a common market, including agricultural produce, can by implication advocate such a system. In the Community we have the lowest prices in the world for potatoes — I am talking about potatoes. This is bound up with the fact that we have an excellent climate for potatoes. We have introduced protection for early potatoes and, in addition to the normal free warehouse customs duties, a reference system which guarantees a minimum price for producers in our most southerly countries. I feel that this is not taking things too far. These are the producers in the poorest areas of the Community — the south of southern Italy.

I agree with those who have asked for this matter to be put on the agenda for Thursday or Wednesday at the next plenary part-session. In my view, the way it is being handled this time is shameful. The matter is discussed in a way that is completely in contradiction with the facts. I am ready to provide the Committee on Agriculture with all the facts going back over the last 25 or 20 years, because I cannot bring myself to believe that all the United Kingdom representatives have really spoken in knowledge of the facts or have really been able to compare and then speak in the way they have. This, for me, is just not possible. It cannot be that all they are after is to protect an institution. If this is the case, then in Great Britain anyhow, as far as Members of Parliament are concerned, there can be only Conservatives, and Conservatives of the extreme right into the bargain.

(Applause from the centre and the right)

President. — I call Mr Liogier.

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, I feel that a problem as important as the one we are now debating should not be put to the vote in a hurry on a Friday morning, when many of our colleagues have already had to get back to their national parliaments or constituencies.

As the Commissioner has just said, it is nothing short of shameful.

For this reason, I ask that the debate and the vote on this motion be deferred to the next part-session...

(Protests from certain benches on the left)

... and express the hope, with Mr Lardinois, that the debate can be held, this time, in mid-week and with most of the Members present.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Are we to interpret the statement of the Commissioner as meaning that he is prepared to refrain from proceeding any further with these proposals until Parliament has had a further and fuller opportunity to discuss them? Is that the Commissioner's undertaking?

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (*NL*) Indeed, the matter is very important, and Parliament is clearly so badly informed that the question ought to be put on the agenda again for the next part-session, at a time when maximum public attention can be drawn to it.

President. — I call Mr Laban.

Mr Laban. — (*NL*) This proposal has been dealt with thoroughly at three meetings of the Committee on Agriculture. We have now discussed it for more than one hour, although I agree with Mr Lardinois that it can hardly be called a satisfying debate. The House is fuller now than is often the case during the day-time. I take the view that we ought to vote on this proposal now. If this vote is postponed, other matters will have to be taken off the agenda for the next part-session. For this reason I am in favour of a vote being taken now.

(Applause from the left)

President. — I call Mr Cointat.

Mr Cointat. — (*F*) Like my colleagues, I must admit that I am a little concerned that this debate on so important a problem should take place on a Friday.

The question is whether we wish to make our common agricultural policy complete. At the moment a number of products, like potatoes, sheepmeat, horse-

meat and alcohol do not come within the agricultural common market.

The problem is therefore important and some confusion clearly prevails in our Assembly. I feel, Mr President, that Mr Liogier's proposal to postpone the vote is difficult to put into effect and I should be inclined to support Mr Laban's position, which seems to me reasonable. On the other hand, I do not feel that we are all sufficiently well-informed on this problem and that it would be better to consider referring it to committee in an attempt to find a more or less satisfactory solution for everyone.

For this reason, Mr President, on behalf of my group I request that it be referred to committee.

President. — I call Mr Howell.

Mr Howell. — Speaking on behalf of the Conservative Group, I feel that we should support Mr Cointat's suggestion of reference to the committee. I found myself very much in favour of Mr Hughes's initial, moderate remarks at the start of this debate, but since then we have heard some foolish contributions from Mr Molloy and Lord Bruce of Donington, and I feel that it would be wrong if we were to leave our support in that direction. Having heard Mr Lardinois' statement and noted the strength of opinion he has on this matter, I believe that we should reconsider this whole question in committee.

My own view has been that we are not here tackling the major problem. It was for that reason that I supported rejection in the first place. I still feel that we should consider the major difficulties in agriculture before we adopt this proposal. It is the view of my group, having heard the Commissioner, that this proposal should be referred to the committee.

President. — I have received a request for reference to committee. This request having been made by Mr Cointat and supported by Mr Howell, it remains for us to hear a speaker opposed to this request.

I call Mr Hughes.

Mr Hughes. — In view of your suggestion that Mr Cointat has in fact moved this proposal, I would suggest that Mr Laban has already indicated why I would reject reference to committee. We have discussed this in the Committee on Agriculture on numerous occasions and there is a clear division of opinion as to the sort of regulation that is needed for potatoes. Therefore there is no point in referring it back.

President. — I put the request for reference to committee to the vote.

Reference of this report to committee is agreed.

9. *Effects of the drought*

President. — The next item is the motion for a resolution tabled by Mr Liogier, on behalf of the Group of European Progressive Democrats, on measures to alleviate the effects of the drought (Doc. 175/76).

I call Mr Liogier.

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, although the motion for a resolution is clear enough in itself not to need any comment, I feel I should draw the attention of the European institutions to the disastrous drought which is having calamitous — and in some cases irreparable — effects on the most ill-favoured regions of our Community, particularly the hilly areas.

There is already a tendency for these areas to become depopulated, and this trend must be reversed at all costs in order to prevent them from becoming deserted and to ensure that people remain — which has now become absolutely essential. The hay has all been cut — at a very early date this year — and the grass was extremely scarce. This has brought sales of livestock forward and so will lead to the departure very soon of the farmers concerned. It is therefore absolutely necessary to help them through this difficult pass if we want them to stay on the land. Perhaps the European Social Fund could be used to help them. I put the question to Mr Lardinois.

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

Mr Laban. — (*NL*) Mr President, when giving my vote for dealing with Mr Liogier's motion for a resolution by the urgent procedure, I pointed out that Parliament should be careful about decisions on this type of resolution without establishing certain criteria regarding what we mean by a natural disaster and in what cases measures for mitigating the effects on agriculture of such disasters ought to be supported from the Guidance Section of the EAGGF.

When an earthquake happens as severe as the recent one in Friuli, there is no question about the need for such aid. I also feel that, in view of its effects on agriculture, one can talk about a disaster when a dam bursts and great areas are flooded with water. Then there is no difficulty in speaking of a natural disaster or making it possible for aid to be lent. In a disaster of this kind, infrastructures are often destroyed as well.

However, I doubt very much whether the Community ought to act in the case of climatological conditions in so broad a geographical area as ours, if it is a matter of a drought, or too much rain, or ground frost, in certain countries or even certain parts of Member States.

I feel that, in the first place, we must establish whether it is not just one of the operational risks that are always present in farming and whether in certain cases it is not a job for the Member States themselves. If I heard rightly, the French government has already offered help in the situation referred to in Mr Liogier's motion for a resolution.

For all these reasons, my group feels that we should take no decision on the motion but that it should be referred to the Committee on Agriculture so that we can consult together with Mr Lardinois on this problem. My group suggests that a study could then be made to establish yardsticks for natural disasters whose results are such as to warrant, in principle, help being given from the European Guidance and Guarantee Fund.

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

Mr Spicer. — We strongly support and understand the anxieties that have been expressed by Mr Liogier, and at the same time we wholly agree with what Mr Laban said.

In the South of England in the last 14 months we have had only 52 % of our normal rainfall and we are facing a situation which borders on the disastrous. Private water-supplies on farms and spring-water are drying up, and people are already being forced to implement emergency measures. If the weather continues for the next two months in the same way, harvests will undoubtedly be severely affected.

I have had a report from the National Farmers' Union, however, that, although they are worried about the situation, they do not feel that, generally, it is critical and would not care to give an estimate of what will happen this year. That is probably because last year alarming reports were put out during the drought and many of those fears, because we had a good autumn and winter, were in the event unfounded.

I support Mr Laban in that I believe that this is a subject that should be considered by the committee in much greater depth and in the longer term. One of the worries we have and about which we should be concerned arises from the way in which we in the farming community have been encouraged to drain away our natural water-supplies, get the water off the land and out to sea, or anywhere, as long as we have dry land with which to work.

The time has come in the Community when we should be working in the other direction, looking at ways of producing small reservoirs and dams and building up more ponds for emergency supplies on

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our farms. It is in this area that I hope that the Commissioner will be able to draw on advice from the National Farmers' unions within the Community, to see whether some small measure of support can be given to farmers in order to encourage them to conserve their water, rather than drain it off the land. If they drain it away, in an emergency such as the present they are looking around for water at any price. That is my view.

I recognize the emergency situation which we face in some Member States. The north of England is splendidly watered at the moment, but the south is in very poor order and the same applies in other parts of the Community.

I support Mr Laban. This proposal should be considered in great depth within the Community, because another year of drought such as the last 14 months might place us in a disastrous situation. I know that the Commissioner accepts that that is so.

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

Mr Pintat. — (*F*) Mr President, a large proportion of the stock-farming areas is affected by drought. Prices are under pressure and there is a risk of their collapsing. Some categories have benefitted from the standing intervention rules — sheep, beef cattle, and so on.

The Liberal and Allies Group asks for emergency measures to extend the standing intervention rules to other threatened categories; for example, other cattle such as milk cows that have gone dry are reaching the market earlier than they should because of the drought. Intervention should therefore be extended to a wider field.

We would like to have the Commissioner's views on this important subject in the present circumstances.

The Liberal and Allies Group is against referring the matter to committee because if all problems were referred back none would ever be solved,

We therefore agree with Mr Liogier's proposal.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (*NL*) Mr President, I feel we should be grateful to Mr Liogier for enabling us to spend some time on this drought problem, which is very serious in certain parts of Europe, particularly in large parts of Western, Central and Northern France — in contrast to the most northerly parts of the Community, where at the moment there is a very fine standing crop, although it is too early yet to talk about a record harvest. The situation in the drought-stricken areas appears to be very serious at this moment and I have therefore accepted an invitation from Mr Bonnet, the French Minister of Agriculture, to visit these areas in France next week.

I can also tell Parliament that the Council will be giving its attention to the problem at the beginning of next week. This has already been agreed between the President of the Council, Mr Bonnet and myself. In the Community there is, it is true, talk of a difficult situation as regards payments in the case of disaster situations.

I believe that it is extremely difficult to devise rules for this. It is clear that the Community cannot withhold its help in cases like the Friuli disaster. Last year we took no action when the area between Amiens and Rotterdam and large parts of England had too much water, although we should not have been able to give the Member States anything even if they had wanted us to.

The nature of the areas, too, must not be forgotten. The areas I have just mentioned are among the richest in the Community, as regards soil structure and similar factors. With the present drought there is talk of a different situation. In most cases, too much water causes more permanent damage than drought. In large parts of the Community the situation looked very serious last year, even in Ireland with all its rain. It was feared that agriculture in these areas would have one of its worst years. Instead it became one of the best, with an exceptional autumn, a mild winter and an early spring coupled with pasture growth such as we rarely see in the months of September, October and November. At the moment we cannot tell what the damage caused by the drought will be. The Commission has the utmost sympathy with those who fear for their livelihood.

One of the consequences of the drought is the very large supply that has suddenly come on the meat market through the disposal of cows. This may have repercussions on the whole course of the market. It may be that supply will become greater in the summer and much smaller again in the winter. This can be dangerous. I hope that a decision will be taken today regarding a supplementary regulation in the form of private intervention for cows as well. The Community is to pay for this. This will require a sum from the Community over and above the amount which the French Government today announced as aid for the drought-stricken areas in France. This aid from the Community comes under the Guarantee Section. Naturally it covers a far broader sector than just stock-farming.

What we can do is to ensure that operations on the markets proceed smoothly, this being in the interest of consumers as well. I cannot now say whether we can do anything about water-supplies in the framework of the Guidance Section. It seems to me that at the moment this is not possible. This would be like locking the stable door after the horse had bolted. I agree with Mr Spicer that in the Community far too

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much has been done to get rid of water, with the result that agriculture in Western Europe has become far more vulnerable to drought. In this connection, I am also thinking of the much higher productivity.

That may have been all right for the fifties and sixties, which were predominantly wet. But if there is any truth in the climate having certain cycles, then it is more likely that we shall now have a repetition of the weather of the thirties and forties, when fine dry summers were the rule.

I am therefore wholly in agreement with the honourable Member that in a certain sense we have been too short-sighted. We need to rid the land of superfluous water, but we need to keep this water, one way or another, in order to be able to use it for watering in the summer even when the weather is normal and not, that is, just when the weather is exceptional. I believe that intensive agriculture owes this to itself.

(Applause)

President. — I put to the vote the request made by Mr Laban for reference to committee.

Reference to committee is agreed.

I call Mr Spicer on a point of order.

Mr Spicer. — May we have an assurance from those members of the Committee on Agriculture who are here — I gather that they will be attending a meeting in Paris on Monday and Tuesday — that they will do their best to ensure that this item is included on the agenda on Monday as a matter of urgency for preliminary discussion? That would be most helpful and would meet the point raised by those who voted in favour of immediate reference of the matter to the committee.

President. — On this subject I consult Mr Laban.

Mr Laban, deputy chairman of the Committee on Agriculture. — *(NL)* I shall be glad to ask the committee secretariat to add a debate on this motion for a resolution to the agenda for the meeting that we shall be holding in Paris next Monday and Tuesday. The Committee on Agriculture can then decide whether this point should be dealt with at once.

10. *Regulation on the processing and marketing of agricultural produce*

President. — The next item is the report by Mr Howell, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation concerning common measures to improve the conditions under which agricultural produce is processed and marketed (Doc. 162/76).

I call Mr Cointat on a point of order.

Mr Cointat. — *(F)* Mr President, I would ask Mr Howell to kindly forgive me if I ask Parliament, on behalf of my group, for this report to be referred to committee.

The fact is that this problem is as important as the potato question we were talking about just now. This being, so, it does not seem right to me and to my colleagues that we should consider it in haste at the end of this part-session when the time is almost 11.30. In view of the size of the document prepared by Mr Howell and the large number of amendments tabled and not yet considered by the committee, I think that reference to committee is unavoidable. This would also enable the Committee on Agriculture to study the amendments more thoroughly and Mr Howell to draw up a report in full knowledge of the facts, for which I thank him, and Parliament, warmly in advance.

President. — I call Mr Howell.

Mr Howell, rapporteur. — First I thank Mr Cointat for his kind references to my report. I am in complete agreement with him. A considerable amount of time was taken to prepare the report. The Commission may note what is said here. It may take the appropriate action in the meantime. One more month of delay will not matter.

The nine amendments, which we have had no opportunity to consider, may be discussed at our committee meeting on Monday. I trust that the report will occupy a more favourable position on next month's agenda. Therefore I agree with Mr Cointat's suggestion that the matter be referred to committee.

President. — I call Mr Shaw.

Mr Shaw. — Some of these amendments clearly have budgetary implications. It would be wise for the Committee on Budgets to have the opportunity of discussing them before a final decision is taken.

President. — I put to the vote the proposal for reference to committee.

The proposal is adopted.

11. *Change in the agenda*

President. — Ladies and gentlemen, in order to gain time, I propose that we deal consecutively with the four reports on which a vote is to be taken without debate.

Are there any objections?

That is agreed.

12. *Decision on surveys of bovine livestock — Directive on the production potential of certain types of fruit-trees — directive on surveys of pig production — directive on preservatives*

President. — I put to the vote the motion for a resolution contained in the report by Mr Martens, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on the continuation of the surveys to be carried out by Member States on bovine livestock (Doc. 124/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Martens, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a directive concerning the statistical surveys to be carried out by the Member States in order to determine the production potential of plantations of certain fruit-trees (Doc. 125/76).

The resolution is adopted.¹

We shall now consider the report by Mr Martens, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a directive concerning surveys of pig production to be made by Member States (Doc. 157/76).

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) The motion for a resolution in this report of Mr Martens on the proposal for a decision on the surveys to be carried out by the Member States on bovine livestock contains a proposal for an amendment.

If the European Parliament has no objection, I am willing to accept this proposal for an amendment.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Jahn, on behalf of the Committee on Public Health, the Environment and Consumer

Protection, on the proposal from the Commission of the European Communities to the Council for a directive for a twelfth amendment to Council Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (177/76).

The resolution is adopted.¹

13. *Regulation on the common organization of the market in hops*

President. — The next item is the report by Mr Früh, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops (Doc. 156/76).

I call Mr Früh.

Mr Früh, rapporteur. — (D) Mr President, ladies and gentlemen, in view of the advanced hour I shall be very brief, although a market regulation approved *this morning* will be suspected of being unimportant because we have had to postpone all this morning's important business.

In the case of hops, the subject is not a new regulation but an amendment to the one in existence since 1971. I would like immediately to extend Parliament's thanks to the Commission. When we approved the original regulation we asked for a change to be made, and that has been done.

The object of the amendment to the regulation — whether it will be achieved cannot be stated with absolute certainty — is to bring the difficulties on the Community and world hopmarkets under firmer control. There are doubts whether this is possible with these measures, but through them an attempt is made — in a way which I could also conceive for other market regulations — to improve the regulation by changing it after a certain time has gone by and experience has been gained.

The intended purpose is to stabilize production, to ensure reasonable returns, to balance supply and demand on the market, and, finally, to restrict expansion by suitable measures.

In detail, it is a question of a more intensive quality policy, to which the Committee on Agriculture has proposed an amendment which I shall briefly explain. Quality is to be safeguarded by a procedure for designating the origin of the hops so that lower quality varieties cannot reach the market.

¹ OJ C 159 of 12. 7. 1976.

¹ OJ C 159 of 12. 7. 1976.

Früh

Secondly, the catalogue of varieties — previously there were 17 — is to be simplified in that grants of aid will be given for only 3 groups in which hops will be classified. Also, these grants-in-aid, previously calculated on the basis of the whole area under cultivation, will now be based only on the areas in full production. This, of course, will reduce the aid granted.

Lastly, in addition to strengthening the position of the producer-groups, considerable importance will be attached to improving market conditions. The rule for grants of aid to producer-groups for varietal conversion is that each hop-garden must be reduced by 40 % if the corresponding aids are to be given.

That brings me, already, to the end of my introduction and leaves me, Mr President, only the Committee on Agriculture's amendments to the Commission's proposal. In Article 3, the words 'for the designation of their origin' should be added after the words 'certification procedure'. This has already proved its value, since in this way everyone on the market knows where the hops come from and can thus judge their quality.

In addition, the Committee on Agriculture proposes that sub-paragraph (e) of Article 5 (3), laying down over — restrictive conditions for the producer-groups, should be deleted.

For sub-paragraph (h) in the same article, on which discussion in the Committee on Agriculture has already foundered once, the Committee on Agriculture suggests that the Commission's wording 'on the common market or on a substantial part thereof' be toned down and replaced by the words 'in the Community'. I could have drawn attention to the Marketing Board for potatoes and so on, for this is related to it; but we took the view that this does not cause distortion on the market and in competition.

The last proposed amendment relates to Article 7, which states that recognized producer-groups may be granted aid for measures completed by 31 December 1977. Since we have already burnt our fingers before and know, from experience, the time it takes for this kind of regulation to be finally approved, the committee on Agriculture proposes that the time-limit be extended. The wording here should read: '... within two years after the entry into force of this regulation'. I think this is really self-explanatory.

With that, Mr President, I shall bring my presentation to a close, in view of the advanced hour, and recommend the House to approve the motion for a resolution with the amendments proposed by the Committee on Agriculture.

(Applause)

President. — I call Mr Hansen, draftsman of the opinion of the Committee on Budgets.

Mr. Hansen, draftsman of an opinion. — *(F)* My comments on the opinion of the Committee on Budgets regarding this proposal will be fairly short,

firstly, because the Commission's text is clearly presented and, secondly, because I have given my viewpoint and that of the Committee on Budgets in detail in the Opinion itself.

Firstly, it has to be said that hop-growing is a very small part of Community activity. Even so, it is now, and will continue to be, highly important to the producers of this product, particularly in certain areas of the Community.

The figures quoted in the opinion show that hop-producers have had to put up with extremely difficult conditions in recent years. Incomes have declined and, given the inflationary conditions, growers have suffered relatively substantial losses in real terms.

At first sight it might be felt that an increase in productivity accompanied by a fall in prices is a positive gain. But the instability of the market, causing losses for producers, goes against the spirit of the Treaty, which, although calling for higher agricultural productivity, also refers — I am quoting Article 39 — to the need 'to ensure a fair standard of living for the agricultural community'.

The specific factors that have contributed to the change in the hop-market situation are set out in paragraph 4 of the Opinion, and there is no need for me to repeat them in detail now. It would, however, seem apparent that structural measures designed to stabilize the situation are really necessary.

Budgetary aspects are dealt with in paragraph 8, and the table attached to the Opinion gives budget outlay figures for recent years and estimates for the next few years. If the Commission's proposal is approved, the improved organization of the hop-market might well stabilize production, ensure adequate supplies and reduce the burden of aid to producers on the general budget, which is tending to increase.

The opinion of the Committee on Budgets is favourable because :

- the expected effect of the proposal may be a levelling off in the cost to the Community, particularly after 1978 ;
- the Commission's proposal was prepared with greater efficiency in mind and aims at a long-term moderation in expenditure ;
- the proposal is also designed to help rationalize hop production and, in the event of structural surpluses, provides for recourse to restrictive measures in respect of the award of state aid.

I now come to the last budgetary aspect. In view of the large imponderables hanging over the production and marketing-price of hops, the budgetary estimates put forward by the Commission may be accepted as reasonable.

In conclusion, I would point out that the Committee on Budgets is more in favour of recasting the basic regulation than of presenting amendments in the form of a special text. It therefore considers that the

Hansen

provisions concerning a product would be clearer and easier to consult if they were published in the form of a single text.

Lastly, our committee has requested that the Commission make maximum use of the appropriations available in the 'Guidance' section of the budget, including those that have been brought forward, in order to minimize recourse to the 'Guarantee' section.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) On behalf of the Commission, Mr President, I thank Mr Früh and Mr Hansen for the report they have produced. I am pleased that the Committee on Budgets has been able to give a favourable opinion.

With regard to what Mr Früh said about the wording of Article 5 (3), I can tell you that the Commission goes along with the wish for greater flexibility. We agree that possibly there should be reference to a dominant position in the Community. I think that this will steer the problems of the so-called boards into calmer water.

The next point is that of the designation of origin. In our view there may be a tendency here to build in a certain exclusivity for state monopolies, and I would warn you about this. The system I agree, is used in the Federal Republic of Germany — but not elsewhere. I feel that we would do better to exercise the necessary flexibility on this point and not create or maintain too many monopolies.

Next, the wish was expressed that a little more time be allowed for varietal conversion after the entry into force of this regulation. If Parliament supports this view, then I will agree that it should be for one or a maximum of two years.

Moreover, I am ready to consider, in relation to Article 5 (3), extending the period for notifying the intention to leave, which would strengthen the bond between producers and their organizations. I feel that the period of one year that we have proposed could be increased to two.

However, we cannot demand that someone who becomes a member must remain one for life. This cannot be reconciled with the principles of freedom of association or of membership of associations in Western Europe. Cases where it is done are very great exceptions. The principle is accepted in some Member States, but in my opinion we should not introduce the principle of irrevocable membership of a specific association. I agree with increasing the period for giving notice from one to two years. After all, we are not dealing with annual but perennial crops.

President. — I call Mr Cointat.

Mr Cointat. — (F) Mr Liogier has asked me to speak on his behalf on the hop problem.

We are indeed in a difficult situation caused by the increase in the areas cultivated for hops, falling prices and accumulating stocks.

It was therefore perfectly normal for the present regulation to be improved. I must say, at once, that my group supports this new regulation, whose object is to improve hop quality, to group varieties in order to facilitate the grant of aid to producers and to strengthen economic organization and producer-groups. In our view, this new method should help production to adjust to market trends and also to eliminate the unprofitable varieties. We also think that the producer-groups will have greater responsibility, since the aid will be channelled through them. But we know that representatives of the trade have entered a number of reservations as regards reinforcing the position of the producer-groups. Perhaps they are afraid of the creation of a monopoly position. As far as we are concerned we feel that this competition is desirable and that, in the future, it will even promote competition between the producer-groups themselves.

In conclusion therefore, Mr President, this is a reform that gives us satisfaction. We shall vote for it. Allow me, however, to express one slight reservation. We would warn the Community officials responsible against a system of granting aid that did not function on very democratic lines. This procedure — and Mr Lardinois will not resent my saying so nor be surprised either — should not be left solely to the judgment of the central administration in Brussels. We feel that greater decentralization, in the management committee for example, would be the most suitable approach for contacting the producer-group, which are, in fact, the focal centre of the whole matter. Subject to this reservation, we shall vote for this proposal with much enthusiasm and approve the report presented by Mr Früh, whom I thank for the excellent piece of work he has been kind enough to present to us.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted¹.

14. Change in the agenda

President. — I call Mr Schwabe on a point of order.

Mr Schwabe. — (D) I would like to draw the attention of the House to the fact that we still have a great deal of business on the agenda, which could certainly keep us busy till tomorrow. I have stayed in order to deputize for Mr Müller as rapporteur. There is, as I hear, an inclination in the House to decide at some time or other that these items should be postponed to the next-session. If this is to be decided, then I would ask for it to be done now.

¹ OJ C 159 of 12. 7. 76.

President. — I call Mr Osborn.

Mr Osborn. — I thank Mr Schwabe, who is acting for Mr Müller, for raising this point.

I have before me a report from the *Financial Times* headed:

Clean-up bill could total annually £5 billion resulting from the Oslo Conference.

I have also had a sight of the report of the Committee on Economic and Monetary Affairs on this issue pointing out the cost element. Mr Müller in his report refers to this matter.

In view of the fact that we also have amendments which I have not been able to discuss with Mr Müller, may I endorse Mr Schwabe's initiative and request that the debate be postponed to another day? I also ask the President — and I shall support this by letter — that the Committee on Economic and Monetary Affairs should look at this question and give an opinion before the debate, which should take place early in Luxembourg next month.

President. — I put to the vote the request to refer the reports by Mr Müller to committee.

Reference to committee is agreed.

In addition, Mr Osborn proposes that these documents be submitted to the Committee on Economic and Monetary Affairs for its opinion.

Are there any objections?

That is agreed.

15. *Regulation fixing the intervention centres for oil-seeds*

President. — The next item is the report by Mr Ligios, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation fixing the main intervention centres for oil-seeds for the 1976-77 marketing-year and the derived intervention prices applicable at these centres (Doc. 120/76).

I call Mr Früh.

Mr Früh, deputy rapporteur. — (D) Mr President, the rapporteur has merely asked me to explain that for reasons we know about he cannot be present and that we have to do without any oral presentation.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) I have no objection to the motion for a resolution, and I can promise to submit the requested full report to Parliament by the end of this year.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted.¹

¹ OJ C 159 of 12. 7. 1976.

16. *Regulation temporarily suspending the duties on certain agricultural products*

President. — The next item is the report by Mr Laban, on behalf of the Committee on Agriculture, on 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. 123/76).

If Mr Laban agrees, we might dispense with the oral presentation of this report.

I call Mr Laban.

Mr Laban, rapporteur. — (NL) Mr President, this proposal comes up every year. I willingly agree with your suggestion. I would just like to hear from Mr Lardinois whether he agrees to the motion for a resolution.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) I can only promise that I shall accept certain paragraphs in the motion for a resolution. But that put forward in paragraph 2 I shall first have to look into more closely. I think I can say that we ought to go in that direction, but in view of the fact that the serious discussions in GATT will probably begin in the autumn, I do not think this is the time to make unilateral concessions. The concessions are admittedly not worth all that much, but I still feel we should be running a bit too fast. The negotiations are going to be very difficult, and in multilateral discussions in the framework of GATT we shall certainly need some small change.

With paragraph 3 I have no difficulty.

In paragraph 4, stress is again laid on the desirability of statistics concerning a number of products of very minor significance. I would advise Parliament against taking such a decision. If we move in that direction, then national statistics will have to be produced on an even more specific basis and our national civil services would have even more detailed work to do. The amount of work it requires is enormous.

I am sorry to say that this paragraph is not acceptable to me.

President. — I call Mr Laban.

Mr Laban, rapporteur. — (NL) I agree with this. We are pleased that the Commission speaks of a permanent suspension of the provisions relating to these products, which we cannot grow on a sufficient scale. The problem causes the inevitable fuss and bother with the customs as well.

Laban

Waiting for the GATT negotiations is understandable, but I have no great expectations that we shall get anything out of them, for the products are too unimportant. If the result should be that we get nothing out of them, then on behalf the Committee on Agriculture, *inter alia* for the reasons I have given, I urge that permanent suspension be decided.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted.¹

17. Regulations on imports of certain agricultural and fishery products from Algeria, Morocco and Tunisia

President. — The next item is a joint debate on the following reports, all drawn up on behalf of the Committee on External Economic Relations :

— by Mr Pintat (Doc. 135/76) on the proposals from the Commission of the European Communities to the Council for regulations concerning

- I. imports of durum wheat from Morocco
- II. imports of wine of fresh grapes, intended for fortifying, originating in Algeria
- III. imports from the Popular Democratic Republic of Algeria of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
- IV. imports from the Republic of Tunisia of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
- V. imports from the Kingdom of Morocco of bran, sharps and other residues derived from the sifting, milling or working of certain cereals
- VI. imports of olive oil from Algeria
- VII. imports of olive oil from Morocco
- VIII. imports of olive oil from Tunisia ;

— by Mr Pintat (Doc. 136/76) 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 apricot pulp falling within sub-heading ex 20.06 B II c) 1) aa) of the Common Customs Tariff and originating in Morocco (year 1976), and
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within sub-heading ex 20.06 B II c) 1) aa) of the Common Customs Tariff and originating in Tunisia (year 1976);

— by Mr Pintat (Doc. 137/76) on the proposals from the Commission of the European Communities to the Council for

- I. a regulation on imports into the Community of prepared and preserved sardines originating in Morocco, and

II. a regulation on imports into the Community of prepared and preserved sardines originating in Tunisia ;

— by Mr Pintat (Doc. 138/76) on the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin falling within sub-heading ex 22.05 of the Common Customs Tariff and originating in Algeria (1976-77); and

— by Mr Laban (Doc. 139/76) on the proposal from the Commission of the European Communities to the Council for a regulation suspending the application of the condition to which imports of certain citrus fruits originating in Morocco or Tunisia are subject under the agreements between the Community and each of those countries.

I call Mr Pintat.

Mr Pintat, rapporteur. — (*F*) Mr President, ladies and gentlemen, these four combined reports that I have the honour to present to you are the outcome of a general report already discussed by our Assembly regarding the implementation of a Mediterranean policy.

The new agreements on co-operation recently signed between the EEC on the one hand and Algeria, Morocco and Tunisia on the other will not come into force until they have been ratified. The contracting parties have therefore decided to conclude interim agreements for the advance implementation of certain trade provisions.

These interim agreements, which must enter into force by 1 July 1976 at the latest, provide for the autonomous extension by the Community of the trade provisions in the association agreements concluded with Morocco and Tunisia in 1969, which expire on 30 June 1976. Provisions therefore have to be laid down now to implement the arrangements for importation into the Community of certain agricultural products originating in Morocco, Tunisia and Algeria so that these provisions can enter into force at the same time as the interim agreements.

I shall not go through the text of the four reports concerned, but simply give an indication of their subject-matter.

The first document (135/76) relates to the transitional provisions for imports of durum wheat from Morocco, imports of wine of fresh grapes, intended for fortifying, originating in Algeria, imports of bran, sharps, and other wheat production residues from the Republic of Algeria, the Republic of Tunisia and the Kingdom of Morocco, and three headings relating to imports of olive-oil from Algeria, Morocco and

¹ OJ C 159 of 12. 7. 1976

Pintat

Tunisia. Quantities and conditions are set out in the report.

The second report (136/76) relates to a number of transitional provisions for regulations regarding imports of apricots from Morocco and Tunisia. Quantities and breakdown are set out in the report, which has been distributed.

The third document (137/76) relates to imports of sardines from Morocco and Tunisia. In order to ensure continuity of trade in these products, the report proposes that the transitional system instituted by the regulation be kept in force for the time being.

Lastly, the fourth document (138/76), which completes the arrangements introduced under this Mediterranean policy for the Maghreb countries, relates to a regulation concerning the procedure for the opening of a Community tariff quota for imports of certain wines of designation of origin from Algeria. Of course, the problem of wine-prices is extremely important, for fairly obvious reasons. The wine market is currently disturbed by a number of factors, and this text cannot be considered without taking certain precautions. Since the necessary statistics on sales to Member States over the last three years are not available, the initial quotas are simply based on the amount of these wines that the various Member States are able to absorb. But, and this is where the safety guard comes in, to benefit from these tariff quotas, the prices at which these wines are imported into the Community must always be at least as much as the reference free frontier prices applicable to them.

In its study of the four documents that I have just summed up very briefly, the Committee on External Economic Relations had no comments to make and recommends Parliament to adopt the proposed regulations.

President. — I call Mr Laban.

Mr Laban, rapporteur. — (NL) On behalf of the Committee on External Economic Relations, I second the general presentation given by Mr Pintat. The report I had to produce relates solely to a tariff reduction as provided for in the agreements with Morocco and Tunisia in respect of fresh oranges and small fresh citrus fruits. In the old agreements, lowering the tariff was dependent on a price yet to be agreed, which had to be higher than the applicable reference price. In the new agreement this dependence is no longer necessary. The season for these fruits begins particularly early and it is therefore necessary to have an interim regulation. The Committee on External Economic Relations is in agreement with this and I therefore recommend Parliament to approve this motion for a resolution.

President. — I call Mr Boano, draftsman of the opinion of the Committee on Agriculture.

Mr Boano, draftsman of an opinion — (I) I congratulate Mr Pintat and Mr Laban for the concision and clarity of their speeches, and shall confine my comments to two brief comments in the name of the Committee on Agriculture.

Firstly, I would like to voice the committee's regrets at having been informed in a purely marginal way of these agreements, which, in fact, essentially concern agricultural produce and whose effects inside the Community will mainly be felt in the agricultural sector. Secondly, I have to deplore the somewhat one-sided criterion, if I may say so, on which these agreements are based, for they provide for the immediate entry into force of the rules they contain when the change in the *status quo* represents an improvement for the Maghreb countries, but delay the entry into force of some clauses — for example, that regarding the preparation of sardines and sardine-based products — whose implementation would include the creation of a minimum safeguard profit-margin, through a minimum price, in favour of Community production.

I would add that we are also sceptical about the possibilities of effectively checking the quality of certain imports — for example, the so-called Algerian wine of designation of origin, which is to be brought into the Community in bulk, in containers of up to 50 hectolitres. We are somewhat sceptical about the possibilities of checking the effectiveness and genuine application of the special export tax on olive-oil to be collected by the Maghreb countries in place of the usual levies.

In other words, we support the objects proposed in the agreements but we are rather sceptical about the instruments and about future developments. We fear that these concessions on the part of the Community — which ought to carry in them the postulates of a great plan (at political level as well) — may prove to be fruitless and bring no return.

It has been repeatedly stated that these agricultural agreements with the Arab countries on the other side of the Mediterranean would signal the start of large-scale negotiations including oil products as well. I am afraid that this possibility is still difficult and remote. One need only consider the fact that at the first official meeting, held one month ago in Luxembourg, between the seven special working-parties that had been set up in the Euro-Arab dialogue, the Committee on Energy — in other words the committee responsible for the sector about which the Community was most concerned — was not represented.

The Committee on Agriculture gives its qualified approval to these agreements. Our hope is that a real interdependence may come into being between the countries on the two sides of the Mediterranean but that its cost and the sacrifices that it will involve will

Boano

not be confined to only one of them — the Community side — and to only one sector of production.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) I thank Mr Pintat and the two other rapporteurs for their reports and opinions. To Mr Boano I would reply that, in the agricultural sector, concessions have been both made and received. Algeria has to reduce its future wine exports to the Community considerably; as regards processed fruit and vegetables we have set up an internal regulation, and the reference prices for non-processed vegetables and fruit have been substantially improved. The concessions in the wine sector have been completely neutralized through internal measures. Some of the concessions are degressive. I feel that here there is a psychological phenomenon at work. Those who have not studied these matters thoroughly have often formed the impression that the concessions were only on one side. What we have done is the minimum that we could accept for the Mediterranean areas.

On behalf of the Commission, I extend my especial thanks to the three rapporteurs for their reports.

President. — Does anyone else wish to speak?

I put to the vote the motion for a resolution contained in Mr Pintat's first report (Doc. 135/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in Mr Pintat's second report (Doc. 136/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in Mr Pintat's third report (Doc. 137/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in Mr Pintat's fourth report (Doc. 138/76).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in Mr Laban's report (Doc. 139/76).

The resolution is adopted.¹

18. Draft estimates of Parliament for 1977

President. — The next item is a report by Miss Flesch, on behalf of the Committee on Budgets, on the draft estimates of revenue and expenditure of the European Parliament for the financial year 1977 (Doc. 130/76).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, Parliament had an opportunity on Tuesday last to consider these draft estimates. Several Members then told us of

their concern, first as regards the organizational efficiency of the work of the Parliament staff and secondly regarding the need for Parliament to draw up its budget with some regard for economy.

We had also received three amendments tabled by Mr Aigner and Mr Notenboom, on behalf of the Christian-Democratic Group, calling for the deletion of some of the posts requested, particularly by the Bureau, for 1977. These amendments, too, sprang from a concern for economy.

The Committee on Budgets, to which the amendments were communicated, considered them at its meeting on Wednesday afternoon and decided by 13 votes to 1 to propose that our Parliament should not take a decision on these amendments at this stage of the procedure but that, instead, we should discuss them in October during the last stage of the internal budgetary procedure. We therefore propose to add the three amendments by Mr Aigner and Mr Notenboom to the problems that we have held over for the October debates.

The Committee on Budgets also decided meantime to make contact with the Secretary-General and his services in order to obtain certain additional information, and with the Office of the President of the European Parliament as well, since the amendments largely relate to proposals emanating from the Bureau.

The Committee on Budgets intends to pursue its efforts to reduce expenditure and thus improve the operational efficiency of the staff of our institution. Basically it is from this spirit of economy that Mr Aigner's amendments stem, and it is also in this spirit that the committee proposes to consider them more thoroughly during the coming weeks.

The Committee on Budgets' proposal therefore, Mr President, is to hold these amendments over until the October proceedings. Mr Aigner, their author, agreed to this procedure at the meeting held by the committee on Wednesday.

I hope that the Assembly will also agree and adopt, at this stage, the report and the draft estimates of revenue and expenditure of the European Parliament for 1977.

President. — With the agreement of their authors, Miss Flesch proposes that consideration of the amendments tabled by Mr Aigner and Mr Notenboom be postponed to the second part-session in October 1976.

Are there any objections?

That is agreed.

Does anyone else wish to speak?

I put the motion for a resolution to the vote. The resolution is adopted.¹

¹ OJ C 159 of 12. 7. 1976.

¹ OJ C 159 of 12. 7. 1976.

19. *Communication on the Convention between the EEC and UNRWA*

President. — The next item is the report by Miss Flesch, on behalf of the Committee on External Economic Relations, on the communication from the Commission of the European Communities to the Council on renewal of the Convention between the European Economic Community and the United Nations Relief Works Agency for Palestine Refugees (UNRWA) (Doc. 131/76).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, we approved that section of the proposal dealing with the supply of sugar to UNRWA as food aid at our April part-session. That section has therefore already been debated and a resolution was adopted.

As the result of a misunderstanding, the other sections of the Communication were left somewhat in abeyance. The committee has considered them after taking the opinion of the committee on Budgets.

The purpose of the proposal under review is to alter the original timetable in order to make the renewal date coincide with the Community's financial year and so end a somewhat confusing situation. As a result, the initial period covered by the Convention will last 18 instead of 12 months.

The purpose of the second change is to remove the automatic termination of the Convention at the end of three years. The Convention is renewable every year, with or without amendment, until 30 June 1978, or the expiry of UNRWA's mandate, whichever is the later.

It is also proposed to reduce certain staff costs and, at the express request of this Parliament's Committee on Budgets, to express the sums committed in u.a. and not in dollars.

Lastly, Mr President, the opinion we previously delivered on the supply of sugar related to an amount of 2 310 000 u.a. The amounts to which the proposal we are now considering refers total 9 094 000 u.a. We are therefore asked to approve the amount constituted by the difference between the two sums — that is to say, 6 784 000 u.a.

That, Mr President, is a very brief outline of the contents of the report that I have the honour to present on behalf of the Committee on Development and Co-operation.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) On behalf of the Commission, I would like to thank Miss Flesch warmly for her report, and I gladly invite Parliament to follow her recommendation.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

20. *Regulation on imports of beef and veal from certain ACP States*

President. — The next item is the report by Miss Boothroyd, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation extending the arrangements for imports of beef and veal originating in certain African, Caribbean and Pacific States provided for in Regulation (EEC) No 3328/75 (Doc. 127/76/rev.).

I call Lord Walston.

Lord Walston, deputy rapporteur. — It is a great pleasure for me to introduce this report on behalf of my friend Miss Boothroyd, who is sorry that she is not here. I know three of the four countries involved and have the greatest sympathy for their economic situation.

When the Community found itself constrained to impose import restrictions on meat products from other countries last year, special arrangements were made for Botswana, Swaziland, Madagascar and Kenya, to help them overcome their special difficulties. Those arrangements were made on a basis of six months, with a review at six-monthly intervals. It is now time for those regulations to be reviewed and, I hope, renewed.

Botswana is clearly the country which is most closely affected by these regulations. It is a country of extreme poverty. Its livestock industry and livestock exports account for a large part of its economy. I was about to use the word prosperity rather than 'economy' but that is hardly a word that can be applied to Botswana. Indeed, 80 % of its population is engaged in agriculture. The per capita income is under 70 units of account per head per year. I mention those figures only to show the great importance of this industry to Botswana, which, over the years, has developed an important and relatively efficient livestock industry, including a modern slaughterhouse in the capital, Gaborone.

We cannot pretend that this matter is of any great significance to the Community. We are dealing here with a matter of less than 14 000 tonnes per annum, which, in terms of Community production and consumption, is negligible. It is, however, of great significance to Botswana. For that reason I hope that there will be no problem in agreeing to the report and the renewal of the regulations.

¹ OJ C 159 of 12. 7. 1976.

Lord Walston

It is worth mentioning that the matter was discussed at the ACP-EEC Consultative Assembly a few weeks ago. At the time the assembly passed the final resolution, which draws the attention of the Council of the European Communities to the concern of those ACP States which export beef and veal, at the difficulties encountered in the Community market. It welcomes the fact that the interim agreement has been concluded and calls for its consolidation. Here there is a slight difference of opinion between the report which I am introducing and Mr Cheysson, who objected to the request for consolidation. With the greatest respect to Mr Cheysson, I urge this Parliament to accept consolidation.

We do not ask for the interim agreement to be made permanent. We ask that it be dealt with on a longer basis than six-monthly intervals. Six months is undoubtedly far too short a period for any proper planning of agricultural production, especially of livestock. It is impossible to regulate the marketing of products so that every six months an equal quantity of meat comes onto the market. I hope that the Parliament and the Commission will agree with that.

I support the amendment tabled by Mr Broeksz and others, adding to the motion for a resolution a paragraph which is identical to that used in the final resolution of the ACP-EEC Consultative Assembly to which I referred.

I have one further point to make about the opinion of the Committee on Agriculture. Here it is suggested that the Commission should make checks on the use of the funds raised in Botswana and other countries as a result of the remission of the amounts otherwise payable to the Community. I should have mentioned that earlier. One of the conditions is that those amounts should be used for the development of the livestock industry in the countries affected. The Committee on Agriculture suggested that checks should be made on the use of the funds. I am completely satisfied that the funds are appropriately used. The report of the Government of Botswana on the national policy on tribal grazing land makes clear that is being done, especially on water-supplies and the improvement of grazing.

On one occasion when I was in Botswana I spoke to a livestock farmer. I asked him about the possibilities of boring for water. He told me that there was water available but, unfortunately, in order to get to it one had to drill through a layer of coal. That, of course, as he said, makes it very expensive.

That situation to me was revealing. However, in view of some of the discussions that have taken place earlier this morning in Parliament, perhaps it should no longer be so even in Europe, for in certain other parts of the world water is more valuable than coal. This is merely an indication of the problems that

people who are growing livestock in Botswana have to endure.

I hope that Parliament will support the resolution and that the Commission will adopt the recommendations contained therein.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) Mr President, I cannot deny that I am a little surprised at this motion for a resolution. Nevertheless, I would like to pay special thanks to the rapporteur for the pains and efforts he has taken in order to convince us of the soundness of Miss Boothroyd's report.

Why am I surprised? In the first place, because there is a reference to the anxiety of the ACP States which export beef and veal and to the difficulties they encounter on the Community market.

What are the facts? Last year we concluded an agreement with the ACP States. At that time we made certain concessions in the beef sector. Next, the Community brought the safeguard clause into existence. Then concessions were made to the ACP States — well before the time that this safeguard clause was to come into force — concessions which went much further than the concessions that the ACP States obtained in the negotiations concerning the Lomé Convention.

At the end of 1975 there were some administrative difficulties, and for these we came up with an interim solution. The rapporteur has referred to this. We are now proposing again to extend the derogations, which go much further than the ACP agreements, for a further six months. But, as you know, the Commission has decided that the safeguard clause should disappear during the second half of this year.

What is the rapporteur in fact now asking for? She is asking that the ACP agreements, which formally entered into force on 1 April of this year, should be broadened, unilaterally, and that the agreements should be declared to be in force when the safeguard clause no longer applies to meat.

This seems to me rather too much. It is not a question of a concession intended exclusively for Botswana but one intended for all ACP States, and you know that the number of such countries is steadily increasing. As regards the principles of the concessions we made at the time of the Lomé negotiations, we have to keep to the Treaty. It seems to me somewhat dangerous to take measures for dealing with difficulties on an *ad hoc* basis, outside the Treaty.

We cannot accept its being said that the Commission and the Council have not been particularly flexible and have not gone far enough with respect to the short-term difficulties of the countries concerned.

President. — I call Lord Reay.

Lord Reay. — Mr President, may I be permitted a few remarks, as an amendment has been tabled in my name and that of five other Members, an amendment to which Lord Walston has already spoken most sympathetically?

In no way do I resent the remarks of Commissioner Lardinois. It is undoubtedly the case that Botswana and other ACP exporters of beef have greatly benefited from concessions that the Community has made in their favour. However, Commissioner Lardinois said that he was surprised at what was being requested in the resolution and, as I understand it, particularly the amendment. He might have been less surprised had he been present at the ACP-EEC Consultative Assembly meeting two weeks ago, when the concern which Botswana and the other ACP exporters of beef expressed formed one of the principal political topics. Their anxiety concerns the continuation of the derogations which have been made in their favour if the market conditions and the Community regulations and the safeguard clause continued to apply after the end of 1976.

In this respect, we recognize the problem of tying too closely the hands of the Commission. We see that the Commission cannot make detailed regulations for a time when market conditions might be radically different from those which exist now. However, we feel that it is necessary to give some reassurance to these countries about their future. In my view, the amendment is not couched in such a form as to make it too difficult for the Commission or the Council to give some reassurance.

I therefore hope that the House will accept the amendment and that Commissioner Lardinois will not press his objection to it too strongly. He has probably already indicated that, whereas he has some misgivings, he is willing to accept the amendment.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) Mr President, I am sorry to have to say this, but in my opinion the ACP States do not sufficiently appreciate that we are ready to solve certain difficulties they have on an *ad hoc* basis. I would point out that we are flexible enough to do this for example, during a period of adaptation with regard to the safeguard clause. If these countries make an important point of extending these derogations for a certain period, perhaps in another form, then they will put us into a position in which it will be impossible for us to deal with short-term problems. I find that extremely dangerous.

I know that at the meeting in Luxembourg this was an important policy point. Another important policy difficulty was sugar. On this we reached agreement

during the night. In all frankness, however, I must tell Parliament that these countries are at least as good as we are at policy and negotiations — and perhaps even better.

President. — I call Mr Lord Walston.

Lord Walston. — May I ask the Commissioner one question which I think might help to put this matter in proportion? Could he tell us the figures for the imports of individual EEC countries as a percentage of the whole of the EEC imports of beef?

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) At the moment they amount to about 10 %.

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

After paragraph 3, I have Amendment No 1, tabled by Mr Broeksz, Mr Deschamps, Miss Flesch, Mr Laban, Lord Reay and Mrs Walz:

4. Draws the attention of the Council of the European Communities to the concern of those ACP states that export beef and veal over the difficulties encountered on the Community market; welcomes the fact that an interim agreement has been concluded, and called for its consolidation.

This amendment has been moved by Lord Reay and accepted by the rapporteur.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put to the vote the whole of the motion for a resolution as amended.

The resolution as amended is adopted.¹

21. Community aid for Friuli

President. — The next item is the report by Mr Martens (Doc. 173/76), on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

- I. a decision on the assimilation of the disaster-stricken communes with the mountain areas to which Council Directive 75/268/EEC on hill-farming and certain less-favoured areas applies;
- II. a regulation on the Community contribution towards repairing the damage caused to agriculture in Friuli by the earthquake of May 1976; and
- III. a regulation on the Community contribution towards repairing infrastructural damage caused by the Friuli earthquake of May 1976.

¹ OJ C 159 of 12. 7. 1976.

President

I call Mr Boano.

Mr Boano, deputy rapporteur. — (I) Mr President, I should like first of all to stress how exemplary are the three documents we are considering — the report of the Committee on Agriculture, the Opinion of the Committee on Budgets and that of the Committee on Regional Policy, Regional Planning and Transport — in the common spirit of human fellowship with which they are inspired.

I will take the content of the three documents as read and will dwell very briefly — with your permission, Mr President, although I realize that this will demand a small sacrifice from you and the Members present — on some points which emerge from the three documents.

The word 'control' appears in all three several times, but — and this is further evidence of the spirit of human fellowship that inspires them — this term is not used in the sense of condition to be imposed but of a requirement to be overcome in the interests of immediate and effective aid.

I would like to assure you that there will be a control, and that it will be serious and strict, as regards optimum use of the aid as well. Conversely, I would urge the Commission, in this connection, to hasten forward with the positive form of control consisting in the joint management of the aid itself. We need it badly to overcome a whole series of difficulties stemming from the huge scale of the disaster, and the limited time in which we are obliged to act. In October a northern winter, lasting up to March, will fall upon this alpine region and the population of Friuli — which has refused sheds as an illusory expedient for permanent reconstruction and preferred tents — will need to have replacement houses by that time.

I do not think that any legislative difficulties will arise, because the Italian Parliament — as its last act prior to its early dissolution — approved the fourth directive on hill-farming and less-favoured agricultural areas on condition that the required regional legislation is also introduced.

The Friuli region has a long tradition of legislative responsibility and efficiency behind it, giving every guarantee should it be considered appropriate to adopt these rules of application. But if, for the sake of speed, it were decided to do without these formalities, the national legislation already in force is sufficiently detailed and specific to allow the aid plans to be implemented immediately.

However, I agree with the concern expressed by the three rapporteurs that the dates of 31 October for aid from the EAGGF and 31 December for infrastructural assistance may, in practice, prove too near. It was a

good thing to have such early dates as an incentive, but I would recommend the Commission to be flexible in this connection should a limited extension to these time limits be necessary.

Mr President, the Friuli people are today living through the greatest tragedy to have struck Italy in recent history, at least in the 30 years since the war. But they are aware that the aid from the Community, too, is without precedent. And it is therefore they, not I — who do not have the right — who thank you in their great tribulation and in their great hopes.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) I thank the rapporteur very much for the explanatory statement he has given. I join with him in his warm words of sympathy and hope. I can promise him that we shall co-operate with the local and national authorities with the necessary flexibility. For the rest, I would refer to what Mr Ortoli said on this subject last Tuesday. I recommend Parliament to adopt the motion for a resolution.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

22. Supplementary Budget No 1 of the Communities for 1976

President. — The next item is the report by Mr Cointat, on behalf of the Committee on Budgets, on draft Supplementary Budget No 1 of the European Communities for the financial year 1976 (Doc. 171/76).

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, the debate on this problem took place last Tuesday. It is the sequel to the vote that Parliament has just held on the Commission's regulations and proposals. The sole purpose of this Supplementary Budget No 1 is to grant 60 m u.a. to the victims of the disaster in the Friuli region. I shall not therefore revert to that debate, but shall confine myself to three comments.

Firstly, we have to some extent short-circuited the traditional procedure for supplementary budgets; but, again, exceptional circumstances call for exceptional procedures. It is essential that we should show the solidarity of the European Parliament in the face of this catastrophe and that we should be generous.

¹ OJ C 159 of 12. 7. 1976.

Cointat

Secondly, the Committee on Budgets felt that the amount of 60 m u.a. had been fixed arbitrarily and that, as things stand at the moment, it was a minimum. The committee is therefore ready — should the Assembly feel this to be useful — to look into the possibility of increasing this appropriation if need be.

My third comment is tinged with sadness. I must deplore the fact that, after this catastrophe and in view of the extreme rapidity of the decisions taken by the Commission and, today, by Parliament, there is no word in the press about this appropriation of 60 m u.a. decided by the vote last Tuesday.

I note, with every great regret, that whilst all the columns of our newspapers are filled with savoury titbits, dogs that have been run over and so on, when European solidarity and generosity are displayed and all the usual procedures thrown overboard, the press fails to give it a mention. And yet I would have thought that it merited a little publicity.

I hope that Parliament will adopt Supplementary Budget No 1 in order to allow the Commission to help all those who are the victims of this earthquake.

(Applause)

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I am in support of my distinguished colleague, Mr Cointat, and in particular in support of the last remarks that he addressed to the House, concerning which I consulted with him immediately prior to this debate.

There are times when this Parliament and the Community at large has reason to be critical of the Commission of the European Communities, and occasionally of itself, but this is not one of them. This is a case where the Commission, perhaps under the threat of censure, has acted with considerable promptitude, where the Council also has acted with promptitude, and where Parliament, in view of the gravity of the situation, has expedited its procedures, with the ultimate result that 60 m u.a., which is £ 36 million in the currency of my own country, have been devoted to, or are to be devoted to, this disaster area in Italy.

I cannot speak for the press of Germany, Italy, Denmark or any other of the Nine, but I am amazed and disgusted that the press of my own country has not seen fit to inform my own people of the fact that, at very short notice, the Commission and the Parliament have agreed to devote aid on such an incredible scale, insufficient though it may be, to a Member State of the European Community.

As Mr Cointat said, if some film-star slips into the bed of somebody else's husband, that makes immediate headlines. If the European Community makes a mistake, as often it does, that makes immediate headlines. But when the Community as a whole, through its institutions, does something imaginative and humane, and does it quickly, with vigour and with unanimity, the result in the British Press is a deaf-

ening silence. That is particularly the case among those who at one stage were devoting whole pages to the advocacy of my country's remaining a member of the European Economic Community.

(Applause from certain quarters)

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — *(NL)* Mr President, I can but agree with all my heart with what Mr Cointat, the rapporteur, has just said. He has my complete support. I am also pleased at what Lord Bruce said, particularly the passage in which he referred to the motion of censure. I do not believe that the Commission has taken the motion more seriously than, for example, the Socialist Group.

(Smiles)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

The procedure laid down in Articles 203 of the Treaty establishing the EEC, 177 of the Treaty establishing the EAEC and 78 of the Treaty establishing the ECSC having been completed, Supplementary Budget No 1 of the European Communities for the financial year 1976, amounting to 61 026 185 u.a., is deemed to be finally adopted.

The text of this budget will be published in the Official Journal of the European Communities, series 'L'.

23. Dates of the next part-session

President. — There are no other items on the agenda.

I thank the representatives of the Council and the Commission for their contributions to our debates. The enlarged Bureau proposes that our next sittings be held at Luxembourg during the week from 5 to 9 July 1976.

Are there any objections?

That is agreed.

24. Adjournment of the session

President. — I declare the session of the European Parliament closed.

25. 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 the proceedings are approved.

The sitting is closed.

(The sitting was closed at 12.50 p.m.)

¹ OJ C 159 of 12. 7. 1976.

