APRIL - JUNE 1969

llth Year

european documentation

a survey

EUROPEAN PARLIAMENT

General directorate of parliamentary documentation and information

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

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

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

The Economic and Social Committee issues press releases at the close of its plenary sessions, and its overall activities are reported on in a Quarterly Information Bulletin.

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

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Part I

PROBLEMS OF EUROPEAN INTEGRATION

at the National Level

I. GOVERNMENTS AND PARLIAMENTS

Germany

1. Federal Finance Minister Strauss on European unification

In an article published in 'Politisch-Soziale Korrespondenz' at the beginning of April Mr. Strauss said that events in Prague and in the Middle East had induced in the States of Europe a feeling of utter impotence.

Overnight Europe had been rudely startled out of its dreams of a policy of détente by the brutal act of Soviet power policy against the Czechs. At a single blow the process of easing tension and of reconciliation between East and West striven for by the European peoples had been brought to a halt. The new definition of 'sovereignty' for the Warsaw Pact countries was an important extension of international law.

The hopes entertained by many that the Prague winter would be succeeded by a European spring had so far not materialized. The belief that Europe needed a 'force from without' to galvanize it into achieving unity had in this instance proved to be without foundation. Apart from some tiresomely familiar ranting about the need to draw closer together and to strengthen NATO, nothing else had occurred to the Europeans.

What steps had been taken following the realization that peace and freedom were incompatible with disunion on the continent? Instead, the free States of Europe showed a pathetic lack of unity and decision. Their policy for Europe was like a merry-go-round, an unending series of diplomatic tactics, of

blocking moves and counter moves, of hesitation and wrangling over agricultural pennies. This was occasionally interrupted by meetings at which everyone talked amicably past each other and went on hoping for times of better cooperation. Inside the European Communities the short-sighted ambitions of bureaucrats wedded to the idea of the nation-State, and the vacillations of the politicians responsible, were encouraging a luxuriant growth of self-centred interests.

Nobody could deny that all Europeans, for all the host of congresses attended and speeches delivered, were on the way to losing the basis of the right to self-determination. The giants - the USA and USSR, with Red China in the wings - were busy consolidating their positions in this world in such a way that the glaring disparities already so familiar were likely to become wider and wider.

Anyone in Europe today who said: 'We do not want to depend, for better or for worse, on America's readiness to safeguard our existence of Moscow's love of peace; we want neither to become Americans nor to fall under Moscow's control' must be prepared to do something about it. And this could only be to help bring about the unification of the European nations which, on the strength of their geography, history and economic position, were capable of achieving unity. Only thus could a vast area of producers and consumers, embracing 250 million people, be brought into being and make the benefits of integration available to all. This large-scale Europe was the great task of the last third of the twentieth century. It would put an end to the division of Europe and solve Europe's problems. If it was accomplished, Europeans might again be able, perhaps by the end of this century, to have a real say in decisions affecting them, otherwise than as a matter of form and by way of tardy consultation.

The Common Market therefore had to be enlarged and its doors kept open. No European State had the right to prevent other European States from participating in economic and political unity if they gave proof of an honest will to take part in the work of establishing the United States of Europe – with the intention of furthering that aim, not obstructing it through its entry. Anyone who desired to build Europe ought not to raise a constant stream of objections but should help to launch the great moral and historical idea of the unity and freedom of all Europe.

Otherwise, this decisive moment in the history of Europe would pass and give way to utter despondency, and no one in the whole world would shed a tear. In the final analysis, the peoples of Europe were not interested in knowing which country gained or suffered in the clash of interests and in the quest for prestige. They saw the problem as a whole, and judged policy on the

success of the common enterprise and on whether the challenge of the time had been recognized. Europe would not come into being automatically but only as a result of a clearly defined, decisive and bold policy. The peoples of Europe were banking on an initiative for maintaining and consolidating what had been achieved to date, with a view to establishing the political, economic and military independence of the European family of peoples without which a state of ordered peace in Europe was unattainable.

On a visit to London on 19/20 May Mr. Strauss defined his European policy in a speech delivered before the European Atalantic Group in the House of Commons and in a television interview.

Mr. Strauss said: 'Let us open negotiations - negotiations to settle a procedure for entry, and to discuss the problems of entry, which are largely agricultural and monetary. These are not simply problems of British entry, but problems which already concern us in Europe.....' He saw this new discussion as a procedure 'at the end of which, within a limited time, an automatic admission to the Common Market is arranged and is no longer under arbitrary decision subject to a unanimous vote.....'

Pleading for a common defence programme in Europe, he argued that this required a common political policy and meant in the long run a federal Europe. 'To define my policy and, I think, my Cabinet's policy: We are coming closer to a new point of departure for starting a strong European initiative; to a point where new decisions can be taken. No reasonable German politician will ever hold the view that a united Europe can be established without Britain'. His aim was 'not a European third power capable of conducting power politics in the nineteenth-century sense, but a Europe with a voice of its own, capable of holding its own against technological competition, and preserving its right of self-determination.'

Mr. Strauss then urged a new shape for the Atlantic Alliance with a 'nuclear division of labour' between Europe and the United States and the creation of a European defence organization.... 'If the United States wants to be able to respond to ever greater challenges, it needs a Europe at its side which is a power in its own right. Europeans have no right to expect their American friends and allies to be for ever responsible for Europe's freedom and destiny. Real partnership is possible only between partners who are of comparable strength, and who retain a certain freedom of action. Therefore, a relationship more in line with potential power should replace the present unequal relationship between the United States and individual European countries.....

The condition is a renaissance of the Atlantic Alliance. This is possible only if NATO is transformed from a defensive alliance for United States protection of the free European nations into an American-European pact. Such a pact can be brought about only if, first, the west European partners form a group within the alliance with the aim of joint political action..... What we need in future is not a military defence concept, but a political security concept in line with the progress of technology.

The first step could be for Great Britain and France to pool their nuclear arms, creating the core of a European nuclear force. In this initial stage of the Community, the order to use nuclear weapons could be given only by the existing authorities in whose territories parts of the nuclear arsenal were located.

As long as the countries of Europe fail to achieve a common policy, they will be powerless. They must at long last recognize that present world conditions force Europe to regain a say in world politics, and to stop allowing itself to be pushed around.'

In a broadcast on British television Mr. Strauss said he was ready to renounce German national sovereignty once it became possible to build a federated Europe.

The Europe he aimed at was a federated, not a confederated, Europe.

He was for renouncing the rights flowing from national sovereignty in favour of a European authority set up on democratic foundations, something that implied European elections and a democratic procedure for the establishment of a central government.

In an article published in 'Wirtschaftsdienst' Mr. Strauss said that in the USA a new civilization was emerging which was ushering in the post-industrial age. The Europeans would not however reach that promised land unless they met the challenge and found a way of dealing with it. The scientific and technological lag could only be made up if Europe at last turned its back on the petty and short-sighted national policy which regarded the first common European projects merely as a means of securing contracts and earning more money.

If the glaring technological gap separating Europe from the USA was not to become wider and wider and the brain-drain from Europe was to be

checked, Europe would have to switch over rapidly from national to continental States. Only through a federal system could the resources of Europeans be fully exploited on large-scale scientific projects. This requirement was concerned not so much with driving the Americans out of Europe – whether militarily or economically – as with putting Europe in a position where it could for the first time enter into partnership with the USA.

On General de Gaulle's retirement from the political scene, Mr. Strauss said: 'The French President's withdrawal from the world of politics has ushered in a new phase in European development. The tragic nature of this event leaves no room for paltry criticism. General de Gaulle has earned the recognition of history with the resurgence of France, the recovery of its economy and the franc, the ending of the war in Africa and the conclusion of the treaty of friendship with Germany. I should have dearly liked to have seen the process of European unification speeded up with and by de Gaulle. I should have liked him to have been the first president of the United States of Europe. We must now do our utmost to ensure the preservation of all that past co-operation has achieved and that Franco-German rapprochement continues to serve as a basis for an outward-looking Europe bent on attaining its objectives.'

Writing in the CSU journal, 'Bayernkurier', Mr. Strauss dealt at length with the problems of a European security conference and of European unification:

'The only path open to anyone who would like to see the two major powers drawing away from each other, putting an end to what must prove to be, for us Europeans, an unhealthy confrontation on our soil, is the one leading to a federal European State. I hope that the two statesmen standing for the French presidency - Poher and Pompidou - will frame their policies accordingly. It is only through European integration in the economic and political sectors that current national economic problems can be solved. I regard Mr. Pompidou as a European-minded French patriot. And I welcome Poher's statement: "Europe remains our best chance of bringing France's economic structure up to date and of fulfilling our social hopes."

To this Europe England also belongs, and it could more readily overcome its problems if, despite the difficulties, it were admitted to full membership of the Common Market. Nobody had the right to turn away an England willing and able to become a member. I hope I may so indicate the British attitude as being concerned not only with entering but also with forming in the end - namely, in the eighties - a political union aimed at establishing a Federal State of Europe. The committee leaded by Jean Monnet, the full weight of whose personality has always been behind British entry, has published a report - that of the "Four Wise Men" - for enlarging the European

Community under a five-year plan. Persons of the importance of Walter Hallstein, former EEC President, Guido Carli, Governor of the Bank of Italy, Edgar Pisani, former French Economics Minister, and Lord Plowden, former Chairman of the Atomic Energy Authority, no longer consider Britain's entry possible unless it is accompanied by the development of the Community into a political union.

Terms like "security conference" and a "state of ordered peace" are beautiful words. They will bring neither security nor peace unless they are backed by the reality of the United States of Europe. A new day is dawning. Time presses. The great task and chance of German policy centres once again on Europe. Anyone who honestly pursues this aim, eschewing ifs and buts, has the chance once again of holding up to our uneasy age a tangible and fascinating vision of the future. In history a plea of ignorance does not ward off punishment.

The European countries must now start up the next chapter of their history. In this they will decide whether, by achieving unity, they will preserve the right to self-determination and to have their say in the world, or whether they are prepared to retire from a scene on which, in any case, they figure today to a greater or lesser extent as extras.'

On 20 June, at a rally of the German Farmers' Conference held in Mainz, Mr. Strauss said: 'We are not prepared to pay hidden reparations by way of the EEC Market organization..... And I may add that I know exactly what I am saying.'

Mr. Strauss criticized the unrestricted continuation of payments to the agricultural market fund in respect of surpluses, and demanded that the funds thus raised be used for the judicious improvement of structures.

(Politisch-Soziale Korrespondenz, No. 7, Bonn, 1 April 1969; Guardian, Times, Corriere della Sera, Handelsblatt, L'Aurore, 20 May 1969; Le Monde, Le Soir, Times, Die Welt, Frankfurter Allgemeine Zeitung, Handelsblatt, Le Nouveau Journal, 21 May 1969; Wirtschaftsdienst, No. V, 1969, pp. 251-254; Bayernkurier, 31 May 1969; Die Welt, 21 June 1969)

2. Federal Foreign Minister Brandt on European policy

Speaking at the Overseas Club in Hamburg on 7 May, Mr. Willy Brandt deplored reports - particularly in the British press - that the Federal Republic, with General de Gaulle out of the way, would take over the reins in Europe. The Federal Republic would have to go through France's experiences in an ever more intense form. In the months ahead a great deal of hard work would have to be done to bring nearer economic union in Western Europe and to impart a fresh impetus to political co-operation.

In a speech given in Munich on 20 May before the Society for Foreign Studies, Mr. Brandt called for the continuance of close Franco-German cooperation and for the economic and political unification of Europe.

On Franco-German co-operation he said: 'We Germans who, following the disasters of this century, have troubles of our own in coming to terms with ourselves, should realize what moral force underlies such an attitude. We must not forget that President de Gaulle regarded - and furthered - the national unity of our people, as a historical necessity for a greater Europe, with the same doggedness for which he was so often criticized.

While it is true that Franco-German reconciliation and friendship had already scored successes before he came on the scene, in the years he was French President the relationship became a permanent aspect of European policy.

It is not so easy to say anything about General de Gaulle as a European. For all who wanted swifter progress towards European unity, the doubts and contradictions he displayed are bound to influence any contemporary assessment. As you all know, I am one of those who has to cope with these doubts and contradictions. When, therefore, in spite of this, I maintain that de Gaulle is one of the great Europeans, there is no paradox involved. His view of things was at times cramped by the importance he attached to the past. Sometimes, however, it made prodigious leaps into visions of the future not given to everyone to entertain.

What he has brought to contemporary political thinking is a "practical Utopia" of enduring peace in Europe. And nowadays few would dare to assert that the settlement of day-to-day political affairs without such an aim in view would make much sense. I use the term "pratical Utopia" - one normally applied in our domestic politics - quite deliberately. If such a thing is sorely missed at domestic level in conversations with reform-mad young activists, how much more so must this be the case in foreign policy!

No-one can say whether an enduring and just state of ordered peace in Europe will take the form of a Europe of nation-States, or what supranational formulas may in the short term be agreed. But the fact that such an ordered peace is being striven for by the Federal Republic, jointly with its partners in the Atlantic Alliance, as a realistic political aim, conjures up consequences that would be difficult to discern on the surface of the dubious French relationship with NATO. There are grounds for believing that eleven years of presidential tradition will not be without influence on future French Governments.

As far as the Federal Government is concerned, no changes have occurred in Franco-German relations. As I said earlier, reconciliation between our peoples has such deep roots that changes in government cannot disturb it. This close co-operation will be continued on the same well-tried basis. Perhaps in some spheres it may yield results even more easily. Such hopes are not illusory. They cover, in particular, progress in European policy.'

On European policy, Mr. Brandt repeated that for the Federal Government the European Communities remained the corner-stone of a unified Europe. 'A great deal has been achieved since the signing of the Treaties of Rome. But we cannot rest content with this. A further strengthening of the Communities and their internal development are of great economic and political interest to us. At the same time we back the expansion of the Communities to embrace countries able and willing to accept the obligations of the Rome Treaties and to do their bit in the Communities. We believe no nation ought to be kept out and that European union is as important as ever. At the same time it must not be forgotten that the entry of one country - let alone several - into the EEC can throw up problems that may at first appear difficult. All this means is that the problems should be investigated and clarified in negotiations, in the spirit of the Rome Treaties. Negotiations for entry may well take some time. We have therefore felt for some time that it would be all the more reasonable to offer applicants some kind of interim trading arrangement that would benefit both sides.

Economic union is an essential prelude to political union. Experience has shown, however, that political union does not follow automatically from economic integration, but requires considerable additional efforts. In the immediate future, I believe a pragmatic approach is the most likely to lead to progress. It requires concerted action to narrow down the wide divergence of views on certain policy questions. I think we should make better use of already existing facilities and institutions. This is why we have suggested that political consultation in the WEU should be stepped up.

Three aims therefore dominate our European policy:

- (1) Expansion of the European Communities into a full economic union;
- (2) Entry of all countries willing and able to join;
- (3) An intensified drive for political co-operation.

These aims are not fanciful. If we work closely with others they can be achieved. The task of our generation is to make Europe secure by uniting it. No-one is going to do this for us. We must tackle the job soon if we want Europe to play an active rather than a passive rôle in world history. Only a united Europe that can call on the skills and knowledge of its peoples will be able to make its voice heard and hold on to its place in the world. Such a Europe would be an asset to all the peoples of the earth, giving help wherever it was wanted. It could exert an equalizing influence where the major powers have failed in this respect. Above all, it could help to preserve peace among all the peoples of the earth. And this, after all, must be the principal aim of any reasonable policy.'

On 6 June, on his return from a meeting of the WEU Council of Ministers at The Hague, Mr. Brandt made a TV appeal for a renewed drive towards a united Europe, and at the same time put forward proposals for overcoming the current stalemate.

'Long-outstanding European problems,' he said, 'can no longer be shelved. We feel that this is also being realized in France. However, I should not like this view to be interpreted as interfering in any way with the shaping of public opinion in France.

nally. Among the tasks ahead of us, I need only mention agricultural financing, monetary problems, and the harmonization of commercial, cyclical and social policies. The other big problem is that of enlarging the Communities. This calls for negotiations on the entry of Britain and other applicant countries, and on relations with the other European countries. The third main problem is that of organizing Europe politically. Among other things, this includes the much-needed strengthening of the democratic controls of the European Parliament.

With a view to getting all these matters moving, I left my partners at The Hague with the suggestion that the groundwork for Europe's further internal development should be discussed and worked out at a meeting of Heads of Government, Foreign Ministers of the Six and Great Britain to be held before the end of the year outside the framework of existing European organizations. The meeting cannot, and should not, encroach on the juris-

diction and responsibilities of the existing European organizations but must serve to make their subsequent activities go more smoothly. My partners, I noted, showed interest in our desire to breathe new life into the work of European unification. It will be essential in the months ahead to work up these ideas further and give them a tangible form in confidential talks with our partners.'

A working party in the Federal Foreign Ministry would devote its entire attention to this task. 'The Economics Minister has promised his active support. Other departments will also co-operate. Bilateral talks, which I will attend, will be held in the European capitals. We want to do our very best to help Europe out of its present stalemate and to set it going once more.'

(Neue Zürcher Zeitung, 9 May 1969; Bulletin des Presse- und Informationsamtes der Bundesregierung, No. 66, 22 May 1969, No. 74, 11 June 1969)

3. Recommendations of the Bundesrat on a proposal of the European
Commission for a Council decision on the progressive approximation of agreements concluded between the member States and third countries, on trade relations and on the negotiation of common agreements

At its 338th session on 9 May 1969, the Bundesrat considered the 'Proposal of the European Commission for a Council decision on the progressive approximation of agreements concluded between the member States and third countries on trade relations and on the negotiation of common agreements.'

The views expressed were directed against the exclusive prerogative of the Council for dealing with the points enumerated in Article 113 of the EEC Treaty. In the view of the Bundesrat it should be made clear that in special cases – even after the end of the transitional period – bilateral trade agreements could be concluded between member States and third countries.

In future negotiations in Brussels the Federal Government should furthermore endeavour to establish criteria whereby an outline agreement of the Council could be secured on the common principles which would lead to the most liberal possible trade policy; after this, it could be examined whether the provisions in bilateral trade agreements had a direct or indirect influence on the way in which the common trade policy worked out.

(Bundesrat, 338th Session, 9 May 1969; Bundesrat, Paper 139 and 139/1/1969)

4. The Federal Minister for Economic Co-operation proposes a moratorium for the developing countries

The \$40,000m debt of the developing countries is a heavy burden on development assistance. Hence it should be seen whether a comprehensive and world-wide moratorium, to cancel that debt might not at least improve the situation or, indeed, allow for a new start to be made. Dr. Eppler, Federal Minister for Economic Co-operation, said this during a fact-finding trip to several Latin American countries; he was speaking in Costa Rica on 22 May 1969 to leading politicians and to the Latin American participants in a seminar held by the Friedrich Ebert Foundation.

In addition to all the other internal difficulties, the indebtedness of many developing countries had become a serious obstacle to their economic growth. Thus the capital outflow from Latin America – comprising debt payments, interests and the transfer of profits of foreign enterprises – amounted to an average of 20 per cent of export receipts or 75 per cent of the whole capital inflow including all development assistance. Against this background, Dr. Eppler recommended a comprehensive, differentiated world-wide moratorium; this might indeed be a radical step; on the other hand, it should be regarded not as a reward for those countries which had managed the least well.

He indicated that for 34 countries receiving development assistance from the Federal Republic, the servicing of debts amounted to more than half the new, public credits extended by the donor country; in the case of 12 countries, the repayments were higher than the payments to the borrower. For this reason, the Federal Government had suggested to the donor countries in the OECD that the conditions of public credit should be improved. Thereafter 85 per cent of the public development assistance should be given as non-repayable additional help or as credit at an interest rate of $2\frac{1}{2}$ per cent over a period of 30 years, including 8 years in which no repayments would be due.

Dr. Eppler, who was in Peru, Bolivia, Ecuador, and Costa Rica enquiring about the progress of German development projects, would in

future concentrate more on three main points in the German development aid policy:

- 1. Measures for promoting training and education in the development countries would be stepped up. A German advisory group on the lines of the Columbian model, would be sent out to Lcuador to look into primary schooling.
- 2. Agricultural co-operatives of small farmers would be promoted through technical help from the Federal Republic.
- 3. In all public development projects, the effects on social structure had to be taken into account. 'Development assistance which simply flows into the pockets of an upper class minority is missing its mark.' It had, as the case might be, to be examined whether the objective of social justice could be better promoted under certain conditions coupled with the extension of credit.

Dr. Eppler said that the development assistance of the Federal Republic was received 'positively and even enthusiastically' in South America. This was, of course, to their advantage for many countries wished to free themselves from their unilateral ties with the United States because American development assistance was often coupled with very stringent terms.

(Die Welt, 22 May 1969; Frankfurter Allgemeine Zeitung, 23 May 1969)

5. Federal Chancellor Kiesinger and the political Community as the future of Europe

In the May edition of 'Politisch-Soziale Korrespondenz', a journal with close connexions with the CDU, Federal Chancellor Kiesinger deals with the basic problems of German policy. On the European Community he writes: 'We want to build a Europe in the core of which the idea of the economic Community and the option of a future political Community is preserved and intensified, and around which an economic solution will be worked out allowing other countries a share in the political advantages of such a Europe. I realize the great difficulties involved. I know that the idea of the arrangements is viewed, particularly by the Americans, with considerable mistrust. We must therefore try to dispel these doubts and to reconcile conflicting interests.'

Addressing the twelfth international Bodensee congress of Christian politicians in Überlingen on 31 May 1969, Dr. Kiesinger expressed the hope that European policy would be set going again in the current year.

'We must keep the idea of economic union separate from that of political union. The historical processes should not run in the sequence 'first Common Market, Economic Community, and then Political Community' - but parallel, so that, as things now stand, the Economic Community will and must be far wider in scope than the Political Community. Anyone, for example, who believes that the Economic Community will develop into a Political Community, automatically excludes the neutrals from possible participation since a political European Community must of necessity work out a common external policy and a common approach to matters of world policy. Neutral States must remain neutral and could not directly participate in such a common European external policy. Hence the need for separation.

Much can be criticized in General de Gaulle's European ideas – and I have criticized them continuously at our regular meetings under the Franco-German Treaty of friendship and when we often clashed in our respective attitudes to Europe. But de Gaulle's basic idea was the right one: if we really want a Political Community, then the large number of applicants and of participants in widely differing political circumstances are bound to alter the nature of a Community regarded by so many as the nucleus of a Political Community.....

After the election of the French President, we ought to make a further major attempt to achieve both aims, that is - and I am choosing my words carefully - to create a broad-based common European market. All who wished could then participate in it, not only the United Kingdom, Ireland, Norway, Denmark and Sweden, and one day Portugal and Spain, who have long expressed their interest, but also other countries. For it is not a prerequisite of this common market that it should pursue a common external policy.

It would be impossible however to dispense entirely with such a common external policy. We have to pursue a common commercial policy whose influence naturally radiates to other countries. Participation in this European common market may therefore present some difficulties for some of the neutral countries. Perhaps it will then be possible to work out special arrangements to enable them to share above all in those advantages such a market offers to countries in their special situation.

And then countries that earnestly believe in political union must come together, and, to start with, without exaggerated ambition. Anyone who strives from the outset for perfection usually fails. Perhaps I may be permitted to point out that I have already drawn attention to this danger on the Council of

Europe. We must get more used to each other. Whether we start off with an organization which did not merit even the name of a federal union but would be the forerunner of such a union, should not be so important. What <u>would</u> matter would be that the process of unification would finally have been got under way.'

On the problem of a European Federal State, Dr. Kiesinger continued: 'For myself I must say I feel it essential that one day a European Federal State should be set up by those European countries which are determined to leap ahead to create it..... One could imagine this future European Federal State in the nucleus of this European development and, arranged amicably around it in a broad-based common European market, the other countries each according to its political circumstances, neutrals and others. This approach avoids the danger, which came into view in the talks between President de Gaulle and the British Ambassador, that the idea of a European Federal State would be discarded - indeed, even the idea of a European Economic Community - and that it would be replaced by a sort of European free trade area. That would be a dangerous step backward, and one that none of us should make.

What I have so far said would therefore mean that this Europe -and this is the historical law underlying its development - would continue in the future to present a non-uniform pattern. It would certainly for a long time leave considerable powers in the hands of the member States, much more, for example, than in the case of the Swiss cantons or our own Länder. This would be a process that would have to develop. Moreover all countries could participate in their own fashion: the neutrals in one way, perhaps even with special arrangements - whether one calls it an association or some other name - and the non-neutrals could draw politically nearer to the nucleus after their own fashion. Once, however, this nucleus existed - with the Six, say, and a few others who want to join, for example, the United Kingdom and the rest - then it would become an extremely powerful influence both internally and externally.'

At the closing rally on 1 June, Professor Hans Furler, Vice-President of the European Parliament, said: 'We Christian Democrats would be highly impressed if Mr. Poher were elected.' Pompidou, on the other hand, did not share General de Gaulle's harsh views. Professor Furler expected new prospects for European integration and above all progress in the economic and social sectors. '1969 will not see a United States of Europe but we can promote this conception of Europe.' Professor Furler called for a practical European approach to all questions relating to the EEC and its enlargement, and for concerted action in monetary matters.

At the Congress of Commercial Representatives held in Bonn on 3 June, Dr. Kiesinger again spoke out for a united Europe with the ultimate aim of a United States of Europe.

He again expressed the hope that the new French President - whoever he might be - would pursue a more flexible European policy. He had esteemed President de Gaulle very highly, but for all that, had never been a Gaullist. In the absence of unity between France and Germany, there could be no United Europe. Dr. Kiesinger had therefore resisted all attempts to shut France out from Europe. Admittedly there had been times when the former French President had wanted to force the Federal Government to do things that could have proved of mortal danger to Europe. Dr. Kiesinger dismissed as a new legend the idea of a German hegemony in Europe. The Federal Government wanted no such hegemony but only equal partners, whether big or small.

A closer union in Europe must aim first at a broader basis and secondly at a common political approach – in other words, a common external policy. It would be difficult to come to an agreement with the three neutrals, Sweden, Austria and Switzerland; those countries that agreed to solidarity in external policy must therefore set up a political community alongside the existing economic institutions. 'From the very beginning, I have had the goal of a European Federal State before my eyes,' writes the Federal Chancellor in the journal 'Europäische Gemeinschaft' of 6 June 1969. At the same time he warns against perfectionist solutions which assume a degree of agreement not yet attained. Such solutions carried within them the seeds of failure and resignation. 'Much that is attributed to a sliding-back into nationalism is merely disappointment and resignation about plans that failed because everything, or too much, was wanted at once.'

(Politisch-Soziale Korrespondenz, No 10, 15 May 1969, pp. 4-6; Bulletin des Presse-und Informationsamtes der Bundesregierung, No. 70, 3 June 1969, pp. 598-599; Frankfurter Allgemeine Zeitung 2 and 4 June 1969; Europäische Gemeinschaft, No. 6, 1969, p. 7)

6. Federal Food Minister Höcherl criticizes the Mansholt Plan

The Federal Government considers that the proposals contained in the European Commission's memorandum on the reform of agriculture are, because of their lopsidedness, unsuitable as a basis for the Community's farm policy. This is the conclusion drawn in a study entitled 'The Mansholt Plan - Criticisms and Alternatives' published on 12 June 1969 by Federal Food Minister Höcherl.

The Federal Government would therefore continue to steer its agricultural policy with the aid of the long-term guidelines set out in the agricultural programme. Unlike the Commission, which aimed at introducing radical structural reforms within a comparatively short period, the Federal Government favoured a continuous process of readjustment. It considered its own agricultural programme, coupled with the Food Minister's proposals for coordinating and intensifying regional structural policy, to be more realistic because it dispensed with an arbitrary definition of types of farms, left major decisions to the individual, and did not entail absurdly high costs.

At the same time the Federal Government shared the Commission's view that the Community's farm policy called for far-reaching changes. Moreover, the aims set out in the Mansholt Plan - higher farming incomes and the elimination of surpluses - broadly tallied with those contained in the Federal Government's own programme. On the other hand, the Commission's proposals were not, the Minister felt, suitable in their present form for achieving these aims.

The accelerated reduction in the numbers employed on the land proposed by the Commission would be far too costly. Moreover the measures aimed at speeding up changes in structure on a basis that could not be justified either on private or economic grounds. Finally it was not to be expected that, without an adequate cut in the numbers employed on the land, forced changes in farming structures would necessarily result in output being brought more closely into line with demand and, therefore, in lower market organization costs.

The Ministry felt grave misgivings about the restriction of assistance measures to 'production units' and 'modern agricultural enterprises'. There were other economically sound ways of profiting from large production units. Moreover, the education measures proposed by the Commission were inadequate. Consequently, the crucial importance of better education and training for the development of rural areas was being ignored. Moreover, it was already apparent that the costs of forced structural changes, as advocated by the Commission, would greatly exceed the financial resources of member States, particularly as a lowering of market organization expenditure could hardly be counted upon.

(Bulletin des Presse- und Informationsamtes der Bundesregierung, No. 83, 25 June 1969)

Belgium

1. Mr. Harmel and Belgium's European policy

In a speech delivered at Aachen on 3 May 1969, Mr. Harmel, the Belgian Foreign Minister, outlined the Belgian Government's ideas in the present state of Europe. After reviewing recent events that have affected Community countries and their neighbours, Mr. Harmel singled out three matters for special attention:

Special note should be taken of the statements made on the future of European policy by leaders canvassing for votes in France and in the Federal Republic of Germany;

Greater efforts should be made to bring home, particularly to the younger generation, what is at stake in building Europe;

In the coming spring and summer it was essential to set about carefully preparing the programmes and measures which, after being decided upon in autumn, would ensure that, whatever happened, 1970 would be a year of European progress, even a decisive one for Europe.

Mr. Harmel went on to say that European ideas were becoming entangled. He mentioned a number of recent proposals for bringing the debate back to Europe:

- 1) Louis Armand's Europe à la carte;
 - 2) Europe as a reflection of the spheres chosen for co-operation, on the pattern suggested by Professor Oules in Lausanne;
 - 3) The relaunching of Europe by a conference of Heads of Government, advocated by the Congress of European Parliamentarians at The Hague and backed by the Netherlands Government;
 - 4) The proposals of Sir Geoffrey de Freitas (put forward at the same Congress) which amounted to transferring to the Council of Europe the relaunching of Europe advocated by Belgium within the context of the WEU;

- 5) The ideas of the former British Foreign Secretary, Mr. George Brown, who proposed a new Messina Conference to study ways and means of setting up a European Political Community embracing the present EEC member States and Great Britain and other European countries;
- 6) The ideas of Mr. Giscard d'Estaing, who also wanted a second Messina to promote, first the development, and then the enlargement of the existing Communities;
- 7) Finally, the proposals of the French Head of State addressed to the British Government, and repeated to the Federal Government since last February, regarding the economic enlargement of the Common Market and European policy and defence problems.

Mr. Harmel then sketched out the broad lines of Belgian moves in Europe, which he based on certain axioms:

- a) Western Europe should concert not only its economic policies but also its social, technological and monetary policies. At the same time, it should co-ordinate its external policies, that is, its foreign and defence policies;
- b) The Treaty of Rome remained for Belgium the solid core of Europe around which policies other than economic policy ought gradually to be built up;
- c) There could be no real Western Europe without the presence and mutual solidarity and friendship of its major countries France, Great Britain, Germany, Italy.

These axioms governed Belgian action in two essential aspects of the building of Europe;

- 1) Completion of the European Communities, i.e. passage from customs union to economic union, organizing the work of the Six with an eye on 1 January 1970 (final phase of the Common Market).
 - The necessary measures concerned two aspects which are inseparably linked: (i) the measures expressly laid down in the Treaty (the movement of workers and of capital, common commercial policy, etc.); (ii) measures for achieving full economic union.
- 2) Extension of the work already undertaken. Belgium had tried to define interim functions and measures, particularly as regards the co-ordination of foreign, defence and technological policies.

Some of these measures had already been embarked upon, and with them a wide-ranging process of reappraisal - so much so that it could be concluded that, quite apart from the debates started up in WEU or in the Council of Europe, if the political aims and the proposed extension of the Treaty of Rome were no longer questioned by any of the partners, discussions between the Six could also be highly productive.

The best solution would be the enlargement of the Common Market and concurrent progress in shaping European policy and a European defence system.

If this proved impossible, it was conceivable that, temporarily at least, a larger number of countries would graft themselves on to a well-knit Common Market, pursuing economic associations, joint political action and more closely co-ordinated defensive actions.

If Europe was to be built in this way, Belgium would not refuse to consider this approach, provided it was regarded as just a stage. If, on the other hand, the Common Market was to be made to vanish in a vaster but more diffuse European nebula, finishing up as a sort of immense free-trade area with certain privileged relationships inforeign affairs and defence questions, Belgium would regard this as stepping backwards.

(La Libre Belgique, 5 May 1969)

2. Question in the Senate on the Belgian Government's European policy and on progress in Benelux

During the session of 20 May 1969, Mr. Ballet (People's Union) raised several points with the Foreign Minister on Belgium's European and Atlantic policies. His question covered the following items in particular: the need for Europe to emerge from its present stalemate and as soon as possible to arrive at a political community, and the need to resume and intensify cooperation between the Benelux countries.

Mr. Ballet stressed that Europe's defence policy was conducted in NATO by the USA and that the absence of a soundly-built political union prevented Europe from defining a defence policy tailored to its own interests.

Belgium ought to continue supporting NATO subject to certain conditions. Europe ought to be integrated economically and politically as rapidly as possible, and European controlling bodies should be given a power of decision. This, said Mr. Ballet, should be done through non-political supranational organizations such as the trade unions. In this way Europe would become a force to reckon with and could become less dependent on the United States and the Soviet Union. NATO should become an alliance between Europe, ranking as a full partner, and the United States.

It was essential to press ahead with the integration of Benelux. This was a first step towards European integration, and Benelux could be relied upon to pull its weight as a full-fledged partner in any European decisions. The adoption of a determined attitude by Benelux could sweep aside the hesitations of the medium-sized countries. Mr. Ballet added that the pursuit of Benelux aims in no way excluded a European goal.

For the Socialist Group, Mr. Van Bogaert stated: 'Benelux, too, has disappointed many people. It has allowed itself to be left behind by the European integration policy. Benelux was still at the negotiating stage on tariff nomenclature when the coal and steel frontiers were abolished. The Treaty of the Benelux Economic Union was not concluded until one year after the signing of the Rome Treaty, although the basis had been laid as far back as 1944. At institutional level Benelux has always been one stage behind the EEC. Furthermore, I am convinced that our northern neighbours are not prepared to give up a crumb of sovereignty. Although, for all its institutional weakness, I do not want to demolish Benelux, I cannot see it as a driving force in an integrated Europe because, in Benelux itself, it has not been possible to set up a supranational authority. For all this, Benelux remains of great importance for our external trade as for our cultural progress.'

Mr. Dehousse (Socialist) first touched upon the problems of Europe after the departure of General de Gaulle: 'His exit certainly opens up fresh prospects for European unification - not immediately, however, since France must find a new approach for her political activity. The new President will, perhaps, have to dissolve the National Assembly and organize fresh elections. This could take several months. It would be wrong, therefore, to look for an immediate thaw. Now that General de Gaulle has gone, a number of masks will drop off, for quite a few people, and by no means unimportant ones, have been hiding behind him so as to conceal their real intentions. Many of those who professed their attachment to the cause of European union will now have to lay their cards on the table.

They will have to play the European game. This will be neither easy nor straight away possible. However, it cannot be denied that the problem of

European unity now appears in a more propitious light. I should like to say to my friend, the Foreign Minister, how much I would like moves by Belgium for the political unification of Europe. Those in the habit of attending assemblies know how difficult it is to define a common European policy. But what is lacking above all is a common political will. Political Europe must be democratic. Old projects must be re-examined, expecially that of a Political Community, which could serve as a basis for discussion, and the problem of direct elections to the European Parliament. The latter was blocked by the veto of Gaullist governments. We should return to it because it is the best way of giving Europe the necessary impetus towards unification without any sacrifice of sovereignty.'

As regards closer integration of the Benelux countries, Mr. Dehousse said: 'Benelux has contributed to the progress of European unification but it would be false to attribute to the authors of the Rome Treaty intentions - however excellent - they never harboured. In signing and ratifying the organic Treaty of Rome establishing the EEC, we wanted "local" unions such as Benelux kept going so long as their aims were not fulfilled by the Europe of the Six. This is what the commitment we entered into amounts to. Benelux was never intended to endure indefinitely. Under the Treaty of Rome, as a customs and economic organization, it will have no further reason to exist once its aims have been achieved by the EEC. It is here that the risk of divergences arises. It could lead to fresh clashes between the Flemish and Walloon peoples, and of these there are already enough... If we want to set up an agricultural and political Benelux, there is a danger that we will re-open the dispute and, indeed, add fire to it.' Mr. Dehousse was as loth to accept a political Benelux as the 1963 Franco-German Treaty of Co-operation. Such arrangements, he felt, were bound to distort the operation of the Common Market.

In his reply, Mr. Harmel, Belgian Foreign Minister, reviewed what Belgium had done in the cause of a political Europe: 'Belgium took it upon itself to expound a Benelux proposal which can be summarized as follows: each year a list would be drawn up of international policy questions on which the six Community countries, then the seven members of the WEU, and later perhaps other States, would undertake to consult their partners before taking a decision - without, incidentally, surrendering their national sovereignty, each being at liberty to take up, or not, the same position as the others. Such prior consultation would afford partner States the best chance of reaching agreement on a common approach. This proposal by Belgium has not been rejected.

We had suggested an alternative. There would be nothing to prevent any of these States, once they decided to take part in these consultations, to do so freely among each other and then to tell the remainder: "These are the matters on which we undertake to consult you." This proposal also was not turned down, and the United Kingdom, Italy, Germany, Luxembourg, the Netherlands and Belgium have agreed to act along these lines. It is only to be expected,

however, in view of the political situation in France, that a decision will not be taken on this question during the WEU meeting at The Hague next June.

Finally, I believe that direct elections to the European Parliament will have a highly stimulating effect on the younger generation. Moreover, although it is not yet possible to conclude an agreement of this kind covering all six member States of the Community, nothing would prevent a State from taking a decision on these lines on the basis of its domestic legislation...

As to Benelux, I am glad that this question has been put after the inter-governmental conference, although I do not fully share Mr. Ballet's views. Illusions must be swept away. Benelux cannot serve as a retreat for those who have lost hope in Europe. The Europe of the Six is already too small; why, then, build a Europe of the Three? It is pointless to build a smaller edition of something that can be made on a larger scale.'

At the end of the debate the Senate passed a motion expressing its confidence in the Government's policy in this sphere.

(Senate, Verbatim Reports, 20 and 21 May 1969)

3. <u>Debate and vote on the 1969 agricultural budget in the Chamber of Representatives - criticism of Mansholt Plan</u>

On 20 May 1969 the Chamber of Representatives opened its debate on the Bill covering the agricultural budget for 1969.

Miss Godelieve Bevos (Christian Democrat) pointed out that the credits set aside in the budget would not go entirely to Belgian farmers. The share earmarked for the EAGGF (European Agricultural Guidance and Guarantee Fund) was appreciable. Miss Bevos asked the Minister of Agriculture to explain to the Chamber what attitude the Government intended to adopt towards the Mansholt Plan. The farmers had asked what they ought to do with their dairy production and ought to be given a clear reply. Mr. Danschutter (Socialist) asked that the Mansholt Plan should without delay be discussed in detail in Parliament, preferably in committee. Since the adoption of the common agricultural policy 'the living conditions of farmers have not undergone a radical change. For certain products the Common Market supplies its own requirements. But many developing countries rely on their exports to the Common

Market to enable them to buy industrial products from Europe. Agricultural self-sufficiency should not therefore be regarded as necessarily a step forward. In the EEC, 75 per cent of the farms are too small to yield an economic return. Two-thirds have an area of less than 10 hectares. Now, a farm of about 100 hectares would undoubtedly give better results. Of the Belgian rural population 54 per cent are over 50 years of age. All these circumstances favour the flight from the land. Between 1970 and 1980 some 5 million citizens of the EEC will be obliged to leave their farms. This is not a bad thing in itself but if is essential to pursue a humane policy. In addition, we should encourage farmers to set up co-operatives in which family-run farms could work hand in hand.

Mr. Van Dessel (Christian Democrat) said that discussion of the Mansholt Plan had caused great anxiety among farmers but than no counterproposal for co-ordination in production or interventions had been put forward. He went on to describe the position in a number of countries: 'In England, the Economic Development Committee has suggested the following increases in areas of cultivation: for tomatoes 15 per cent, apples 25 per cent, pears 25 per cent, cauliflowers 20 cent per cent, and onions 40 per cent. In this way imports could be cut down to the tune of £220m. This is an invitation to become self-sufficient to a country which has applied to join the EEC. The creation of new production areas as in Provence and Languedoc has already led to a disastrous situation on the EEC market. In England, too, the subsidies granted could be regarded as measures distorting competition. The situation in Italy is equally bewildering.'

Mr. Van Dessel added that if the intervention system did not guarantee a minimum level of subsistence or stimulate production, no restriction on production would be needed in the EEC.

Mr. Peeters (Christian Democrat) stated that the agricultural budget contained numerous credits for the EAGGF and that this was not the moment to dwell on the costliness of Belgian agriculture. 'Expenditure earmarked for the EEC's agricultural policy should be removed from the agricultural budget. It has never been pointed out in this House that this expenditure is the price we have to pay for liberalizing trade. While it is true that liberalization represents a step forward, it seems to me that the price we are paying for it is too high. There are some who assert that our country is incapable of supporting the agricultural expenditure occasioned by the EEC. The FIB (Federation of Belgian Industries) recently pointed out that this is an aspect of the problem that is generally disregarded. If we are honest, then we must recognize that industry benefits from the Common Market. Of 9,000m francs shown in the agricultural budget, the Minister is not free to allocate 6,000m francs because of European commitments. Study of the budget shows that the credits available to the Minister are less than in the previous year, although other budgets have gone up by 10 per cent...

If we look with disfavour on the European agricultural policy, it is because it threatens the survival of our agriculture. A new form of farming is being advocated, but no evidence is brought forward of the value of the system proposed. One would think our agricultural structures were identical to those existing in Italy or elsewhere.'

Mr. Sels (People's Union) referred to the prevalent wish to take, at European level, decisions affecting the future of farmers but without consulting them. 'It is forgotten that Belgium depends on a sound agriculture for its survival, and that industry is the first to benefit from the existence of prosperous farms. Although farms are highly modernized, farmers are prevented from producing at competitive prices because of the lack of a suitable land policy. It is not their fault that all the partners of the EEC have not honoured their commitments. Our agriculture must be restructured by means of regional plans, followed by the amalgamation of holdings, the building of roads, etc. A large number of farmers have to go on running their farms even where they no longer pay - their families have to live! This is why pensions ought to be increased and a bounty granted to farmers (aged 50 or over) leaving the land, so that a number of uneconomic farms can be more easily closed down.'

Mr. Sels regarded the credits set aside for farming as too modest to permit of an adequate policy. He could not therefore vote for the budget.

Mr. Radoux (Socialist) regretted that the Mansholt Plan had been treated as an unalterable proposal. It was even possible that by the end of the year the Commission of the Common Market would have put forward fresh proposals. He could not accept that the Mansholt Plan should be discussed publicly in the Chamber before having been discussed in committee, and suggested that such a discussion should be organized and might perhaps be attended by a Common Market expert to advise the Chamber's agricultural committee.

Mr. René Lefebvre (Liberal) complained that the Mansholt Plan wanted to cut prices before structures had been overhauled. 'From the point of view of the overall economy, four questions not mentioned in the memorandum have to be settled. How would structural changes affect the pattern and nature of production? After all, the quantity of surplus products might increase further. How would the hoped-for reduction in costs of production influence the market? The tradition in some member States is to buy from developing countries in return for the opportunity of exporting industrial goods to them. Has the EEC a common industrial policy to ensure full employment of the greatly increased labour force that will become available with the adoption of the Mansholt Plan? The answer is no. Does regional policy tend to follow a nationalist rather than Community pattern? Unfortunately, yes.

In addition, regroupings are proceeding more at regional than at Community level. Nothing has been done to see that Europe gets a vigorous food-processing industry. We regard the Mansholt Plan as a snare and a delusion. There is no remedy for European problems as for agricultural problems. There is no hope of overcoming the current crises in Europe.

European countries that import agricultural products must give definite undertakings as to the proportion they will buy from the surplus-producing countries of Europe. The EEC Commission should operate Community preference at a high level; a common industrial strategy should be worked out; industries for the processing of farm products should be set up to provide jobs for out-of-work farm workers. The existing plan will not lead to prosperous farming in Europe but merely aggravate the difficulties.'

Mr. De Seranno (Christian Democrat) said that the growing need of capital was the main threat to family-run farms. In the years ahead, thousands of millions of francs would be needed for conversions and for new buildings. Groups with ample funds would therefore tend to increase their influence over family-run farms - an even graver threat than the Mansholt Plan.

Mr. Moulin (Communist) saw in the Mansholt Plan the 'recognition of the check suffered by agricultural policy over the last ten years. One could only smile when the Minister told the Senate that, for the first time, agriculture ranked in Europe as an integral part of the economy. This was the case, but with what result? Only holding companies profited from the agricultural policy adopted and no one else had anything to say. At national level the Chamber had become the grave-yard of agricultural policy.'

Mr. Moulin thought that between 1958 and 1968 the European agri-cultural policy had been a very expensive affair, but that the Mansholt Plan would prove to be even costlier. He foresaw the premature failure of the Mansholt Plan.

In his reply, Mr. Héger, Minister of Agriculture, alluded to the problem of dairy surpluses and to the remedy suggested by a number of member States. 'The Dutch proposal aims at reducing the price of butter, partly by lowering the price of milk and partly through EAGGF aid and an increase in the price of powdered milk. The Germans advocate national and individual Community quotas and that producers should be made responsible. The French want milk-collecting to be kept within limits based on the quantities in previous years. The price of butter would be reduced by encouraging conversion to other forms of production and by disposing of existing stocks on the basis of contracts between producers and dairymen.

After studying all these proposals, we have two comments to make: (i) they do not remove the physical presence of fat surpluses; (ii) they add up to the penalization of all productive effort. This is why we have tabled our own proposal under five heads:

- 1. The existing guide price must be complied with;
- 2. Steps must be taken to ensure that melted butter can be produced throughout the year without having to be refrigerated for several months;
- 3. The tax on fats decided upon in 1964 must finally be applied;
- 4. As suggested by the Commission, we should grant a premium for the slaughter of milch cows to farmers with not more than three cows; any farmer who closes down his farm will receive premiums for all his livestock:
- 5. A premium should be given to farmers who undertake not to provide any milk from their farms.'

The Minister of Agriculture said it was difficult to separate EAGGF credits from those of the Belgian Agricultural Fund. He added that although farmers had an interest in the Community, the charge borne by Belgium was out of proportion to the number of its farmers, the size of their farms and the level of their incomes.

(Chamber of Representatives, Summary Report, Sessions of 20,21, 28 and 19 May 1969)

4. Interpellation on the action taken on the resolution of the European Parliament concerning relations with Greece

Speaking for the Socialist Group in the Chamber on 10 June, Mr. Glinne asked the Foreign Minister what action was being taken on the resolution concerning relations with Greece which the European Parliament passed on 7 May 1969. He began by averting any criticism of interference in the internal affairs of another country by saying that Greece had signed an association treaty with the European Community. 'There are still some points of doubt about relations between Greece and the Europe of the Six. The Association is having difficulty in surviving but it is still going on. We should do even less than keeping it running from day to day. This would, moreover, be consistent

with the resolution passed in May by the European Parliament. Its attitude on the question of principle is clear: the European Parliament reserves the right to break off all relations with Greece. Our Parliament should be guided by this resolution.' Mr. Glinne further stated: 'The European Parlement trusted that the Governments of the Six would see to it that they did not favour the Greek régime in their bilateral relations. Recently, however, France extended a loan equivalent to 55 million dollars to Greece; other governments, such as that of Italy, have made a point of favouring the Greek régime. There is a certain hypocrisy in holding up Community loans for Greece but extending them bilaterally.'

Mr. Bertrand (Walloon Group) pledged the support of his party for this interpellation. Mr. Levaux (Communist) also felt that it was justified. Mr. De Vlies (Christian Democrat) asked whether the interpellation was intended as a condemnation of the Association Treaty. If this were the case, he added, it would also mean an end to the trade agreement between the Benelux countries and Greece. The speaker felt that realistic co-operation with the Greek colonels would yield greater benefits to the Greek people than would be derived from isolating that country. The latter would mean that the Greek people would disappear from the political, economic and military scene and go over to communism. The policy pursued with regard to Greece could not be different from that pursued with regard to the other East European countries.' Mr. De Vlies pointed out that the export credits which Belgium had given to Greece since 1965 amounted to no more than 25 million francs, whereas the aid granted by France and Germany could be counted in thousands of millions. He called upon the Socialist members to request more detailed information from their political friend, the Foreign Minister of West Germany.

Mr. Harmel, Foreign Minister, replied as follows to the interpellation: 'The European institutions are the spider's web in which we are all, of our own free will, bound up. It is within the framework of these institutions that we should intervene; they indeed only act through the will of each of the States and consequently through the Foreign Ministers of the Six. I wish to emphasize that the Belgian Government does not underestimate this problem and is anxious that there should be no doubt whatever regarding the Government's attitude on this issue. We believe that when a democracy breaks down in a neighbouring State, Europe itself is affected. When, following the war, our countries created links of solidarity, they brought into being supranational bonds over and above these. This is a difficult crisis and I shall explain our attitude within the various assemblies. In a preface to the Resolution of 11 May 1969, the European Parliament's Committee for the Association with Greece stressed the links that had existed with that country since 1961. This is an Association Agreement which should ultimately lead to accession. As far as Belgium is concerned, accession to the Community is designed to integrate countries which organize their national power in a democratic manner. What we have in mind is a political Europe of which the present European Communities are only the embryo.

If a State which is on the way to accession decides to change its régime, even provisionally, then the integration process is interrupted. And this is what the Association Council has done; it has not met at ministerial level since the change of régime in Greece. The European Parliament's Resolution of 7 February, referred to in today's debate, will, we hope, be discussed at a forthcoming meeting of the Council of Ministers. In my view, we should only look at the more important passages and paragraph 6 should only be acted upon if nothing follows from the others.'

Following this interpellation, a motion was tabled by Mr. Larock (Socialist), Mr. De Keersmaeker (Christian Democrat) and Gillet (Liberal). This motion read as follows:

'The Chamber, having heard the interpellation of Mr. Glinne addressed to the Foreign Minister; feeling that the repressive measures and state of emergency in Greece should be abolished immediately, Greece being associated with the European Economic Community; that the election of a Parliament should be organized without delay in that country, giving the widest possible guarantee of freedom of expression, association and vote; considering that, in the absence of any early progress towards this end, it will support the resolution of the European Parliament, to the effect that the Association Agreement should either be revised or suspended and the recommendation of the Consultative Assembly of the Council of Europe that Greece should be excluded; considering that the Greek question is to be analyzed by NATO in the spirit of the Preamble and Article 2 of the Treaty of the Alliance, proceeds with the business on the agenda.' The motion was passed unanimously.

(Chamber of Representatives, Verbatim Report, 10 and 12 June 1969)

5. The Chamber of Representatives is apprised of a draft resolution seeking to amend Article 237 of the Treaty establishing the EEC

On 17 June 1969 the Chamber was apprised of a draft resolution calling on the Government to refer a proposal to amend Article 237 of the Treaty of Rome to the five other Governments which had signed it. This draft resolution was signed by Messrs. Van Elslande, De Gryse, Meyers, Swaelen, Dewuli and Chabert, all of whom are members of the Christian Social Party. In support of the draft resolution, the authors of the proposal said that the wording of Article 237 was not very clear and that it had enabled one member State of the Community to oppose the opening of negotiations on Britain's accession to the Common Market. The two versions of the first paragraph of Article 237 were as follows:

Text of the Treaty

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after obtaining the Opinion of the Commission, shall give a unanimous decision thereon.

Proposed text

Any European State whose political system is democratic may apply to become a member of the Community. It shall address its application to the Council which, after obtaining the Opinion of the Commission, shall begin negotiations within four months of the receipt of the application.

The authors of the draft resolution had three observations to make on the existing text:

- 1. It is not possible to give a clear answer to the question as to whether the Commission may with a view to giving its Opinion begin negotiations with the applicant State or not;
- 2. It is not made clear on what the Council "shall give its decision ";
- 3. The text is imperfect because it does not lay down any time-limit by which the Opinion shall be obtained and the Council shall take its decision.

They added the following comment: 'The words "shall give a decision" are replaced by "shall begin negotiations" because the words "shall give a decision" could lend themselves to several interpretations, viz:

- a) either this is a decision whereby there is no objection in principle to possible accession, following successful negotiations;
- b) or it is a decision to begin negotiations.

In any event, the Council of Ministers could not at this stage give a decision on accession. As we understand it, it can thus only involve beginning negotiations.

The words "within four months" are included in the proposed text because a time-limit is absolutely necessary if applications are not to be shelved indefinitely. In our view, this stipulation of four months is designed only to establish a time-limit which is set in advance. This time-limit could equally well be six months, for example, or prolonged by two months at the request of the Commission.

Lastly, it should be added that the text in question makes no reference to any majority. Indeed, Article 148 of the Treaty states "except where otherwise provided for in this Treaty, the Council's resolutions shall be reached by a majority of its members." Then again, the opening of negotiations does not constitute a "major problem" because it implies no commitment. Hence the "Luxembourg" compromise is, in our opinion, not applicable in this case.'

(Chambre des Représentants, Doc. No. 121, 1968-69)

United States

The American Secretary of State for Commerce discusses removing the non-tariff obstacles to international trade

In April 1969, Mr. Stans, Secretary of State for Trade and special envoy of President Nixon, made a tour of the European capitals. This gave him the opportunity to explain the American attitude to the trade problems still unresolved between the EEC and the USA.

At a dinner given in Brussels at the American Chamber of Commerce, Mr. Stans described the difficulties facing American businessmen and notably: (i) the fact that it was impossible for them to sell to European Governments or their agencies: (ii) the European customs barriers: (iii) technical restrictions on the marketing of their products: (iv) the growing difficulties facing American agricultural exports on the European market; (v) the European export subsidies which were taking away markets from the United States in underdeveloped countries and (vi) the subsidized interest rates on European exports.

Mr. Stans further stated that the American economy and those of Western Europe would never have been able to reach their present degree of prosperity if there had not first been four basic economic freedoms: the freedom to travel, freedom of trade, freedom to invest and freedom to exchange techniques.

Mr. Stans also spoke in the American Club of Paris where he summed up the position of his Government as follows:

- 1. The United States was firmly convinced that world trade must go on expanding for the good of all. Action had recently been taken to reduce the inflation fever without prejudice to prosperity.
- 2. The United States had proposed holding a round table conference on measures that could be taken by the countries concerned to remove the artificial obstacles to the expansion of world trade. This proposal had met with the approval of all those whom Mr. Stans had met and the United States could take action on this either next year or the year after.
- 3. The invasion of the American market by foreign fibres and textiles was threatening to dislocate an important branch of the American economy and was liable to prompt Congress to pass protectionist legislation.

- 4. Adjustments in the national tariff systems should not be made solely to improve competitive positions.
- 5. As soon as possible, the Nixon administration would abolish the controls still outstanding on American dollar investments in foreign countries.
- 6. The United States would not impose any financial restrictions on tourist travel by its nationals and it would encourage other nationals to come to the USA.
- 7. The United States is resolved to promote exchanges of science and technology between all peoples.

Mr. Stans explained that the purpose of these recommendations was to increase the flow of trade between the USA and Europe and to restore the American balance of payments. He thought that it was necessary for this to be in surplus to finance the growing imports from Europe, the outflow of capital and the commitments to security and mutual assistance involving other countries.

(Le Nouveau Journal, 16 April 1969; L'Echo de la Bourse, 23 April 1969)

France

1. Mr. Michel Debré and European problems

Following the meeting of the Council of Ministers held on Wednesday 16 April, Mr. Joël Le Theule, the then Secretary of State for Information, reported as follows on the statements which Mr. Michel Debré had made to the Council of Ministers on the proposals for a Pan-European Conference made in Budapest by the Central European Communist States: 'Mr. Michel Debré reported on the recent ministerial meeting held by the North Atlantic Council in Washington. He discussed the problem of the response of the countries of the Atlantic Alliance to the "Budapest Appeal". 'On this subject, the former Secretary of State for Information said: 'The French attitude is straightforward. We have always been the advocates of détente. We are the protagonists of it and we shall remain so. But for us there is not only the détente between blocs; we place greater faith in the effectiveness of bilateral or multilateral talks. As for the "Budapest Appeal", we think that before taking a decision, it is desirable that we should reach an agreement on the arrangements for this conference and on its agenda. In view of the importance of its purpose, it would indeed be better that there should be a delay than that it should be a failure. '

A few days later, Mr. Debré went to Rome for talks with Mr. Nenni, Italian Foreign Minister, on European problems.

In a statement which he read at Ciampino Airport, Mr. Debré stated: 'I am glad to be able to say that there is no bitateral problem dividing our countries.... I should, however, not wish to conceal the concern caused in France by the feeling that there have, for some time, been divergences of view between Rome and Paris on a question which is more important than any other because it involves Europe, its organization and its vocation in the world of today. The starting point for our thoughts must be the reality of the facts. No real Europe is possible without Italy. No real Europe is possible without France. The goal of our discussions could be to arrive at a common view of the Europe of the future, the Europe which the general public in our countries expects: a Europe that is dynamic, independent and organized politically, economically and monetarily. To move towards this goal for which we cannot set any precise date, several courses are possible. It is my intention to consider these with Mr. Nenni.'

While in Rome Mr. Debré gave a press conference at the Farnese Palace, following his talks with Mr. Nenni. With reference to the idea of a

Pan-European Conference proposed by the East European States, Mr. Debré said: 'France is in favour of bilateral talks with the European nations where moderate attitudes may be adopted. Such conversations have proved their worth. A European conference is a great idea but this conference could only be a conference between blocs and détente has no meaning unless countries are capable of expressing their views as independent nations.'

Mr. Debré said that Mr. Nenni was 'very optimistic' about this conference. 'Our attitude is more reserved and we are more realistic, said Mr. Debré. We think that a delay would be better than failure. It is perfectly normal for us to have different views but it would be gratuitous to assess the friendship of our countries by reference to these differences of opinion.'

Mr. Debré was received by the Pope and by President Saragat. Before leaving Italy he made the following comments on his visit: 'It is normal for two old countries like Italy and France to disagree at times. This happens even within the same country. Friendship between two peoples should not be judged by the fact that they do not always agree, just as a nation should not be judged solely by the disagreements between its citizens.

We realized that good relations between our two governments are part of a kind of political legitimacy for our two countries. Hence, it is in the nature of things that we should have a duty: that of promoting our natural cooperation, which is very satisfactory (in economic, scientific and cultural affairs), that of creating the conditions for new forms of co-operation and trying to arrive at positions which, even though they may not always be identical, we can talk over together quite frankly and in a friendly way.'

(Le Monde, 17, 19 and 22 April 1969; Le Figaro, 21 April 1969; Corriere della Sera, 20 April 1969)

2. The presidential campaign and Europe (election of the President of the French Republic)

In the course of the one-month presidential campaign (15 May-15 June) the candidates dealt at length with the problem of Europe, a major theme of the campaign.

I. Georges Pompidou

Mr. Pompidou made known his views on Europe during his tour of the provinces, in interviews granted to French and other journalists, and in radio and television broadcasts. His main statements - on integration of the Six, Britain's application for entry, and European defence - are given below in the form of extracts:

(a) Europe

'I attach the greatest importance to the development of Europe at all levels: economic, cultural, human and, of course, political. This means maintaining our links with the United States without, however, sacrificing the rapprochement we have achieved with countries of the Eastern bloc. But it also calls for a political consciousness to enable Europe to exert an influence in international affairs commensurate with its importance.' ('Corriere della Sera', 'La Nation', 16 May 1969)

'I have said a number of times that I consider it essential for Europe to become both an economic and a spiritual reality. On this will depend European political awareness; on this will depend the creation of common political machinery. The roof should not go up before the walls but I am certain that the political Europe I aspire to can alone provide our continent with the rôle due to it.' ('Le Dirigeant', June-July)

'I am ready to propose to Heads of State and Government - first of all those of the Six - that we get together to see how all this can be set going once more. Here too we must be outward-looking; here too there must be a dialogue.....' (Europe I, 22 May)

'Is it necessary, as some say (at European level, particularly) to condemn small-scale agriculture and to say that the family-run farm has no future? My answer is a decided no. I say this because these family-run farms are needed to preserve social balance in our country, the rural population always having been a factor of stability and good sense. And also because I do not want to see large tracts of France reduced to a kind of desert harbouring a few towns eking out a scanty subsistence.....

..... If you do this we shall then have economically-run farms of a more reasonable size and capable of selling their products far and wide and more easily; and from that moment the Government will, I assure you, be

able to help you. It will be able to help you especially by fighting the international technocrats, who are far worse than the national technocrats against whom you have so often protested. It will be able to defend your interests by rejecting schemes like the Mansholt Plan, and anything that will ruin our family-run farms, our dairy production.'(Radio and TV broadcast, 22 May; 'Le Monde', 23 May)

'In order to get a Europe worthy of the name and capable of fulfilling its rôle, we must acquire a political consciousness. At a given moment, the different European countries must find a way, through one organization or another, and in some form or other (for a flexible approach is essential) of meeting and exchanging views, and if possible of adopting a common policy and a common political approach.

This, I realize, will not be fully attainable until Great Britain joins us. But this depends mainly upon Britain itself and not upon us, and as far as I am concerned if Britain shows it is European through and through and that it no longer dissociates its interests from those of the European continent, then I think we should be able to reach an agreement with it.' (Radio and TV broadcast, 23 May; 'Le Monde', 24 May)

Balanced relationship with the United States: 'What do you mean by relations of equality? If we are speaking of legal equality, each of the European States already enjoys it. If it is a question of altering the de facto relations, both political and economic, that exist between Europe and the United States, then obviously a stronger European organization would make it possible to change them - but subject to this organization remaining democratic and power not being vested in bodies without political responsibility or a popular mandate, and to there being a common conception of the rôle of such a Europe. All this will take time, and this is why we must proceed step by step and eschew immediate and over-ambitious objectives which result in nothing being done.' ('Le Figaro' interview, questions by Mr. Roger Massip, 10 June)

(b) British application for entry

'I am ready to resume discussions with Great Britain, which cannot remain for ever on the fringe of the Common Market. Britain must also give proof of a really European will, so that Europe will neither be a mere appendage nor a bridge-head.' (Orléans, 22 May)

'It would be tragic to exclude Britain from Europe. Britain must enter Europe. General de Gaulle, moreover, was well aware of this.' (Statement, 14 May) 'I think that the problem of enlarging Europe is bound to arise and at that moment each country will have to make its wishes clear - either the Common Market with the rules that have been established gradually over ten years, or a new type of organization.

If we want to preserve the Common Market, then obviously applicant countries must comply with the rules fixed by the Common Market itself. We must not harbour any illusions: the enlargement of Europe is desirable but will pose difficult problems.' ('Le Dirigeant', June-July)

'What I have always said, and what is certainly true, is that if something new ought to be considered, we the French have no objection in principle, but one condition of course is that France's rights and prerogatives in the Common Market are preserved; I am thinking above all of our agricultural interests,' (ORTF, 10 June)

'I am in principle for enlarging the European organization so that it can find its true balance and play its part in world affairs. The problem of British accession to the Common Market must therefore be frankly and painstakingly studied. We must not therefore delude ourselves. This is a difficult question, and General de Gaulle's departure has deprived certain applicant countries – and also perhaps some of our partners – of a screen behind which to conceal the difficulties they would have to face in the event either of their entry into the Common Market or of its enlargement.' (Replies to questions by Roger Massip of 'Le Figaro', 10 June)

(c) Problems of European national defence

'The deterrent does not cost more than conventional armaments but it is more effective in discouraging the aggressor; it enables us to make great technical and industrial advances and after all, as General de Gaulle said, it puts us in the front rank of nations.' (ORTF, 23 May)

'I do not see an international defence organization at European level. I believe that the future of joint European defence in the nuclear field lies in an agreement between Great Britain and France. I am quite prepared, when the day arrives, to discuss with Great Britain an agreement that could one day become a European agreement. But all this will take time. Europe must acquire a political consciousness and everyone must reassure everyone else.' (Europe I, 22 May; 'Le Monde', 14 June)

II. Alain Poher

(a) Europe

On 27 May Mr. Poher presented to the country a twelve-point electoral programme. The second point concerns the construction of Europe:

'France needs Europe as much as Europe needs France. Europe offers the surest guarantee of peace, social progress and independence. Its unification should be one of our country's principal aims. Europe is not an end in itself but ought to serve as a means of making greater economic and social progress – maintenance of full employment, control of concentrations of undertakings.

Europe must unite. To make the most of our resources we must set up a vast market in goods, capital and techniques whose expansion would be speeded up by the adoption of a common monetary unit.

Pooling national facilities for scientific and nuclear research will put a stop to ruinous competition with our neighbours. Scientific and technological Europe will be brought into being.

Economic union should be supplemented by a programme for political union to be achieved by stages and to make allowance for national aspirations. Europe will be democratic. Political Europe will attain that scale which alone today makes it possible to play a decisive rôle in world affairs. Europe will be at the service of peaceful co-existence and collective security.

Europe must be enlarged. This means that fresh countries must enter into the existing European organizations. Talks will be opened with Great Britain and with all countries willing to accept the Treaty rules. Europe will develop its trade, as an equal with all the major economic powers of the world. The pooling of resources devoted by the various European partners to development aid will establish new relations between countries at different stages of development. Association agreements – the original form of effective co-operation, based on trust, with the less favoured nations – will grow in number.

Today Europe is in danger of stifling. But all can still be saved. The President of the Republic will take it upon himself to call a conference of Heads

of State or Government which will open up new prospects for a Europe of the peoples.' ('Le Monde', 28 May)

'I do not rule out a new meeting of Heads of State, a new Messina or any other meeting enabling us to clear up misunderstandings and to make a fresh start on a sound basis.' ('Les Echos', 29 May)

'I have never professed to be a systematic champion of an integrated Europe or of supranationality, nor for that matter, of a Europe of nation-States, another outdated notion. I am for the "Europe of possibilities".

..... For the moment our concern is not with European government. What we have to do is to reach a number of agreements to ensure that the common policies that have to be worked out are effective..... We must work hand in hand and avoid unsound competition..... At European level, it gives me no pleasure to reflect that, on the pretext of national sovereignty, France may be going through difficulties she could have avoided.' (Europe I, 16 May; 'Le Monde', 14 June)

'No lasting solution will be found until the anarchy reigning on world markets has given way to order. What is this policy or so-called policy which, through precipitate action and imported shocks, runs counter to the normal trend on the internal agricultural market, and at one blow shatters the hopes of those who have acted accordingly? What some experts forget is that agricultural production is a very long process. If, for example, we set about raising livestock, the results will not be known for months, even years. If, in the meantime, the normal development of the economy is upset, this will amount to an abuse of the confidence of our farmers.

The true remedy lies in a united Europe which, despite certain (not insuperable) difficulties, alone can open up new horizons. A clearly expressed European will is needed if we are to extend the existing organization, which is limited to markets and prices, to cover structural, social, commercial and other aspects.....

I cannot conceal the fact that the somewhat lofty, at times even distant, attitude of some of our ministers to our European partners has often given rise to an unfavourable trend. We should, as soon as possible, change our style in Brussels in order to restore an atmosphere of trust. A European from the start -I was President of the European Parliament for three years -I feel I am better placed than anyone to get to the goal and thus help French agriculture. But let us not delude ourselves:the negotiations will be difficult, for the sums involved are large.' (Radio and TV address, 22 May; 'Le Monde', 23 May)

Questioned by reporters of 'L'Aurore' and 'Le Monde' on direct elections to the European Parliament, Mr. Poher said: 'The European Parliament is an assembly whose primary rôle is to control the Executivee Commission of the European Economic Community in Brussels. But it can also censure its activities - something it has never done!

At each session a special report is submitted to the European Parliament, and once a year a general report is discussed at a debate in the course of which amendments may be put forward. So far these debates have been of great value because they have enabled the main concerns of the six member States to be brought to the fore.

Nevertheless the European Parliament remains a hybrid assembly with all the shortcomings flowing from its essentially advisory rôle.

Only when it is elected by universal suffrage will it acquire the status of a legislative assembly and be able to play the rôle of a real parliament.'

Asked whether, should the occasion arise, he would himself propose direct elections, Mr. Poher replied: 'I am in favour of this method of designation but I do not want to embarrass our partners and I feel that such a reform can only be introduced after negotiations.' ('L'Aurore', 27 May; 'Le Monde', 28 May 1969)

(b) Britain's application

'I am for admitting Britain into the Common Market because I want to see Europe enlarged in numerous sectors. In this way we shall tend towards a more balanced Europe. Europe, for me, is the Europe of geography.....

We have not yet completed the Common Market of the Six. Twelve years have elapsed since 1958. I think at least the same time will be needed for Britain to enter the Common Market. Moreover, what a number of Britons want is, without delay, accession in principle.

..... Great Britain is not the only applicant. There are also Ireland and Denmark which would have been members of the Community long ago had Britain already joined it. There can be no question of absorbing EFTA as a whole, including Portugal or Switzerland.' ('Le Nouvel Observateur', 3 June; 'Le Monde', 14 June)

(c) European defence problems

'It must be acknowledged that our armaments, for all their terrific cost, are still a long way from being militarily significant. For them to be so, our economy would have to incur heavier expenditure than it could support.... The commonsense solution is to set up, jointly with other countries, an organization that would enable the vast variety of prototypes to be transformed into a really effective force.' (ORTF, 22 May; 'Le Monde', 14 June)

III. Gaston Defferre

Mr. Gaston Defferre, the Social Democrat candidate, who conducted his campaign jointly with Mr. Mendès-France, his prospective prime minister, called at European level for: (i) 'the opening of negotiations to bring Great Britain into the Common Market, on the one hand to prevent it and other European countries from swelling the economic power of the United States, and on the other to serve as a counterweight to a Germany that has become the leading industrial power on the Continent, and (ii) a conference of Heads of Governments of European countries to relaunch the building of Europe.'

Mr. Mendès-France outlined his views on British entry and on the effects this might have on French agriculture:

'What interests me is to find ways and means of ensuring that Britain, a heavy importer which will import even more in the future, reserves part of its purchases to Europe and, more particularly, to France. If we obtain assurances of this kind as regards agricultural products, Great Britain's entry into the Common Market is a matter of interest to us.' (ORTF, 22 May; 'Le Monde', 23 May 1969)

IV. Michel Rocard

On 27 May the candidate of the Unified Socialist Party replied to questions put by Mr. Georges Montaron, director of 'Témoignage Chrétien':

'I have great faith in Europe. I believe it is no longer possible to set up a socialist society in France alone, because it is not technologically feasible; most key industries, and the latest types of technological research, must be on a continental scale.....

We want a socialist society and we realize it must be European. What does this mean in our days? The powers in command in Europe are playing a purely capitalist game and sapping European structure. We believe that this draws together the interests of workers throughout Europe, whether in industry, coalmining or agriculture, and calls for common European solutions that must be imposed on these capitalist States. Socialist power in France would have the task of proposing agricultural and industrial measures ensuring full employment in Europe, a joint system of planning and the establishment in each of the member States, under the pressure of all, of European public sectors.' ('Le Monde', 28 May)

In reply to questions by the Movement for an Independent Europe, Mr. Rocard said: 'The independence we want is not that of European capitalism but that of the European peoples, to enable us together to build another model of civilization. This is why, while I believe it possible and even necessary to set up European institutions endowed with real powers in the technological sphere, I do not feel we can at present contemplate supranational political institutions in which the balance of power would today favour the big capitalist interests.

May these countries of Western Europe free themselves from the capitalist tutelage; may a democratic process in the Eastern bloc countries rekindle the hopes aroused by the spring of Prague - the existing division in Europe will then come to an end.' ('Le Monde', 29 May)

3. Statements by Mr. Michel Debré and Mr. Maurice Schumann on the occasion of the change of office at the Quai d'Orsay

When Mr. Debré welcomed Mr. Maurice Schumann, the new head of the French diplomatic service, he said: 'Dear Maurice Schumann, you smiled, as I did myself, when you read the comments in the foreign press on your appointment to this ministry.

There is no doubt that in years gone by we have expressed different opinions on various problems of foreign affairs, but developments in France, in Europe and in the world, and particularly the recovery of our country through eleven years of government by General de Gaulle, have healed the quarrels of yesterday and shown both of us what the guidelines for our foreign policy should be; I have applied them and you will continue to apply them with the same faith in the future of our country.

What is the principal legacy which we inherited from General de Gaulle? The overriding concern about independence. France is a country whose hands are free and the job of the Government, which the President of the Republic has just formed, the financial, economic and demographic job, has as its main purpose to secure for all the people of France the conditions upon which their necessary independence is contingent. This independence must be made to serve the interests of our security and I have no need to say any more. In the new post that I am to assume we shall co-operate in this responsibility, whose importance overrides all others because it governs them all.

This independence is also in the service of Europe, this Europe to which we are both attached. This Europe which General de Gaulle caused to make such great progress, particularly through bringing France and Germany together. This united Europe for which we are striving while, at the same time, not becoming encompassed in a policy which is not genuinely our own.

This independence is something we also need to establish free relations with the great powers of our century: the United States within an alliance which must not, however remotely, involve any form of integration; the Soviet Union, by dint of a tenacious effort to reduce tension, create understanding and co-operation, so that the whole of Europe, both East and West, may progress towards peace.'

Mr. Schumann said in reply: 'I should never have succeeded you in office if my appointment could have been construed as a breakdown or as a disayowal.'

Mr. Schumann recalled that as Chairman of the Foreign Affairs Committee of the National Assembly for 10 years, he had been the leading member of a closely knit majority supporting the policy of the Head of State, his Prime Minister and the Foreign Minister. He concluded by saying that people were aware of his attachment to the European ideal; 'I should say that Europe is my reason and that France is my country.'

(Le Monde, 26 June 1969)

4. Extracts from the general policy statement of the new French
Government made in the National Assembly by Mr. Chaban-Delmas,
the Prime Minister, and from interview broadcast the following
day on 'Europe No. I'

(a) General policy statement (27 June)

'France's external relations will be characterized on the one hand by their continuity and on the other by their outward-looking character.

The golden rule General de Gaulle taught us, and one that remains dear to us, is that independence is an essential aspect of our policy. But this independence does not, in our view, mean falling back. Quite the contrary..... France's concern is still, in my opinion, to preserve a certain freedom of movement to enable it to play its part in promoting understanding, the easing of tension and co-operation.

Our aim can be summed up as that of restoring and preserving peace throughout the world. We remain faithful, therefore, to the spirit of this policy of rapprochement and to our alliances, in particular to the Atlantic Alliance, to American friendship..... At the same time we will maintain and consolidate with the countries of the Eastern bloc, and above all with the Soviet Union, the policy of co-operation which is now beginning to bear fruit at economic level but which, in our view, has a truly political aspect. Whatever the differences in systems, and however we condemn any violation of a people's right to self-determination, can anyone deny that France, with its policy towards the East, has made, in Europe and elsewhere, a decisive contribution to the easing of tension between the two blocs?.....

France cannot open out unless it pursues an outward-looking policy; this must first of all be directed towards Europe, for economic reasons, of course, but also for political reasons. We say quite plainly that we are prepared to go as fast and as far as our partners in building a Europe conscious of its true destiny.

In this Europe on the move, our treaty of friendship with Federal Germany will continue to occupy an exemplary place. By "exemplary" I do not mean "exclusive"; I am thinking of the ties between France and the Mediterranean countries, especially with Italy with whom we intend to build up our economic links.....

The expansion of the Common Market to include new members – headed by Great Britain – should be made the subject of preliminary discussions and agreements with our partners in the Community. But it is essential that such accession, far from weakening the existing edifice, strengthens it. It is important to reconcile the various points of view and interests in detailed discussions, but care must be taken not to jeopardize the result of these negotiations by going too fast or smoothing over the real problems. British accession must not be such as to water down the Europeanidea, nor should increasing the size of Europe damage its rôle.

Meanwhile, the rules agreed among the Six, particularly as regards agriculture, must be consolidated.... The final stage of the Common Market, to which the Government has always attached so much importance, must be successfully concluded. The President of the Republic has announced France's readiness to attend a meeting of the six Heads of State or Government. I draw attention to this because it bears witness to our will to pursue an outward-looking policy.' ('Le Monde', 28 June 1969)

The Government's general policy statement was read out in the Senate by Mr. René Pleven, Keeper of the Seals.

(b) Extract from statements broadcast by Mr. Chaban-Delmas on 'Europe No. I' (28 June)

'During yesterday's debate in the Assembly Mr. Boulloche asked me: "How are you going to reconcile the maintenance of your nuclear military policy with your European plans?" I fail to see any inconsistency. In fact, and this is why this policy too is adjustable, there is a first point to be made as regards economic and military matters in Europe: Federal Germany has undertaken by an international treaty to refrain from becoming a nuclear military nation, and this commitment is subject neither to prescription nor to revision. It is an irrevocable fact.

But there are other countries in Europe. Great Britain, in particular, is a military nuclear power and since it is quite clear from our European overtures that, provided Europe is not undone by Britain's entry, we favour its accession, when the time comes an agreement regulating these matters can be concluded, changing the conditions of the national effort to the extent that it would cease to be national and become European'

(Le Monde, 28, and 29-30 June 1969)

Great Britain

1. Mr. Stewart restates Britain's desire to join the EEC

Speaking in London, on May 2, at a lunch given by the Europe Day Committee to mark the opening of Europe Week, which commemorated the twentieth anniversary of the Council of Europe, Mr. Michael Stewart, the British Foreign Secretary said:

'I want to establish beyond any doubt that full membership of the Communities remains the essential part of the Government's European policy. We have had to persist in the application in the face of a good many obstacles, but we believe it was right to do so - the more so as it was apparent that our determination had the solid support of the Governments of five countries in the Community and the support of a very large section of public opinion among the populations of the countries now in the European Economic Community.

If the countries of Europe want to exercise the influence on world affairs that they could exercise, they must seek wherever possible to work out a common view on the important issues: the crisis in Czechoslovakia,problems in the Middle East, suffering in Nigeria, and, above all, our own European problems.

For as long as the EEC remains restricted to six members, I do not believe it can be right that the Community should be regarded as the sole forum in which any question of political or economic importance to Europe can be discussed. The development of the EEC, its extension in more fields, greater fulfilment in its purpose – these are bound up with the question of the enlargement of its membership.

We hope whoever is the incoming Government in France, will work with us for European unity. My own belief is that the requirements of Europe, the whole requirements of the twentieth century, are compelling us towards European unity, and the policies opposed to that could only stand up for a limited time whatever might be the personalities involved.'

(The Times, The Guardian, 3 May 1969)

2. <u>Mr. Wilson answers questions in the Commons on his Government's European policy</u>

On 22 May 1969 Mr. Wilson replied to a number of questions on his European policy.

Mr. Turton (Thirsk and Malton, Conservative) asked the Prime Minister what progress he had made in his discussions with the leaders of the Common Market countries on the proposals of the former President of France for a free trade area in Europe.

The expansion of the European Free Trade Area (he said) to include other countries in Europe, countries across the Atlantic and the more developed countries of the Commonwealth, commands far wider support among the British people than the proposal of Mr. Strauss that Britain should be absorbed in a western European federation.

Mr. Harold Wilson (Huyton, Labour). - The proposal of the late President of France did not involve the extension to the EFTA countries Mr. Turton has in mind. It was an attempt to provide an inadequate substitute for our application to join the Common Market. I doubt in present circumstances whether we shall hear much more of the proposal General de Gaulle put forward on that occasion.

Sir Geoffrey de Freitas (Kettering, Labour). - Would the Prime Minister continue to resist any attempts to divert this country into a flabby trade association, turning our back on the building up of a strong and vital European Community?

Mr. Wilson.- I agree with the objective Mr. Turton has in mind: the widest possible area of freer trade in all parts of the world which care to come into it. The best way to lead to that will be first to widen the economic community in Europe, including Britain and the EFTA countries, and use that as a bastion from which to challenge protectionist nations in other parts of the world.

Mr. Crouch (Canterbury, Conservative).— Is the Prime Minister prepared to speak with the same clarity of mind, the same sort of sentiments as were expressed earlier this week by Dr. Strauss when he spoke about the European Community and not just a European Free Trade Area: when he spoke about the need for a meeting of the nations in Europe thinking as one and facing the problems of defence, foreign policy and trade as one?

Mr. Wilson. - Those parts of Mr. Strauss's statement, with which all of us would agree, have been expressed with equal clarity on a number of occasions by the Foreign Secretary, not least when he has talked of the need for greater political understanding in Europe not only on European questions but world problems. But there is a European Community. The trouble is that it is tempted to become too narrow and inward-looking because of the veto placed on its expansion as provided for in the Treaty of Rome.

Mr. Mendelson (Penistone, Labour). - Will the Prime Minister make clear that he is totally opposed to the main idea advanced by Mr. Strauss of having a separate nuclear command within NATO with eventual German participation and all the dangers incumbent on such a development? Will he reaffirm his own statement in the last Common Market debate that the British Government oppose all such plans?

Mr. Wilson.— I have always been opposed to this proposal. Practically every MP has always been and always will be opposed to such a proposal in these circumstances, in terms of a European nuclear grouping of this kind. Cooperation in nuclear matters is a matter for NATO, but the Government have taken useful initiatives here so far as European conventional defence and a nuclear planning group are concerned. These are the right answers to that problem. I agree with Mr. Mendelson's anxiety.

Mr. Jay (Battersea, North, Labour). Will the Prime Minister repeat his assurance to the House a few weeks ago that it is not the Government's policy to bring the United Kingdom into any kind of European federal state?

Mr. Wilson. - Yes, whatever the long-distance future may hold, this is not a reality, nor is it what we are asking for.

On 10 June Mr. Harold Wilson also answered questions from Mr. Marten MP and Mr. Tuck, MP.

Mr. Marten (Banbury, Conservative) asked the Prime Minister which of the countries of the Common Market he proposed to visit this year.

Mr. Wilson. - I have no immediate plans to visit any of the Common Market countries.

Mr. Marten. - Before the Prime Minister makes any visits or reopens negotiations with the Common Market, would he see that there are published for the benefit of the country economic studies of the effect of Britain joining the Common Market?

It would be folly to start negotiations from a position of economic weakness which we must confess we are in now.

Mr. Wilson. - I do not see any reason in present circumstances to change the general estimates given to the House when we had the major three-day debate on the Common Market two years ago. Certainly, before any final decision is taken to enter into negotiations - and that depends not on us but on others - we would wish to inform the House and consider what further information should be sought.

Mr. Tuck (Watford, Labour). - When the Prime Minister opens negotiations, will he reiterate the pledge and make it clear that Britain would not agree to a Federal Europe? Is not the membership of the Foreign Secretary in a committee called 'European Committee' inconsistent with that pledge?

Mr. Wilson. - No. There is no immediate prospect, or for a long time to come, of that development occurring. Joining the Communities would not involve any action of that kind.

We would, of course, be required - and this we have said we are prepared to do - to accept the obligations, including the political obligations, of joining the Common Market. They do not involve either a federation or any military involvement.

(The Times, 23 May and 11 June 1969)

Ireland

Statement by Mr. John Lynch, the Irish Prime Minister

On the occasion of the opening in Dublin, on 20th June 1969, of the European Movement Study Conference, Mr. John Lynch, the Irish Prime Minister, made the following statement:

'On behalf of the Government of Ireland, I am happy to extend a most cordial welcome to the distinguished visitors who are attending this study conference of the European Movement. I am also very pleased to have this opportunity of giving expression to the high regard in which the Movement is held by my Government. We in Ireland, who have closely followed and participated in the efforts to achieve European unity since the early post-war years, are well aware of the indispensable contribution made to those efforts by this Movement. We are consequently proud and gratified to see this study conference being held in our capital city and we wish it every success.

The effort to achieve unity among the European States is surely one of the most outstanding developments of the last two decades. The first important steps in this direction were the establishment of the Council of Europe and of the Organization for European Economic Co-operation, which later became the Organization for Economic Co-operation and Development. Ireland had the honour to be a founder member of these organizations, as well as of the European Payments Union, and at the present time, as you all know, it is one of the countries which have applied for membership of the European Economic Community. As a people firmly believing in the ultimate goal of European unity, both political and economic, and anxious to contribute to the achievements of that end, we earnestly hope that a means will soon be found of expanding the membership of the Communities. Although we recognise that the road ahead may be a difficult one, we are determined to go forward, together with our friends in the other applicant countries in the belief that Europe's best interests lie in the expansion of the Communities and that there is much which the applicant countries can contribute towards creating that new Europe which we all seek. Convinced as we are that the Common Market is only the beginning of an irreversible process towards European unity, we in Ireland continue to look forward with hope and enthusiasm to our full participation in this great movement.

We know that political considerations played a great part in the motivation of the negotiations which produced the Treaty of Rome and that the aims of the EEC go beyond purely economic matters. The contracting parties

in the preamble to the Treaty affirmed their determination "to establish the foundations of an ever-closer union among the European peoples", and they called on those other peoples of Europe who shared their ideal to join in that effort. We in Ireland respond with enthusiasm to that call. We are European, not only because of our geographic situation, but by virtue of the shared ideals and values of many centuries, and we have many times declared that we fully accept the aims of the Treaty of Rome and the action proposed to achieve those aims. We should like to see the Community progress as rapidly as possible along the road marked out for it by those who framed the Treaty of Rome and to have the opportunity of joining in that forward march.

My Government have followed with interest the various proposals made in recent times to develop stronger links between the applicants and the member countries of the European Communities. We have at all times made it clear that our objective is full membership. We believe that the new Europe, if it is to be enduring andstrong, must be built on the foundations which already exist in the Community institutions and we would therefore have to consider cautiously any suggestion for the creation of new institutional arrangements outside the existing Common Market framework lest this might prove divisive, and therefore, counter-productive.

One point to which, perhaps, I should make special reference is the importance of Ireland's achieving membership of the Communities simultaneously with Great Britain. Because of the close trading links between Ireland and Britain - she takes 70 % of our exports - I stressed this point in the course of my last series of meetings with the Governments of the Six and with members of the EEC Commission. I was happy to receive assurances in the course of those meetings that the importance of our simultaneous entry with Britain was appreciated by all. There have been recent reports in the press of suggestions that Great Britain should be admitted first, leaving the position of the other applicants for settlement at a later stage. I am strongly of the opinion that such an approach would militate against the early achievement of greater European co-operation and unity. Indeed, I venture to say that the acceptance of additional smaller countries, far from posing great problems for the Community, would contribute significantly to stability in the new and enlarged Europe.

The theme of your conference is the institutional problems posed by the enlargement of the Communities. I would urge you, in considering this important matter, not to be deflected from the ultimate goal on which we are all agreed. Any temporary difficulties of a technical nature can be solved, given that goodwill and resourcefulness which the Community has already shown in solving many more serious and intractable problems.'

(Irish Mission to the European Communities, 20-21 June)

1. Italian Senate debates European policy

The Senate's Consultative Committee for the Affairs of the European Communities discussed the Communities' activities in 1968.

Senator d'Angelosante (Communist) said that supranationality had not yet been attained; there was no reason, therefore, why while in some countries, such as Germany, the parliament exercised prior control over the government's activities within the Community, a similar arrangement did not operate in Italy. He questioned whether it was right for the Italian Government to make political moves such as those made in WEU without first notifying the Parliament. As regards the trade agreements with the Maghreb countries he deplored the fact that although the Community had already stipulated agreements with Morocco and Tunisia, the European Parliament had passed a resolution asking that, pending a settlement of the Community's relations with Israel, the two agreements should be suspended so that all three could enter into force simultaneously.

With regard to companies, Senator d'Angelosante pointed out that, in addition to the establishment of large supranational bodies, large national concentrations had occurred that were a serious threat to normal competition and liable to lead to national monopolies.

Turning to aids to production, he observed that Italian requests for details regarding authorized or unauthorized grants of aid had met in the Community with the objection that such disclosures would diminish the Commission's authority. He therefore asked the Government to take up a firmer position on the matter, since making the Commission the sole arbiter on the question would amount to amending the Italian Constitution, demanding decisions of such importance of institutions for which it made no provision. Senator d'Angelosante wondered what the powers of the European Commission really were, since they appeared to differ according as it was France or Italy that resisted it. The Commission treated France with great respect, but not the others.

Senator Tolloy (Socialist), referring to the European Parliament's attitude to trade agreements with the Maghreb countries, spoke of the understandable concern felt by German parliamentarians about the possibility of its discriminating against Israel.

Senator Bergamasco (Liberal) suggested it might be as well, given the serious political problems created for the Community by France's attitude, to speed up the introduction of at least common monetary and short-term economic policies. Co-operation should also be resumed in the university sector, and the crisis in Euratom solved once and for all.

Senator Boano (Christian Democrat) thought that the Parliament should be more widely consulted on Community problems, particularly with a view to staving them off. For example, the Community's 'Agriculture 80' plan should first be submitted for study to the Parliament.

Senator Li Vigni (Socialist Party of Proletarian Unity) asserted that the Parliament could no longer be excluded from important Community problems such as the draft convention on mergers of companies governed by different legislative provisions. This dealt with the serious problem of the registration of securities. The Parliament should be consulted on this as on other problems.

Mr. Pedini, Under-Secretary of State (Foreign Affairs), said that the Italian Government was trying to relaunch the project of a European university; it was alive to the need for harmonizing diplomas and other evidence of qualifications to facilitate the access of Italians to employment in the Community. As regards Euratom, the key problem lay in pursuing an industrial and technological policy, so essential for the Community; it was in this context that centres such as that at Ispra could find new activities and an assured future. Mr. Pedini agreed that the Parliament, when faced with important Community decisions, should hold prior debates; these could only buttress the Government's bargaining position during negotiations at Community level. The Government was in favour of strengthening the Community but also wanted it enlarged to include the United Kingdom, as only collaboration with that country could ensure a secure future for the nuclear, electronics, aviation and similar key industries.

(Senate of the Republic Consultative Committee for the Affairs of the European Communities -Annex to summary report of 5 March 1969)

2. Mr. Emilio Colombo, Minister for the Treasury, interviewed by 'L'Express' and 'L'Européen'

Mr. Emilio Colombo, Minister for the Treasury was interviewed by 'L'Express' about uniting Europe and concerning the situation in Italy. He was asked where Italy would stand in relation to the France of General de Gaulle and the Britain of Mr. Harold Wilson if the way were blocked to uniting Europe. Mr. Colombo replied: 'I trust that no-one will confront us with a choice expressed in such terms as these. Given some of the arguments put forward by France, we have quite categorically, chosen - since the crisis of 1965-1966 to pursue the construction of the Community, equip it with new structures and make it subject to control by the people - which is a democratic necessity. It ought to be possible for this Community to be open to the United Kingdom and to democratic States applying for membership so that Europe may, both in the world at large and in the Atlantic Alliance in particular, come to represent an independent self-respecting entity. Assuming that the tactical divergences which divide us from France cannot be overcome, we should try to bring a real European Community into being in the hope that the French will join us in our endeavours.'

Mr. Colombo also answered questions from the montly review 'L'Européen - Der Europäer'. Mr. Colombo stated, with reference to the disagreements between the member States: 'In many cases the disagreements between France and the other five governments, which are the underlying cause of the current unease in the Community, have been brought into the light of day with a great deal of frankness on both sides. I do not think that it can be said that there is any danger to the Community inherent in the care we are taking to avoid deliberately changing the present state of unease into an open and serious crisis.'

(L'Express, 11-18 April 1969, L'Européen - Der Europäer, April 1969)

3. Statements by Mr. Nenni, Italian Foreign Minister, concerning an East-West conference

Addressing the Committees for Defence and External Affairs of the Chamber of Deputies, Mr. Nenni, Foreign Minister, said that it was time for the countries of the West te begin negotiations with the countries of the Warsaw Pact. Indications from the East European countries showed how effective such a move could be. The action to be taken should be aimed at initiating direct negotiations to lead to an East-West conference to analyze the problems

of European security. Hence the pursuit of a static policy should be abondoned – even though this might be both simpler and easier – in favour of a dynamic one; this would, indeed, be more risky but it would also be more profitable. Mr. Nenni said that in order to promote such a multilateral joint meeting between the two Alliances, Italy was proposing a European conference which should deal with four main questions of equal importance:

- Western Europe and the supranational structures it already has and those with which it should be endowed;
- (ii) Eastern Europe and its need to open up more to the rest of the world;
- (iii) the neutral and non-aligned countries of Europe (from Greece to Yugoslavia);
- (iv) the United States and the Soviet Union.

In the long term, such a conference should draw up plans for organizing security and peace, beginning with agreements that would be easier to conclude in the fields of culture, trade, science and technology. In this way the system of security would be arrived at by means of partial agreements, each of which 'would tie a knot' and thus prepare the 'tying of subsequent knots.'

(Chamber of Deputies, Proceedings of Parliamentary Committees and Joint Meetings, 17 April 1969)

4. President Saragat's State visit to Britain: Anglo-Italian undertaking regarding the building of Europe

The President of Italy, Mr. Giuseppe Saragat, accompanied by the Italian Foreign Minister, Mr. Pietro Nenni, paid a State visit to Britain on 22-29 April at the Queen's invitation. During the visit Mr. Nenni and Mr. Michael Stewart, the British Foreign Secretary, signed a number of documents on Anglo-Italian collaboration, of which the most important was a declaration on the building of a united Europe. This declaration, signed on 28 April and then deposited with WEU, read as follows:

'In the firm belief that their future and the future of Europe are indissolubly linked; that only a united Europe can make its due contribution to peace, prosperity, and international co-operation and can, at the same time, provide the necessary framework for the fulfilment of their common destiny; and that therefore no effort must be spared to give a new impetus to achieve European unity, Britain and Italy have agreed their European policy as follows:

The economic and political integration of Europe are both essential. As experience has shown, neither can go forward without the other.

The European Communities remain the basis for European unity. The treaties establishing these Communities provide for the accession of other European countries. If the Communities are to develop, they must be enlarged. The enlargement of the Communities would not alter their nature, but rather would ensure their fulfilment. In this way Europe will be able to make even stronger its outward-looking traditions and increase its efforts for the developing countries. The policy of the British and Italian Governments is to work for these aims, and to avoid enlargement becoming more difficult. At the same time they agree to consult and to intensify the exchange of all relevant information.

The political development of Europe requires that all member countries of an enlarged Community shall be able to play a full part. Europe must be firmly based on democratic institutions, and the European Communities should be sustained by an elected Parliament, as provided for in the Treaty of Rome. The rôle of the present European assemblies must be enhanced.

Europe must increasingly develop a common foreign policy so that she can act with growing effectiveness in international affairs. A first step towards the harmonization of the various foreign policies has been taken in WEU; this initiative must be pursued and intensified. Within the Atlantic Alliance, in order to enhance its functions of guaranteeing security and stability, and within the other organizations to which we belong, the development of a European identity is a positive step in the process which is intended to lead to the creation of a united Europe, better able to work towards <u>détente</u> and to put in practice concrete measures of disarmament aimed at furthering the establishment of a just peace.

Meanwhile every path that would make European integration easier should be pursued at every level and in all fields where progress is possible. Among these fields, particular importance will attach to progress in monetary matters, technology, the peaceful uses of nuclear energy, and cultural cooperation.

An essential condition for the development of a united and democratic Europe is the full participation of the younger generation. Their future will depend on the contribution which their energy and intelligence can bring to the unity of our continent.

Britain and Italy believe the common interests of our continent, its security and its prosperity, demand union. They reaffirm their determination to work for this aim, together with those other European Governments which share their ideals and goals.'

In an communiqué issued in London at the end of President Saragat's visit, the two Governments announced their decision to keep in direct contact so as to ensure, jointly with the other countries concerned, the closest possible co-operation in a sector which both considered to be of crucial importance. The identity of views between Italy and Britain on problems connected with the political and economic integration of Europe, to which the talks were in a large measure devoted, was underlined in a joint statement.

Both countries were eager to see a peaceful order set up in Europe. It had been agreed to collaborate in the search for an equitable and lasting solution of the problems of European co-operation and security by pursuing, in close consultation with the common allies, a policy aimed at enlarging Europe and at shaping, at international level, suitable initiatives for the purpose.

(Relazioni Internazionali, No. 18, 3 May 1969)

5. Government statements in the Italian Parliament on the problems of citrus fruit and tobacco

Mr. Valsecchi, Minister of Agriculture, declared before the Chamber of Deputies that while over the past fifteen years Italian citrus-fruit production had almost doubled, quality still fell short of the standard expected on foreign consumer markets. Other problems arose from the inadequate size of farms and from the standard of farming techniques.

The result had been low unit production at high costs in no way competitive with up-to-date citrus-fruit production.

Sales on foreign markets had therefore remained almost stationary while surpluses had not been absorbed on the domestic market.

Under these circumstances, the Ministry of Agriculture had immediately requested the Community institutions to authorize intervention on the market notwithstanding the regulations in force.

In addition all possible measures to promote marketing of the product, including stepping up exports to the Eastern bloc countries, had been studied at inter-ministerial meetings attended by representatives of the Sicilian area.

Following the Italian Government's request, the EEC issued a regulation authorizing Italy to take special measures on the orange market.

No State intervention was possible, however, in favour of regional measures for the purchase of citrus-fruit products since such measures were contrary to Community rules.

Mr. Valsecchi pointed out that the defence machinery provided for fruit-growers in the developing countries by the Community regulations was of little help in the present situation because its operation was in the hands of importing member States whose interest in maintaining trade with the Mediterranean countries at a high level had prevailed over Community preference. The Minister of Agriculture had therefore requested that in the event of approval of the agreements with Morocco and Tunisia, Italian membership be made subject to the acceptance of a clause rendering tariff cuts operative only if a balanced Community market was in existence. This request was not, however, followed up, it having been felt desirable to offer guarantees equivalent to a review of the operation of the fruit-growing regulation, a review eagerly requested.

Tighter discipline of the citrus-fruit sector in the Community was therefore essential if sales outlets were to be widened.

Moreover, given the considerable capacity of the Community area to absorb citrus-fruit products, some arrangement would have to be found to ensure outlets for Italian products not taken up on the domestic market. This, moreover, would relieve the European Agricultural Guidance and Guarantee Fund of the burden of intervening in the event of a crisis.

At productive level, it was essential to take the tastes of consumers into account and therefore to improve the quality of the best varieties, restricting production to the most suitable areas.

Another problem dealt with by the Italian Parliament was that of to-bacco. Mr. Elkan, Under-Secretary of State for Finance, pointed out that the Italian delegation to the Council of Ministers of the Community had dwelt on the need to accord, when measures were taken with respect to tobacco, absolute priority to the establishment of a market organization for the unmanufactured product, which the Commission had proposed instead to introduce jointly with the harmonization of outlay taxes on manufactured tobaccos and on the overhaul of monopolies.

The difference between domestic prices and international prices of unmanufactured tobaccos purchased from the monopoly was the main reason for Italy's interest in a common agricultural policy, in line with the provisions of the Treaty of Rome, which shifted the burden of national support to the appropriate Community body (European Agricultural Guidance and Guarantee Fund). The situation of the Italian market was known to be completely different from that in other member States in that while the State farm had to purchase raw materials at prices higher than international prices, it could not intervene in respect of the selling prices of Community products, whose level was fixed directly by the Community industries and was based on costs unaffected by extra-commercial components.

It would be absurd to discuss long-term objectives of common agricultural policy before completion of the cycle of regulations envisaged for a transitional period, covering also wine and tobacco.

It was also stressed that if the Community's political will did not express itself on the foregoing lines, the Italian side would have to reconsider its availability at the current discussions on the increase of unit prices in force in the various sectors covered by the regulations.

It was also pointed out that the Italian delegation, in the desire of setting in motion the negotiations, and above all of speeding up the introduction of the common agricultural policy, stated that the Government would be prepared, on that condition, to examine the possibility of abolishing the tobacco monopoly. It ought further to be pointed out that such a monopoly could

not continue to exist within the context of a market organization based on whole-sale liberalization of trade.

(Chamber of Deputies - Summary Report of 7 May 1969, Senate of the Republic - Summary Report of 30 May 1969)

6. Address delivered by Mr. Rumor, President of the Italian Council, at the unveiling of a bust of Alcide De Gasperi

At Strasbourg on 15 May, Mr. Rumor attended the unveiling of a bust of Alcide De Gasperi, presented to the Council of Europe by the European Union of Christian Democrat Parties.

Mr. Rumor, President of the Union, delivered an address of which the following are extracts:

'We recall.... the lucid argument of De Gasperi: "It is true that European federation is a myth. And if there is to be a myth, tell me what other myth should we present to our young people concerning relations between States, the future of our Europe and of the world, and security and peace, if not this striving for unity? Do you want the myth of dictatorship, of force, the myth of one's own flag, even if accompanied by heroism? But then we would once again breed those conflicts that would inevitably lead to war. I say that this myth is the myth of peace; this is peace, and this the road we must follow."

I am speaking today as President of the European Christian Democrat Parties in which capacity (which does not relieve me of my grave national responsibilities) I am bound to reaffirm before this House, the earnest undertaking of Christian and democratic forces to work for European unity. This undertaking is neither hegemonic nor integralist; it does not flow from a spirit of authoritarianism and has not been planned by a single nation, party or élite. We have never dreamt of a Europe that was not the resultant of all the ideal democratic components of culture, labour and politics, a Europe that, shutting itself off in some absurd watertight compartment, did not gather to itself the wealth and variety of the ideal, spiritual and practical capabilities of our peoples and which, through their joint commitment, provides the European edifice with the foundation of a habit and unity of spirits even before a community of interests.'

Mr. Rumor looked forward to the direct election of the European Parliament by universal suffrage, to a democratic authority set up by the people rather than by the Governments, and summed up what ought to be the basic aspects of the European initiative as follows:

'(1) Above all, in the face of innovations and commotions in the other Europe, even if frustrated and in some cases harshly stamped out, even if still problematical, it is essential to strive for a policy aimed at overcoming - without risk to peace or freedom, without weakening our security, yet with a realistic appraisal of the possibilities and of contemporary trends - present-day conflicts and divisions (just as the European movement of the fifties helped to overcome the traditional origins of the conflicts lying at the heart of our continent) through adequately prepared, far-reaching and responsibly conducted multilateral meetings.

And this is a proper form of European 'indivuality' applied to actual conditions and possibilities, without rushing precipitately ahead and endangering the international framework that guarantees the independence and security of our countries; and naturally so as to preserve the ties of friendship and alliance with the United States and developments in the vast field of civil, technical and economic progress, while not losing sight of long-term objectives and allowing full scope to the deployment of efforts.

- (2) Another prospect will open up to the extent that Europe recognizes the new area of full collaboration with the ex-colonial world, particularly Africa, which looks to Europe for an entirely new approach permitting unrestricted exchanges of ideas, cultural and technical collaboration, constructive initiatives and improved economic relations in short a new joint undertaking geared to a peace based on development, politics based on right and relations based on mutual respect and solidarity.
- (3) A Europe that looks beyond the Atlantic to that part of European civilization established in Latin America which, after so much travail, gave birth to national States justly proud and jealous of their independence; countries which, despite all the difficulties and delays, are trying to consolidate themselves in a free and democratic system and to establish a balanced order and a regional link. Here too, a Europe conscious of its mission can find a point of reference with the two major poles of the American continent.'

(Europe, No. 19-20, 17 May 1969)

7. Mr. Nenni, Italian Foreign Minister, replies to questions on Greece

In reply to questions put to him in the Senate, Mr. Nenni stated that the European Commission of Human Rights was studying the complaints lodged against the Greek Government by the Danish, Norwegian, Swedish and Netherlands Governments for the violation of the principles of the Convention on Human Rights and of the Statute of the Council of Europe. Moreover, on 28 January 1969 the Consultative Assembly of the Council of Europe had adopted a recommendation on the situation in Greece. In this the Assembly deplored the deprivation by the Greek regime of Greek citizens' rights of unfettered free expression, and of free elections to a representative Parliament, and stated that the present Greek regime was in grave violation of the conditions for membership of the Council of Europe. The Assembly also decided not to recognize the credentials of any Greek delegate purporting to represent the Greek Parliament until such time as it was satisfied that freedom of expression had been restored and a free and representative Parliament elected in Greece. The Assembly finally recommended the Committee of Ministers to draw these conclusions to the attention of the GreekGovernment and to take such action, within a specified period, as was appropriate. The Committee of Ministers would be convened to take the necessary steps immediately the report of the Commission on Human Rights had been presented. This then was the position of the Council of Europe with regard to the Greek problem. As to the position taken up by the European Community, this stood by the European Parliament's resolution on the subject. This resolution affirmed that the EEC-Greece Association Agreement could not be applied until democratic structures and political and trade-union freedom had been restored, and that the functioning of the Association was being hampered by the fact that Greek parliamentarians found it impossible to share in the activities of the Joint Parliamentary Committee. In the light of the foregoing resolution, the Council of the Community decided to confine the Association's activities to current matters such as the application of tariff cuts. The Italian Government had subsequently fallen in line with this attitude within the Community institutions.

(Senate of the Republic - Summary Report of 23 May 1969)

8. Visit of Mr. Nenni, Italian Foreign Minister, to Yugoslavia

Mr. Nenni, Italian Foreign Minister, went to Yugoslavia on an official visit from 26 to 29 May. At the end of his visit a communiqué was released in which it was stated, inter alia: 'The two countries are aware of the need to make an active effort to develop an awareness of Europe. They are convinced that the future of Europe should be based not only on the premise of a frank and open dialogue but also on a respect for the underlying principles of

international relations, especially those of the full sovereignty of each nation and of non-interference in the internal affairs of other countries.

Against this background, Italy and Yugoslavia will use every endeavor to find ways and means of establishing broad and direct contacts, which, after careful preparation, should gradually pave the way for a conference on European problems.

The Yugoslavian representatives listened sympathetically to what Mr. Nenni had said about such a conference and pledged their support for this initiative.

Both parties agreed that the solution to such delicate and important problems as that of the security of Europe could not be delegated exclusively to the major powers but had to be tackled, on the same level with them, by all the countries of Europe - both those who were committed to alliances and those who were less involved.

It was pointed out that the policy of détente did not offer any alternative and that to improve the situation in Europe and restore a climate of good faith, it was essential for every country to direct its efforts to eliminating those factors which could disturb mutual relations: hence the need to refrain from exerting pressure, using force or resorting to threats.

The two parties discussed the problem of disarmament and the practical measures that were being considered at the Geneva Conference as well as the problems of using nuclear energy for peaceful purposes. They agreed on the need to pay special attention to these questions, trusting that every country would be given the opportunity of contributing to their solution.

They noted the encouraging increase in the trade between Yugoslavia and the European Community and Italian support for a trade agreement between Yugoslavia and the EEC was re-affirmed; Italy will also give its support in seeking interim solutions designed to secure a satisfactory level of sales for the traditional agricultural products of Yugoslavia.'

(Il Popolo, 10 May 1969)

9. Mr. Rumor visits Turkey

Mr. Mariano Rumor, President of the Council, paid an official visit to Turkey from 5 to 8 June 1969. At the end of his visit a communiqué was released which stated inter alia: 'Italy and Turkey noted that their foreign policies were directed at the same objective of peace and security; they expressed their satisfaction at the results of the April meeting of the Atlantic Council which had underscored the importance of the Alliance not only for the security of its members but also for détente in Europe. They stressed their interest in the fact that the Alliance was currently considering the possibility of negotiations to create the conditions for a just and lasting peace in Europe based on security and trust.

With regard to the proposed conference on European security, both Governments thought that this would have to be carefully prepared if success was to be achieved. In this connexion, both parties trusted that progress would be made towards solving less controversial issues, so that gradually the ground could be prepared for a profitable discussion on European problems of greater moment.

As regards relations between the two countries in the context of Turkey's Association with the Common Market, both Prime Ministers decided to make every possible effort so that the transitional phase of the Ankara Agreement might be reached as early as possible and that practical results might be achieved; Turkey's status as a European member and the particular needs of the economies both of Turkey and the Six would have to be taken into account in this context.'

(II Popolo, 9 June 1969)

10. The Luxembourg Foreign Minister visits Rome

Mr. Thorn, Luxembourg Foreign Minister, went to Rome on 20 June for a 24-hour visit. The communiqué issued at the close of his talks with Mr. Nenni, Italian Foreign Minister, stated that the two ministers agreed on the urgent need to consolidate the present structure of the European Community and to enlarge it to bring in countries which would like to join. Bearing this in

mind, they agreed on the importance of rapidly promoting political co-operation in the multilateral organizations to which the two countries belong, particularly the Western European Union.

(Le Monde, 22 June 1969)

Luxembourg

1. The Chamber of Deputies refuses to ratify the protocol for the accession of Greece to the Customs Assistance Convention

On 7 March 1969, the Chamber of Deputies examined the bill to ratify a convention between the Six for mutual assistance between customs services. This was signed in Rome on 7 September 1967. The bill included an additional protocol and a protocol for Greece's accession to the convention.

Miss Flesch (Liberal), who submitted a report to the Chamber of Deputies, stressed the technical nature of the protocol for the accession of Greece. She trusted that the political situation in Greece would soon return to normal and that the process of Greece's association with the Common Market, as envisioned by the Treaty of Accession of 9 June 1961, might go ahead as before. Miss Flesch recalled that the Convention had been ratified in the Federal Republic under an Act of 14 January 1969 and that the ratification procedure was fairly well advanced in the other member States.

Mr. Fohrmann (Socialist) stated he could not accept the contents of the accession protocol or the submissions of the rapporteur. He recalled that those who signed the Treaty for Greece in 1962 were either in prison or had been executed. For this reason, he asked for a division on the bill. If this were not granted he would abstain from voting on the whole bill.

Mr. Useldinger (Communist) said that he would vote against the bill, not because he was opposed to customs assistance between the member States but to avoid making any gesture that might be construed as one of solidarity in favour of the fascist régime in Greece. He followed Mr. Fohrmann's lead in requesting a division.

Speaking for his Government, Mr. Werner said that to ratify the convention under the present circumstances in now way implied - since this way a purely technical one - a failure to recognize the political situation in Greece or that the present undemocratic régime would be recognized.

The vote took place on a division. The Convention and the additional protocol were unanimously adopted. The protocol for the accession of Greece to the Convention was rejected by 44 votes to 3 with 4 abstentions.

(Chamber of Deputies, Summary record of proceedings, session of 7 March 1969)

2. The election of Luxembourg representatives to the European Parliament

During the session of the Chamber of Deputies held on 24 April 1969, Mr. Urbany (Communist) tabled a motion, signed by five members of his party, which read as follows: 'The Chamber calls upon the Government to introduce a bill making provision for the election to the supranational bodies of representatives of our country by the people according to the rules of our law on legislative elections.'

Mr. Urbany thought that the Luxembourg representatives to the European bodies should be appointed democratically in a manner reflecting the wishes of the people. He found it unacceptable that there should be delegates on these bodies who were not appointed by the people at the most recent elections. He therefore proposed that future Luxembourg delegates should, whatever the assembly to which they were sent, be appointed according to the principles of Luxembourg electoral law, i.e. by general elections according to the system of proportional representation. The constitutions of these international bodies did not cover this point and left the contracting parties quite free to hold such elections.

Mr. Fohrmann (Socialist) pointed out that the appointment of members to international bodies was the subject of specific provisions in the relevant treaties. It was only to the European Parliament that delegates could be elected by universal suffrage.

In common with the Socialist Parties of the other member States, the Luxembourg Socialist Party had made it a standing stipulation that there should be direct elections to the European Parliament. Mr. Fohrmann proposed that Mr. Urbany's motion should be replaced by the following text: 'The Chamber, with a view to democratizing the European institutions, calls on the Government to table a bill as soon as possible laying down the arrangements for the direct election by universal suffrage of Luxembourg members of the European Parliament.'

Mr. Margue (Christian Democrat) was unable to accept Mr. Fohrman's motion. Mr. Fohrmann, he said, must know that the EEC Treaty laid down a procedure giving the European Parliament the initiative, the decision being taken by the Council of Ministers. It was not a Luxembourg bill that was going to change the negative attitude of the Council of Ministers.

For his part, Mr. Urbany felt that to pass his motion would place the Grand Duchy among those States in favour of direct elections to the European Parliament. It had so far been too easy to take refuge behind the negative attitude of France. He accepted Mr. Fohrmann's proposal to replace the words 'to the supranational bodies' by the words 'to the European Parliament'.

Mr. Elvinger (Liberal) agreed with Mr. Margue. He did not see that a treaty could be changed by a unilateral vote in support of a bill in one member State.

Mr. Cravatte (Socialist) rejected Mr. Margue's legal argument. There was no provision in the Treaties of Rome to prevent any member State from appointing its representatives in accordance with national rules. Each State could decide how it wished to appoint its delegates, i.e. indirectly or by general elections.

Mr. Thorn, Foreign Minister, took a stand on the motion tabled by Mr. Urbany on 11 March 1969. He found this unacceptable. It was difficult to say which bodies were supranational. Similarly, the treaties contained specific provisions on the appointment of delegates. He emphasized the solid foundations of Mr. Margue's legal argument. He recalled that, as President of the Council of Ministers of the Community, he had been apprised of the most recent resolution of the European Parliament on this subject. For its part, the Luxembourg Government would take a positive attitude to this resolution and see to it that it was included on the agenda of the Council. Mr. Thorn could not state his views on the motion tabled by Mr. Fohrmann because it had only just been submitted.

His personal preference was for Mr. Cravatte's argument. In any case it would have been preferable for the Chamber to have been apprised of a bill; the intentions would in this way have been made clear to the Government.

The President of the Chamber put Mr. Fohrmann's motion to the vote after Mr. Urbany had withdrawn his. The motion was passed by 35 votes to 16.

(Chamber of Deputies, Summary Record of Proceedings, 24 April 1969)

Netherlands

1. Debate on the agricultural budget in the First Chamber

During the debate on the budget of the Ministry of Agriculture and Fisheries on 20 May last, Mr. Mertens analyzed the Mansholt Plan on behalf of the parliamentary group of the People's Catholic Party.

'The Memorandum is undoubtedly an event of considerable importance as it evoked discussions on all agricultural problems, not only in farming spheres but also outside those spheres. It is, however, regrettable that the Memorandum should give an even more unfavourable picture of agriculture than the one previously projected, particularly in non-agricultural spheres. The document gives the impression that the agricultural sector is largely made up of small, backward and non-viable enterprises which are only maintained in existence through an unduly high prices policy, in other words a policy that introduces guide prices and guaranteed prices fixed on the basis of social criteria. This, at least in so far as farming in the Netherlands is concerned, gives a false idea of the real situation. Whilst the plan contains a number of good ideas and suggestions, its peculiar way of bringing forward arguments is, in my opinion, a serious mistake.'

'The Memorandum raises problems in a schematic way and generalizes matters excessively. Far too frequent reference is made to medium-sized farms. In the main, the memorandum puts the position as follows: 75 per cent of farms in the Community are so small that they can only use rationally three quarters of the labour force; 3 per cent only of farms have an area of more than 50 hectares. Half the number of farmers are over 57 years old and farms have to resort to intensive production to ensure a minimum income. They are, thereby, unable to adjust to the market and the prices and market machinery remains ineffective as far as they are concerned. The guaranteed prices system has disquieting financial consequences. Although the credits allocated to improving production and market organizations have brought about a definite improvement in the basic structure, operating and water supply conditions, the mean size of farms in the Community countries has only increased to a small extent - where it has increased at all. The result is that the comparative lag in farmers' incomes is increasing. Under the circumstances, the prices policy could hardly improve the situation.

'I think that this is not the right way of putting the problem. I should first like to stress the importance of increased productivity which, in the Netherlands, is even higher than that in other economic sectors. The larger

share of farm products in Dutch exports, which obtains again this year, shows the dynamic nature of this sector. Assuming that in three quarters of all farms in the Community there is only work for three quarters of the labour force, then it would be interesting to know what is the percentage of farmers for whom farming is not the main occupation, and what is the proportion of those for whom farming is the main occupation and who live off farms that will gradually cease to exist. Everything points to the fact that the percentage of this type of farm is very high, even in the Netherlands, as shown by recent surveys carried out in that country. We can obviously not say that farms in that group practise intensive production, nor, consequently, that they are an appreciable factor of over-production. They are mainly farms which go on operating until they finally go out of existence. It is certainly not these farms which, from an economic and social viewpoint, represent a dead loss for the EEC's farming policy. In pointing to the fact that 3 per cent only of the Community's farms have over 50 hectares in area, insufficient account is taken of the number of farms of the type we have just described. Moreover, too much prominence is given to the area factor of a farm as a condition for an adequate income level. this idea, which is often brought up in connexion with the farming programme, particularly in relation to the area of an economic unit, completely disregards the great diversity which characterizes more and more the structures of the various agricultural and horticultural farms. The extensive specialization of farms, expecially during the past few years, has obviously been lost sight of by the European Commission. A number of the changes which the European Commission advocates in order to improve agriculture and horticulture have already taken place in the Netherlands as well as, in fact, in other countries. It may be asked whether the vast expenditure which the carrying into effect of the structural reform projects suggested by the European Commission would necessitate is really warranted and whether the proposed re-organization could not be carried out by cutting out these heavy expenses. I do not wish to say that nothing at all should be done, but all the EEC countries are currently taking measures to improve farming structures and envisaging further measures. On the other hand, what should be done and there, unfortunately, we are nowhere near the start, is to ensure more effective co-ordination and putting an end to the unfair competition which still prevails in a number of cases. The basic idea in the Memorandum is to promote larger farms and different forms of cooperation. This is all very well but if we intend for this purpose to grant financial assistance, if we propose to help financially large farms to become larger still, then I think we must also do so for the other farms, in fact for all viable farms whether they are "production units", "modern agricultural enterprises" or just family farms. It would seem that the European Commission's expectations are entirely founded on modern agricultural enterprises, that is on all large farms having extensive cultivable land. This has not been the trend up till now, particularly in highly developed farming countries such as the United States of America or Sweden. The vast majority of farms in those countries, even the very large ones, are always of the family type. It would seem that this will go on being so.

According to the farming programme, adjusting supply to demand would be easier if there were no large farms. According to the Memorandum, however, a balanced market can only be established through the existence of large farms and the setting up of large producer organizations. I feel, for my part, that not only has the validity of this theory to be proved but also that it is wrong, at least if the principle of freedom of enterprise is taken as a basis.'

'Again according to Mr. Mansholt, the number of people engaged in farming, which is at present about 10 million, will have diminished by 5 million in 1980. As to whether such a development can take place under good conditions, I mean conditions that are acceptable from a social viewpoint, this will largely depend on employment possibilities afforded by other sectors. Much more so than hitherto, we shall have to ensure that alternative employment is provided in all the EEC countries, especially in areas that are as yet insufficiently industrialized and where unemployment already exists or is threatening to appear.

I am somewhat surprised at the fact that the Minister of Agriculture shares the view of Mr. Van der Groeben that the EEC would not be responsible for creating alternative jobs. I would plead with the Minister to endeavour, in collaboration with his opposite number in the Ministry of Social Affairs and Public Health, to get the European Commission to devote its full attention to this matter. The question as to whether agriculture can become or remain a sound economic sector largely depends not only on farming itself but also on the opportunities offered by other economic sectors as regards appropriate employment.'

Mr. Baas (People's Party for Freedom and Democracy) endorsed the view of the Minister of Agriculture, namely that the Memorandum only considered the problems involved in a fragmentary way. He, too, believes that in order to lay down specific long-term measures, account had to be taken of a number of other aspects of the matter, viz: the development policy, organizing world food supplies, progress in chemistry and the production of substitute foodstuffs. The speaker doubted that the Community's agricultural policy was justified. The system does not and cannot work properly. He felt, like the Minister, that the EEC Commission did not indicate with sufficient clarity how the structural adjustments which are of course desirable as such, would contribute to restoring the market's balance. If the Council does not take in the very near future decisions designed to restore the balance, it will be acknowledging the failure of both the incomes and the production policies. Relations with third countries will be jeopardized and the Community's financial charges will reach an unacceptable level.

With regard to the creation of new jobs which is the Community's responsibility in view of the massive nature of the rural exodus, Mr. Iardinois, Minister of Agriculture declared that, in his opinion, the introduction of the regional policy which is evidently needed in this respect, is not progressing fast enough in the EEC. More importance should be given in the Community to the regional policy. This does not mean that it must be exclusively under the European Commission's control. 'I believe, with regard to regional policy, that the European Commission is called upon to play an important part in harmonizing conditions. It has also a part to play, in a more general way, in respect of economic policy and, accordingly, employment policy. This rôle I would define as consisting in harmonizing the policies of the six Governments,' Mr. Lardinois declared.

The Minister then referred to the social aspects of occupational conversions. He felt that the harmonization process should be speeded up. He was certain that the measures currently taken for smooth reconversion and retraining were quite adequate, but it would be necessary to consider a special reconversion system for people leaving agriculture.

The Minister did not share the view of Mr. Baas that the market and prices policy of the EEC had failed. He acknowledged the fact, however, that a number of essential points in that policy had to be overhauled.

(First Chamber, 1968-1969 session, Farming and Fisheries, 20 May 1969)

2. A Dutch Government memorandum to the European Commission concerning a policy on behalf of the small and medium-sized businesses

At the beginning of June, the Dutch Government, acting in conjunction with its Benelux partners, sent a memorandum to the European Commission suggesting the introduction of a Community policy for small and medium-sized businesses. This memorandum included a series of proposals designed to ensure a healthy development of these businesses.

The Dutch Government thought that sound and efficiently operating small and medium-sized businesses were essential for the proper operation of production and the provision of services and constituted a prerequisite for a balanced expansion of the economy as a whole, in the Community.

In drawing up this document, account was taken of the stipulations of the professional and trade union organizations, at both the national and international level. Other important points were the co-ordination of the right of establishment in the six countries, particularly the mutual recognition of qualifications. The occupational training policy had to be geared to the policy governing access to the professions.

The memorandum also made a plea for greater incentives to co-operation between small and medium-sized businesses. A special request was made that regulations governing major amalgamations should not hinder joint purchasing and selling by small and medium-sized businesses.

The memorandum also called for: (i) a special survey of the size of businesses in the structural policy to be pursued; (ii) a co-ordination of EEC policy on small and medium-sized businesses, where applicable; (iii) a study of the possibility of taking measures to strengthen the competitive position of these businesses; and (iv) the setting up of a permanent Community information service concerning the policies pursued by the member States with regard to small and medium-sized businesses.

(Handels & Transport Courant, 3 June 1969)

3. Debate in the First Dutch Chamber on the budget of the Ministry of Economy

On 3 June, in the debate on the budget of the Ministry of Economy, Mr. Albeda (Anti-Revolutionary Party) voiced his concern at the delay in achieving the Community's political integration as compared with economic integration. The structural diversity of the member States might jeopardize the development of the Common Market. Costs and prices showed considerable disparities, reflected in the existence of diverging policies and in a precarious monetary situation in almost the whole of the Community.

Italy and West Germany enjoyed an appreciable surplus in their balance of payments. In France, things were going badly with regard to structure, while the Netherlands is just managing to keep the balance. In these circumstances, it is not surprising that each country should have its own policy. Nor is it surprising that any effective co-ordination of policy should be impossible. It might be said that there is in Western Europe sufficient economic integration to cause mutual hindrance but not enough political integration to practise an effective economic policy.

The speaker then said that he hoped there would be a little more freedom of action in France and that, in future, a wind of change would blow in that country so that other countries could show that they were not hiding behind the 'Non' of the President of the French Republic. It should now be possible to take certain steps with a view to strengthening the Community's economic policy. These could make it possible to have better control over the cyclical situation.

As for Mr. De Block, Minister of the Economy, he recognized the fact that the EEC was at present behindhand in achieving certain highly ambitious but essential projects such as co-ordinating economic policies and aid measures, as well as the problems raised by the membership of third counties. 'As always, we remain realistic and we do not forget that a number of important decisions have to be taken unanimously, that is on the basis of a compromise, i.e. where no-one succeeds in fully asserting its rights. We must maintain the Community open in two directions: (a) to the accession of new members, (b) to trade policy. We regard these two requirements as the mainstays of the EEC Treaty.'

Mr. De Block then expressed the opinion that it was important to avoid, in the Community, any assistance 'escalation'. He hoped that the Commission would achieve positive results in this respect and stressed the need for each one of the Six to achieve the aims which the Commission itself had attained. He added: 'in this field it would be impossible to implement a policy that was not an overall policy. We must carefully weigh up all the measures entailed by any form of assistance, whether this concerns bonuses on interest, cheap plots of land, direct subsidies or bank loans at favourable rates. As for us, we shall not give our agreement until that essential condition has been accepted by all.'

With regard to Euratom Mr. De Block underlined the very bold nature of the five-year plan drafted by the Commission concerning, in particular, the construction of a gas diffusion plant and an ultracentrifugation plant. In 1973, a choice will have to be made as to the process to be used. It will not be possible until then to invite third countries to take part in that plant. The Minister expressed reservations for the time being as regards that initiative, particularly as France's participation seemed unlikely. 'We are, however, considering co-operation between the United Kingdom, the Federal Republic and the Netherlands. Once agreement has been reached, that co-operation will be open to third countries. I believe that we may be able to work faster and more efficiently if we achieve that aim first. We could then invite other countries to join.'

The Minister endeavoured to dispel any concern felt by certain members of the Parliament regarding the use which the Federal Republic of Germany might make of enriched nuclear materials for military purposes. Euratom was carrying out efficient control. In addition, the assurance given by the Federal Republic that it will not manufacture nuclear weapons is clearly stipulated in the WEU Treaty. 'In any case, within the framework of present co-operation, the honourable Member may be certain that we shall make quite sure that this project is only applied to peaceful purposes.'

(First Chamber, 1968-1969 Session, Economic Affairs, 3 and 4 June 1969)

4. Mr. Luns discusses Mr. Brandt's plan for European integration

At the close of the two-day conference of Western European Union held in The Hague on 5 and 6 June, Mr. Luns, Dutch Foreign Minister, stated that most of the States which had taken part felt that the question of enlarging the EEC should have been on the conference agenda - with the exception of Mr. Harmel, Belgian Foreign Minister, who expressed reservations. The Dutch Government also thought that consultations on Britain's accession to the EEC should be held directly and not in a roundabout way through WEU.

Mr. Luns stressed that in the Dutch view, the enlargement of the EEC should be discussed in detail with the European Commission 'so that ideas might be formulated with greater precision in that framework'. He was disappointed that the European Commission was not represented - as was the custom - at the WEU Conference. The five EEC states which took part considered it inappropriate to invite the Commission in view of the absence of France - which was boycotting WEU conferences.

Mr. Luns said that Mr. Brandt had proposed a meeting of heads of government and foreign ministers in the autumn to discuss: (i) how the long-term future of Europe was envisaged; (ii) what should be the object of negotiations with the United Kingdom; (iii) the procedure to be followed in negotiations with Norway, Denmark and Ireland; (iv) what arrangements should be made as regards the other EFTA States that had not applied for membership of the EEC.

Mr. Brandt's suggestion that the seven WEU States should form the nucleus for political co-operation was shared by Mr. Manzini, the Italian representative at the WEU Conference.

The Netherlands continued to believe, Mr. Luns pointed out, that the enlargement of the European Communities was a matter to be discussed only in Brussels. He still hoped, however, that the six WEU countries would issue a statement of intention concerning Britain's accession before the summer recess.

(Het Parool, 6 June 1969; Nieuwe Rotterdamse Courant, 6 June 1969)

5. The Second Chamber discusses Euratom

On 24 June, the Second Chamber carried, without a division, a motion calling for wider terms of reference for Euratom; this followed from a question by Mr. Oele (Labour Party) on the Euratom crisis. Euratom should have a fair chance to adjust to changed circumstances and tasks in regard to co-operation in science and technology in Europe.

The Government was urged to take a constructive attitude to the gradual inclusion of non-nuclear activities in the work of the Joint Research Centre. The motion further called on the Government to propose that Euratom should have more scope and hence, a wider margin of manoeuvre within the budget in adapting the research programme, particularly as regards basic research. The motion also asked the Government to expedite matters and put forward a report on the discussions held by the Council of Ministers concerning Euratom's new research programme.

Mr. Oele took the Government to task for its opposition to Euratom's new plan covering a period of several years. He said Euratom had 'gone almost off the rails'. Mr. Block was quite emphatic that this was not the case: 'Our attitude could not be more constructive and we have not been cheese-paring'. Mr. Block pointed out that he favoured as far-reaching a research programme as possible to give Euratom a fair chance. A great deal here depended on France which had so far played a negative part:

Mr. Westerterp (Catholic People's Party), Mr. Boertien (Anti-Revolutionary Party) and Mr. De Goede (Democracy 1966) and Mr. Bos (Christian Historical Union) advocated Euratom's participation in the ultracentrifugation project. Mr. Westerterp hoped that other member States, particularly Belgium and Italy, would be associated with the project as soon as possible after the signing of the agreement. He added that the tripartite en-

richment plant was not to be used for the production of nuclear weapons. 'This plant had to be clearly separated, in the United Kingdom, from any plants producing atomic weapons.'

Speaking for the Labour Party, Mr. Oele asked that the ultra-centrifugation project should be subject to European control. He had no confidence in the possibility of national control under the tripartite agreement.

Mr. De Block said that it was not yet the time to bring the ultracentrifugation project within the scope of Euratom. Every effort should be made to solve difficulties contingent on the possible use of the enriched uranium produced by ultra-centrifugation for atomic weapons. Only when there is complete agreement can other countries be admitted to the group already involved.

According to Mr. Block, the Dutch Government would make no proposals itself but confine its attention to a constructive study of the Commission's proposals. If the Netherlands made any proposals, this would prejudice the right of initiative of the Commission.

(Handels & Transport Courant, 25 and 26 June 1969; Nieuwe Rotterdamse Courant, 25 June 1969; Second Chamber, session 1968-1969, 24 June 1969)

6. Parliamentary Questions

Association Agreements with Tunisia and Morocco and with Israel

In reply to a question from Mr. Dankert (Labour Party) on 11 March concerning the Government's view on the association with Tunisia and Morocco being dependent on that with Israel, Mr. Luns, Foreign Minister, stated on 27 March: 'As I promised the Second Chamber on 27 February, I did everything in my power at the Council meeting of 3 March to induce the Council to accept that when the agreements with Tunisia and Morocco were signed, the opportunity should be taken at least to draw up a negotiating mandate for Israel. In order to facilitate an agreement on such a mandate, the Netherlands proposed that the agreement should not, as had always been requested before, involve a complete free trade area but would have to make do, in a first phase, with tariff reductions of 60 per cent on industrial products. The number of years required for the complete abolition of customs duties could then be decided upon by unanimous agreement.

Even on this less far-reaching proposal, no Council decision could be reached. However, the European Commission was urged by the Netherlands - with the support of some other countries - to make a practical proposal to the Council for a mandate to negotiate with Israel. On the Council, the Netherlands upheld its reservations about approving the agreements with Tunisia and Morocco. Subsequently, however, after internal discussions, the Government decided to withdraw these reservations. Maintaining them would have led to a postponement of the signature of these agreements with all the attendant difficulties which I explained to the Chamber.

In view of the foregoing, we came back to the view that the Commission had to prepare a draft mandate when it became clear that no immediate Council decision on the substance of this mandate was possible. The original endeavours of the Government seemed thwarted by insuperable difficulties.

The Government will continue to make every effort to devise a mandate for negotiations with Israel as soon as possible. It is, however, to be feared that it will not be possible to couple this issue with that of the signing of the agreements with Tunisia and Morocco.'

(Second Chamber, session 1968-1969, Annex 1145)

France's subsidized exports of grains

On 22 April, Mr. Brouwer (Catholic People's Party), Mr. Zijlstra (Anti-Revolutionary Party) and Mr. Tolman (Christian Historical Union) addressed a written question to the Government regarding the difficulties caused by French grain exports at a lower rate than the intervention price.

On 12 May, Mr. Lardinois, Minister for Agriculture, said in reply that the supply concerned French grains which were available in the Netherlands at prices lower than the current intervention prices for the grains concerned. This was due to the rate at which the French franc was discounted and the special credit facilities extended sometime ago to exports by the French authorities.

This situation had led to the fact that both as regards exports to third countries and in processing grains, home-produced grains were, to some extent, being replaced by French grains. To what extent difficulties may arise in the Netherlands in respect of the sale and storage of domestic grains from

the last harvest cannot be evaluated at present. As regards wheat storage in the Netherlands, more than 100,000 tons from the 1968 crop was expected to be offered for sale at the intervention price. As large a proportion as possible of the Dutch share in the EEC food aid programme – around 50,000 tons of wheat – would come from the quantities offered at the intervention price.

The special export credits extended by France had already been the subject of talks by the responsible authorities of the European Communities. As a result of these discussions, the French Government had decided to reduce from six to two months the maximum term of credit for exports of wheat and barley. Mr. Lardinois took the view that this reduction should also offset the present discount rate of the French franc in price-setting, at least in the short term. On the basis of Article 226 of the Treaty, the Dutch Government had asked the European Commission to authorize protection measures in regard to intervention and compensation in respect of grains not produced in the Netherlands brought over from previous seasons. This authorization had, in the meantime, been obtained.

The lack of complete harmonization in the EEC in other policy areas had led to certain unforeseen developments in the common policy for agricultural markets and prices. These developments – at least as regards the situation in the Netherlands – were not such that the aims for the common policy for prices and markets could not be implemented.

(Second Chamber, session 1968-1969 Annex 1469)

Community market regulations for wine and tobacco

In reply to a question on this subject put by Mr. Vredeling (Labour Party) on 19 May, Mr. Lardinois, Minister for Agriculture (who was also speaking for the Ministers for Economic Affairs and Finance) said on 9 June that the detailed system of market organizations in the EEC, thus including the rules for interventions, were intended to be limited, on the whole, to a series of major products in so far as they were necessary to increase incomes in agriculture and horticulture.

The European Commission proposals envisage an intervention regulation as part of the common market organization for wine involving (i) support for wine storing by private firms, (ii) purchases by an intervention bureau of alcohol made from wine distillation, (iii) granting bonuses for wine distillation.

He thought that the latter measures could expand the production of ordinary wines because this would ensure their sale. Consequently, the intervention regulation should theoretically be restricted to support for private storage. Only in exceptional circumstances would the Council enact the other two intervention measures proposed. Intervention would not be decided upon automatically for all wines if they fulfilled certain conditions, as the Commission proposed; it would only apply in certain specific cases after ensuring that it was necessary for the different varieties of wine.

The production of tobacco in the EEC came mainly from France and Italy; the producers were small and sometimes very small enterprises which could not convert to other crops in the short term for agronomical and social reasons. These growers at present received a guaranteed income for their product which was, with few exceptions, not saleable on the world market.

The Dutch delegation had supported a market intervention regulation as part of the market organization for raw tobacco. However, this should not be allowed to perpetuate a structurally anomalous situation. It should, in conjunction with a system of restricting production, serve to ensure that the tobacco growers could go over increasingly to commercially marketable tobacco.

The European Commission's proposal on the excise duty on manufactured tobacco was viewed by the Government as a valuable contribution to the discussion between the Six on a harmonized structure for tobacco excise duties in the Community. The proposal was broadly in line with the excise duty system obtaining in the Netherlands for manufactured tobacco. The Netherlands had made it clear at the discussion that the Commission proposal was, in principle, acceptable.

(Second Chamber, session 1968-1969, Annex 1,691)

Sweden

Mr. Erlander, Swedish Prime Minister, visits Bonn

During his visit to Bonn Mr. Erlander, Swedish Prime Minister, met Chancellor Kiesinger on 16 April 1969; he explained Sweden's viewpoint on the Budapest proposal put forward by the Warsaw Pact countries concerning a European security conference. Sweden was very interested in the idea of such a conference. The Swedish Government was ready to do everything possible to help in preparing this meeting. Such a conference, however, would only make sense if it were thoroughly prepared and if the United States took part.

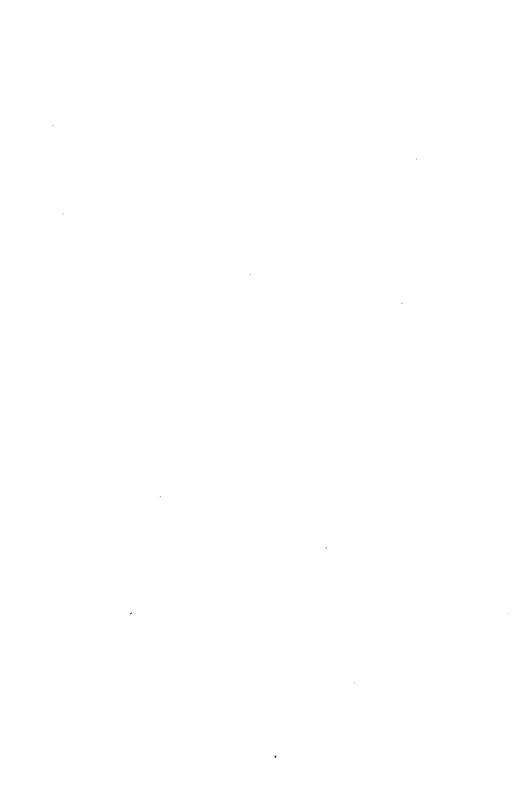
The Swedish view was that the first preparatory step should be simultaneous, bilateral, negotiations by the Western and by the Eastern States; this should be followed by expert investigations of precise practical questions and finally there should be an exchange of information on the part of the West, for example in an enlarged Group of Ten, which would therefore include the United States, before a general European Conference could be convened with any hope of success.

Sweden was concerned about the lack of progress in its trade with West Germany, its main trading partner. Swedish agricultural exports to Germany had fallen. These difficulties originated in restrictions caused by EEC provisions and thus did not represent any disagreement restricted to Germany and Sweden. Sweden was endeavouring, since its attempt to come to an arrangement with the EEC had so far been unsuccessful, to arrive at an interim solution in the Nordic context with the Nordic Customs Union, which should lead to co-operation in agriculture and to greater industrial co-operation and involve common external tariffs so that there would be changes in some international trade prices. The level of customs duty would, to a large extent, be brought in line with that of the EEC. Mr. Erlander also stated in Bonn that the Nordic Council was no substitute for EFTA or for the rapprochment with the EEC which they wanted but it would turn the Nordic countries into a more important and attractive partner and would thus pave the way for more far-reaching arrangements.

Speaking to journalists, Mr. Erlander advocated that Germany should sign the Nuclear Non-Proliferation Treaty. 'It would be most re-

grettable if Bonn were not to sign it.' The Federal Government was in this respect a highly important partner.

(Frankfurter Allgemeine Zeitung, 18 April 1969)



II. PARTIES AND PROMINENT POLITICIANS

1. Andrew Shonfield: A plan to avoid the French veto in Europe

In an article in The Times, Mr. Andrew Shonfield outlined a plan to avoid the French veto on Britain's admission to the Common Market. The points he made are as follows:

1.....

The problem of managing our relations with the European Common Market is clearly one for the long haul. So here is the proposal. The minimum aims of our interim policy towards Europe should be to ensure:

- a) that all British legislative proposals henceforth will be examined publicly on the basis of the assumption that Britain will be a member of the EEC by the mid-1970s;
- that a parallel process of debating any new community initiative in the light of Britain's future membership of the EEC is conducted by those members of the Six which are supporters of the British application for membership;
- c) that there is an identifiable institution where Britain is involved in the day to day affairs of the Community - and is seen to be so.

The problem is how to do (c) without an overt act of political collaboration between Britain and the EEC countries, which would appear to rival the authority of the EEC itself. My suggestion is that we should bring an academic resource into play instead of a political one.

Britain should propose to the governments of the Five that they should join together to establish an independent European institute whose task would be to study and make recommendations on all questions coming before the Parliaments of Britain and the other countries, which would affect or be affected by the establishment of an enlarged EEC.....

In addition to the contract work of the institute in reporting on short-term questions connected with new legislation or administrative measures, it would set itself to explore longer term problems of concern to an enlarged Community.....

Through its work on such long-term questions, the institute would gradually establish its intellectual authority in newfields of European integration. It would apply itself particularly to those areas of policy where the process of integration is currently blocked by political disagreements among the members.....

The problem for Britain is to make a start quickly on some joint operation which will somehow evade the French veto.....'

(The Times, 1 April 1969)

2. Europe and the German Social Democrats - views of Mr. H.J. Wischnewski, Executive Secretary of the SPD

On 5 July 1957 in the German Bundestag, the SPD Group approved the Rome Treaties establishing the EEC and Europe. The question the party must today ask itself is whether the hopes at that time pinned on the EEC Treaty have been fulfilled.

No doubt the EEC can point to a number of unique economic successes: since 1958 it has achieved the highest economic growth in the world. Its GNP, industrial output, internal and external trade and real income have risen more steeply than those of Great Britain and the USA. The EEC is the world's largest trader. Internal tariffs were abolished on 1 July 1968 and the common external tariff is in force. The common agricultural market and common agricultural financing, a really outstanding achievement, are as good as complete. Workers enjoy complete freedom of movement within the Community. Free movement of capital, of services and of goods has been in large part achieved, and turnover tax systems are being brought into line. Never before in the history of Europe have so many European States worked together so closely and with such success in non-military fields.

The Community has proved the superiority of the integration principle over bilateral and multilateral co-operation between governments. Today no member State - not even France - can even contemplate endangering the Community without conjuring up grave dangers for its own economy. The host of applications for entry or association received from European and African States clearly demonstrates the EEC's success and the outstanding position it occupies in the world economy.

However, in spite of all these wonderful achievements, certain misgivings about the EEC are entertained almost everywhere today, both within and outside the Community. Are things moving towards a large European free trade area, such as many German politicians desire? Or is the trend towards international co-operation with the changes rung on individual countries - towards a Europe à la carte?

One thing is clear to the SPD, and that is that its main demands regarding the EEC - geographic expansion and closer integration and democratization of the Community - have so far not been satisfied. Not that the Social Democrats are writing the EEC off for this reason. So far no-one has been able to find a better framework for European unification. In the SPD's view, the three European Communities - EEC, ECSC and Euratom - remain the basis for further and broader economic and political unification in Europe.

The SPD is pursuing without change the aim underlying 'Social Democratic prospects in the transition to the seventies': 'Europe must be organized into a Community of peoples. In this world a Europe that is merely an aggregate of nation States or alliances can no longer play a decisive rôle.' Unfortunately, the political set-up in Europe being what it is, it will be a long time before the internal, defence and external policies of the EEC countries can be merged institutionally, on Community lines, at supranational level with qualified majority decisions.

During this lean period in European affairs, the EEC should concentrate on the following problems:

- By far the most pressing task is to expand the Community to include EFTA applicants. Until this is done, Europe will be unable to play a greater rôle in world politics, to speak with one voice or to bridge the technological gap separating it from the USA. The entry of EFTA States is also in the interests of the German economy.
- 2. Now that the customs union is complete, the EEC must be built up into an economic union. In many sectors of the common economic policy only limited progress has so far been made. This applies particularly to social, cultural, budgetary, financial, monetary, transport, energy and external trade policy. Economic integration measures have so far placed excessive emphasis on agriculture.
- 3. A more serious attempt should be made to ensure the delivery of supplies to consumers at reasonable prices (Article 39 of the EEC Treaty). Public misgivings about European policy can only

be dispelled by bringing home to the citizen the advantages to be derived from a large market. The haggling that is going on over farm prices and the vast sums squandered on European agriculture, at a time when no funds are available for science, technology and education, are discrediting the EEC and the European cause. We want a Europe of peoples, not a Europe of producers. The younger generation particularly no longer feels any deep attachment for Europe. This is why since 1964 the SPD has urged, both in the Bundestag and in the European Parliament, the adoption of a European youth programme.

- 4. The abolition of internal tariffs has scarcely been noticed. Checks are still carried out at the frontiers, and turnover taxes and import levies have taken the place of import duties. The EEC should therefore, as a matter of priority, abolish frontier checks and turnover taxes in intra-Community trade.
- 5. In the institutional sector, following the merger of the Executives, the EEC, ECSC and Euratom Treaties should also be merged, care being taken, wherever possible to accentuate rather than cut down the supranational aspects of the Treaties. This would mean giving priority to wider powers for the European Parliament, majority voting in the Council of Ministers, strengthening the Commission's independence and its right to make proposals, and an independent source of revenue for the Community from customs duties and levies.
- 6. Now that the EEC Agricultural Fund has reached DM 12-15,000m a year, parliamentary control is becoming more and more important for the sound democratic functioning of the EEC. The European Parliament must therefore be endowed with real legislative rights and obligations and directly elected. Unfortunately the SPD-sponsored Bill on the direct election of the 36 German European representatives was turned down in 1965 by the coalition parties then in power in the Bundestag.

With a view to improving democratic structure, the SPD further calls for the election of Commission members and for ratification of association agreements by the European Parliament. The EEC Council of Ministers – as the Communities organ of decision – ought, in our view, to hold its meetings in public to make its responsibility clear.

- 7. As the world's largest trader, the EEC must fulfil its responsibilities towards the developing countries by entering into association with further African States desirous of such a link.
- 8. Mergers of undertakings and the adoption of a statute for a 'European company' should not be allowed to encroach on the

rights of workers for whom they are responsible under national laws.

The SPD will continue to work for a United States of Europe, both in the Bundestag and in the European Parliament. The Party sees this not only as an economic aim but also as a contribution to peace in Europe and in the world.

(Europäische Gemeinschaft, No. 4, April 1969)

3. Mr. La Malfa discusses European problems at the University of Wellesley

A symposium on Europe was held at the University of Wellesley near ${\tt Boston}\, \boldsymbol{.}$

Mr. Ugo La Malfa, Secretary of the Italian Republican Party, spoke about the achievements of Community policy to date and the economic and political problems still to be resolved. He pointed out that inter-Community trade had increased fourfold since 1958, as had the gross national product. He referred then to the problem now being discussed by the European Commission, to wit, whether to prolong the transitional period for two or three years or not. Mr. La Malfa said that this uncertainty stemmed from the general political situation and the effect that the controversy over the United Kingdom had had on relations between the Six. In fact, it had caused a deep division in the Community, with France on one side and the other five drawn up on the other. He said that because of this situation, the European unification was liable to suffer a severe setback and this could lead to a slackening of the pace so far achieved in the purely economic sphere.

Mr. La Malfa then pointed out that further progress towards economic unification called for the establishment of a supra-national power, even if its terms of reference were restricted to certain sectors.

'It will be impossible, he concluded, to tackle the problems of the new technology, which has found such practical expression in the United States, unless the European Commission is endowed with some measure of supra-national power. In this respect, the obstacle raised by Gaullist France is liable to delay Europe's progress quite considerably.

(Europa, No. 14, 5 April 1969)

4. Professor Hallstein's plea for a united Europe

'Europe is condemned to unity.' With these words Professor Dr. Walter Hallstein, former president of the European Commission, wound up a speech on European economic and energy policy delivered in public in Frankfurt on 17 April 1969. Professor Hallstein deplored the state of division in Europe and the inadequacy of the drive towards unity in the light of the 'American challenge' and of the Japanese economic upswing.

He saw the remedy in a Community-based solution, in the long run embracing Great Britain, aimed not at protectionism but at European competitiveness. What America had done could serve as a measure of what had still to be achieved.

A large-scale uniform market must be created and a common policy on public contracts introduced - that is, if necessary, preference must be given to an artificial market in order to ensure that new products show an economic return. In this respect the situation in Europe was not all it could be. A real Common Market did not exist.

At the same time Professor Hallstein made a case for a 'common market in brains'. This implied all-round recognition of degrees and diplomas. It also meant that every student would have to feel at home at any university and that exchanges of professors between the various countries must become the rule rather than the exception.

Turning to wasteful scattering of efforts in the nuclear field, professor Hallstein deplored the trend towards national industries. 'Nothing encourages a nation to seal itself off from the rest of the world like a policy of national subsidies'. In the narrow framework of the nation, oversize undertakings always became problem children and the darlings of State economic policy.

Interviewed by the 'Stuttgarter Zeitung' on 2 May 1969, Professor Hallstein said that General de Gaulle's exit from the political scene had ushered in a new phase in European policy and in Franco-German relations. 'The General never gave up the unquestioning precedence he accorded his own country; in this he observed the strictly national principle. European values, to which he attached great political weight, were embodied for him not in an organized whole but in an old-fashioned international system that preserved the "sovereignty" of States. He could not stand the institutions of the European Communities. Again and again he tried, through his ministers and officials, to narrow down the Communities, by attacking their underlying

constitutional principles (for example, the position of the Commission and majority voting in the Council of Ministers), to a framework for old-style co-operation between governments. This resulted in a dangerous tendency to put European activities once again on a national and diplomatic basis. There is no reason to assume that this policy, and the tenacity with which it was pursued, will continue to govern France's European activities. One should be wary of entertaining hopes of an immediate return to conventional French policy which, from the days of Robert Schuman, has been a leading influence on efforts to achieve European unity - not least because pressing domestic problems will call for priority measures. But there are real grounds for expecting French policy to be increasingly influenced by the widespread interest in Europe felt by the French people, particularly the younger generation. Moreover, a return to full observance of the Treaty in the European Communities does not call for any radical changes but can be effected almost as routine in the course of day-to-day activities. At all events, with the General's departure from active politics, a serious and far-reaching attempt to restore nationalism in Europe has come to naught.'

On the enlargement of the EEC to include Britain and other applicants, Professor Hallstein said: 'The unfavourable attitude to British entry was - and this must unfortunately be admitted - not the most unpopular feature of Gaullist policy. Here again it would be as well not to look for sudden and dramatic changes. The course of events will, I think, depend on the degree of influence exercised by the past opposition on the new policy, and on whether Britain makes haste to define its views on institutional questions. At all events, the absurd propaganda to the effect that protection must be sought against the German "giant" will not be necessary.'

On Franco-German understanding, to which Professor Hallstein had contributed as Secretary of State under Dr. Adenauer, he said: 'Franco-German understanding and friendship is deeply rooted in the two peoples. No event in French or German politics, not even a change of régime, must be allowed to harm the relationship. Built up through Robert Schuman's policy, it led to a degree of co-operation in the fifties never since attained. The Franco-German Treaty of Friendship set the seal on and enriched this friendly co-operation. At the same time it raised many problems because - leaving aside the original intention of ushering in with the Treaty a special grouping within the European Communities, a suggestion rightly turned down by the Federal Government - the services to be rendered were not always defined uniformly on both sides. That we can bank on this relationship enduring is of great importance, for it remains the cornerstone of European integration. In this spirit, Germany's French policy ought to take care to ensure that every possible and suitable form of co-operation is preserved in the course of the impending period of change. Franco-German friendship has entered on a new phase in which it will be tested anew. Far-ranging discussions between all the statesmen concerned should now be started up.

(VWD-Europa, 18 April 1969; Industriekurier, 19 April 1969; Stuttgarter Zeitung, 3 May 1969)

5. Mr. Vredeling criticizes Dutch cyclical policy

At a meeting of the Utrecht Federation of the Labour Party on 21 April, Mr. Vredeling, a Labour member of the Second Chamber, was critical of the cyclical policy of the Dutch Government. As a result of the shortcomings of the present Cabinet, the Netherlands had become a bulwark of instability and a source of inflation within the EEC; at the same time, the Government had aggravated the wages and prices spiral by increasing excise duties and the added value tax and by conceding tax reductions.

Mr. Vredeling disapproved of the way in which the Government had endeavoured to contain inflation; in fact what it had done was to aggravate it. The Government did not evince sufficient concern for the position of the ordinary citizen. Prices had to be frozen. As an example of the Cabinet's incapacity, he quoted the fact that Mr. De Block was maintained in his post despite his extremely poor performance in the debate on prices. Mr. Vredeling hoped that the Government would on its own initiative adjust the minimum wage to the increased price levels and not wait until it was forced to do so.

Mr. Vredeling thought it was typical of the present situation that although the EEC Commission had warned the Netherlands not to lower its taxes Mr. Witteveen still intended to do so.

Mr. Vredeling also pointed out that the influence in Brussels of the progressive political parties in Europe had to be greater, because it was there that decisions to increase prices in the member States were taken.

Those who wielded economic power in Europe had already worked out a common line in Brussels. It was now time, he said, for the progressive parties in Europe to demonstrate similar solidarity.

(Handels & Transport Courant, 22 April 1969)

6. Address in European unification by Mr. Robert Marjolin

Mr. Robert Marjolin, who was for ten years Vice-President of the EEC Commission, gave an address in Edinburgh on 1 May; his subject was the unification of Europe; the following extracts may be noted:

a) Saving the common agricultural policy

The common agricultural policy was in a state of crisis. There was a danger that agriculture would come to dominate the work of the Community at the expense of more forward-looking endeavours.

The Six had to agree on how to tackle this problem and they had to fashion their future policies for agriculture; Mr. Mansholt was sceptical about the possibilities of a comprehensive solution at this stage.

b) Britain's application for membership

Everyone was agreed that it would be natural for the United Kingdom to become a member of the European Community but this did not make things easy in the immediate future. The problem was splitting the Community.

If the United Kingdom did not become a member of the European club there was practically no prospect of any progress towards political unity in Europe.

A positive and constructive solution also depended on Britain's success in overcoming the difficulties that it had been experiencing for several years and which would be appreciably aggravated if the United Kingdom adopted the Community's agricultural policy. Not only would this raise the cost of living in the United Kingdom but the latter would also have to buy substantial quantities of foodstuffs from the continent at high prices and pay large sums of money into the European Agricultural Guidance and Guarantee Fund.

Another section of the Treaty of Rome to which the United Kingdom would have difficulty in giving immediate effect was the abolition of controls on capital movements.

It was, until quite recently, doubtful whether the United Kingdom would be able - after a short interval - to assume the obligations of a customs union for industrial products. The recent improvement in the British balance

of payments position and the prospect of an appreciable surplus in the second half of the year, as well as the discussions in progress on 'recycling' Britain's debts, had created a favourable climate.

This meant that before becoming a member of the Community, the United Kingdom would need a transitional period which could be a short one in the case of the Customs Union but which would inevitably stretch over several years with regard to the common agricultural policy and the liberalization of capital movements.

A whole series of questions arose in connexion with enlarging the Community. The institutions set up by the Treaty of Rome, especially the European Commission, would be affected by this event. Their terms of reference and powers would be discussed by the States when the three European Treaties were merged. It was reasonable to suppose that the single treaty which ensued would solve the problems arising when Britain and other countries joined the Community.

The Community had six members at present; it would have ten if the applications of the United Kingdom, Ireland, Norway and Denmark were accepted. The number might even increase to twelve or thirteen if other European countries followed their example.

Similarly, the discussions on the Council of Ministers and the decisions they took would become more difficult, at the very time when progress would have to be more rapid and new problems would become increasingly numerous. It had been proposed that the number of members should be limited to seven, viz.: the Six and the United Kingdom. This was a facile way of solving the problem but Mr. Marjolin did not think it was realistic. Why and how, for example, could Denmark be refused admission to the Community when it was ready to assume all the attendant obligations at once – which was not the case with the United Kingdom.

A more practical solution would consist in setting up an executive committee on the Council of Ministers to comprise permanent members and members sitting in turn. There could be an executive committee of seven members, for example, and similar arrangements could be made for the Commission.

One important issue would be the position of the new members of the institutions during the transitional period. If the United Kingdom were a member of the Council, it would participate in decisions that would not affect it for what might be rather a long time. If it were not sitting on the Council, decisions which would affect its interests might be taken without Britain.

The best thing that one could hope for, said Mr. Marjolin, was that the European nations would come together for regular consultations between heads of government, foreign ministers, finance ministers, etc. - something along the lines of the Fouchet Plan which General de Gaulle proposed eight years ago. The pressure on governments of commercial unity, a wide degree of economic co-operation and an awareness of a community of widespread interests should accelerate the reconciliation of the various points of view and pave the way for a European confederation.

(Opera Mundi, No. 510, 6 May 1969)

7. Switzerland and Europe - views of Federal Councillor Celio and Ambassador Weitnauer

On 4 May 1969 Mr. Nello Celio discussed Switzerland's position in the world at a party rally of the Swiss Radicals in Zofingen. He spoke of the need to expand multilateral relations between States and continents, and added that the pragmatic approach of Swiss foreign policy had so far proved successful.

The question in Europe today was how future European policy would develop now that the greatest obstacle to a European Community had left the stage. A change in French foreign policy was not to be ruled out, and the notion of a Europe stretching to the Urals would undoubtedly lose a great deal of its attraction in comparison with that of a united Europe. Switzerland could view developments in France without much concern since a politically united Europe would always be of interest to armed neutrals determined to defend themselves against any threat.

Turning to economic developments in Europe, Mr. Celio observed that outstanding results had been achieved in EFTA without exciting much attention. Switzerland had also stayed competitive in the Common Market. Nevertheless her aim must be to strive for a free European market, and if possible a free world market - a goal not attainable in a matter of a few years. Swiss policy should therefore be to seek multilateral and bilateral agreements that would bring Switzerland closer to the Common Market.

Mr. Celio warned against underestimating the obstacles to Swiss entry to the Common Market. These undoubtedly had to do with economic and political questions affecting the very foundations of the country. Switzerland had at all events been wise to keep its freedom of manoeuvre intact. 'To enable the people to reach a decision on these questions, a gradual adjustment of our structures is as necessary as a clarification of the position.'

At a meeting arranged by the Swiss Chamber of Commerce in France, Ambassador Weitnauer, Federal Council delegate for trade agreements and special missions, spoke in Paris on 13 May on 'Switzerland and the Europe of tomorrow'.

He expressed doubts as to the possibility of creating the United States of Europe. His scepticism was based on (i) the division of Europe into two camps, and (ii) the uncertainty as to whether Europeans were willing to abandon their sovereign rights. So far there had been no trace of a radical change of heart among them. Nevertheless, it would be wrong to give up hope in the political unification of Europe. With the two great powers - the United States and the Soviet Union - manifestly looking for a modus vivendi, it was essential that Western Europe restore, in the light of past experience, a 'concert of European powers' capable of safeguarding the common interests of the countries of Europe and of pursuing a common policy without depending on a massive administrative apparatus.

Approximation measures in the economic sector should be kept distinct from those taken in the political sector. Mr. Weitnauer went on to describe what had been done in recent years in this direction and the noteworthy results achieved, but criticized the attempt, launched with the establishment of the EEC, to achieve political aims by way of economic co-operation. Economic instruments were wholly unsuitable for that purpose. Politics and economics should be kept apart, and in the economic sector an attempt should be made to remove all the obstacles that still hampered international trade.

The Ambassador then turned to the Swiss attitude to European unification. Switzerland, despite its neutrality, which lay at the very heart of its policy, was extremely interested in political as well as economic co-operation in Europe. It was its status of neutrality that often gave Switzerland scope for action denied to other countries. Mr. Weitnauer was sure that neutral Switzerland could find a place in a politically 'restructured' Europe for which, far from being a burden, it would be a clear-cut gain.

Mr. Weitnauer dwelt upon Switzerland's close economic links with the rest of the world, and particularly with the European market. Two-thirds of Swiss exports went to the European continent, from which it obtained 80 per cent of its imports. This was why Switzerland supported all measures for removing obstacles to trade in Europe. It was the intrusion of power politics into the economic sphere that had brought two separate trading blocs - EEC and EFTA - into being. Switzerland's one aim was, therefore, to restore European unity. Switzerland was ready to adjust itself to the realities of the world around it. What Mr. Weitnauer could not understand was the view, held in some EEC circles, that applicants for membership and neutrals should receive different treatment. He therefore pinned his hopes to a pragmatic approach, one he felt sure would be shared by the EEC member States and the Brussels Commission once a solution had to be found of new practical problems.

(Neue Zürcher Zeitung, 5 and 15 May 1969)

8. The Israel Ambassador to the Netherlands discusses his country's association with the European Communities

At a meeting of the Dutch-Israeli Chamber of Commerce on 5 May 1969 at Utrecht, Mr. Shimshon Arad, Israel Ambassador to the Netherlands, stated that this country would spare no effort to achieve an association agreement with the European Economic Community. The development of Israel's economy was, in fact, dependent upon such an agreement.

Israel's main commercial partner was the EEC, followed closely by the United States and the EFTA countries. According to Mr. Arad, the Israel trade-balance deficit doubled over a period of one year in regard to both trade with the EEC countries and trade with countries outside the Community. This growing deficit was, therefore, one of Israel's trickiest economic problems. The essential cause was the country's particular situation. From an economic and social viewpoint three factors determined the country's general policy, viz.:

- (a) its heavy defence commitments;
- (b) its constantly growing immigration;
- (c) the need for the country to reach a high social and technological standard.

Defence absorbed about three-quarters of the national income: directly, through the vast sums required to meet the expenditure of the active army and, indirectly, because of the withdrawal of young workers from the production machinery.

Immigration concerned mainly persons coming from highly industrialized countries; while their knowledge and experience was certainly appreciable, they had, nonetheless, high social requirements since most of them came from countries with a higher standard of living.

Finally, there was the problem of Israel's scientific and technological development. Although the country was in a position to finance from its own resources part of the necessary investments for this purpose, it had, however, to call on foreign capital for the remainder. The trade balance suffered the heaviest consequence of this situation. In 1968 imports reached \$1,750m while exports only amounted to \$1,100m. Up to now, this deficit could be offset by balance-of-payments surpluses.

The Ambassador stated that investments - which were necessary for economic growth - were estimated for the current year at I£3,400m.

According to Mr. Arad, Israel welcomed foreign investments. Various facilities had been granted for this purpose. Industrial concerns specializing in exports were granted a 33 per cent subsidy for their investments in respect of machinery and equipment and 20 per cent of the amount they devoted to local development. In addition, they enjoyed facilities in respect of packaging and customs duties. The public authorities also granted loans for investments in the developing areas of the country as well as loans to foreign firms specializing in exports.

The Ambassador then quoted various figures to illustrate the country's economic life. Israel was particularly short of water. In 1967, the gross national product amounted to 12,000m florins. Since 1950 - at a time when Israel was going through a serious economic crisis - this meant a total economic growth of 150 per cent i.e. an average growth rate exceeding 9 per cent per annum (United States 3.3 per cent; Denmark 5 per cent and Japan 9.6 per cent). Agriculture's share in the domestic production was 8 per cent, industry's share about 25 per cent, trade and services 18.5 per cent, public authorities and services 19 per cent, while industry employed 25 per cent of the population.

Mr. Arad emphasized the prominent part played by the EEC in Israel's development. In 1968, 30 per cent approximately of the country's imports came from the EEC and 26 per cent of its products were exported to Community countries. The EEC's importance for Israel was such that the country would not cease to pursue its efforts to join the Community. Mr. Arad

expressed his gratitude for the support which the Dutch people and the Dutch Government had always given to Israel to help it reach this aim.

(Handels & Transport Courant, 6 May 1969)

9. Douglas Jay, MP: Staying out of the Six

In a letter to the editor of the Guardian, Douglas Jay writes:

'Sir, as you rightly said in your leading article yesterday, it would be highly damaging for Britain to enter the EEC while the grotesque agricultural policy of the Community maintains a butter price of 9s a lb, with correspondingly exorbitant prices for other main foodstuffs, and mounting unsaleable surpluses. To take one other example, the sugar policy of the EEC would both cost this country an extra £70 million on our balance of payments and seriously injure several of the poorest Commonwealth countries. If we gratuitously and permanently levered up our living costs in this way, any hope of control over prices and incomes, or the value of sterling, or of recovery in our balance of payments, would be lost.

But there is another almost equally disastrous consequence of present EEC agricultural and food policy. It makes alteration of the exchange rate impossible without virtually insuperable crises. As EEC farm prices are fixed (humorously enough) in US dollars, a revaluation of the mark or devaluation of the French franc must mean that food prices in Germany in marks must go down, or French prices in francs go up (or both if both currencies move in relation to the dollar). A drop in mark prices would cause an explosion from the German farmer, and a rise in franc prices from the already exasperated French consumer. Hence the unwillingness of either country to correct its exchange rates, and the resulting international currency crisis. If Britain had been a member of the EEC in November 1967, we could not have devalued without an immediate steep rise in food prices, and the consequent collapse of any semblance of an incomes policy. The only alternative would have been to watch passively as our gold reserves bled away.

The simple fact is that the EEC's food and farm policies are unworkable; but that the attempt to work them would be far more damaging to Britain than any other country.'

(The Guardian, 7 May 1969)

10. Policy statement on Europe by Mr. Sudreau

At a conference organized by the French Chamber of Commerce of Brussels on 8 May, Mr. Pierre Sudreau, M.P. (Progress and Modern Democracy Party) put forward a three point plan for re-launching Europe:

- (i) a 'general European conference' should be convened in 1970 to discuss the conditions under which the United Kingdom could be admitted to the Common Market; it should then devise methods and specify stages for the process of uniting Europe;
- (ii) increasing co-operation between the Six. Mr. Sudreau stressed that if they were to be successful such negotiations would have to be well prepared. To do this, i.e. to create a climate conducive to a new leap forward in Europe, the best way was actively to pursue the work undertaken by the Community authorities:
- (iii) new methods were needed. Europe, he said, had to be present everywhere. A European Minister should be appointed in each State to promote standing contacts between the governments concerned. Similarly, the powers of the European Parliament had to be increased; it also had to be elected directly. Lastly, the individual citizen should be called upon to take a greater part in uniting Europe by giving his views in a referendum on the main problems raised by economic and political unification.

(Le Monde, 10 May 1969)

11. Hamburg and the EEC - Policy statements by Dr. Weichmann and by Senator Kern concerning integration

At a state reception given in Hamburg on 29 May 1969 to mark the arrival of Mr. Sommerfelt, the Norwegian Ambassador, Dr. Weichmann, the Mayor, said that ever since the Community was founded, Hamburg had always taken the view that Scandinavian countries and the United Kingdom should not be excluded from it. Hamburg therefore considered that it had a community of interests with Norway.

Dr. Weichmann also discussed the efforts of the Nordic States to achieve a wider measure of integration amongst themselves. Hamburg

sincerely hoped that this would not lead to any widening of what was an already regrettable gulf between the EEC and EFTA but that it would, on the contrary, make it easier for Europe to grow together. Both could help to enlarge on the integration achieved in specific areas and smooth the way for the next phase in Europe's progress, to wit extending the compass of integration to embrace all areas of the national economies.

Speaking in Hamburg on 29 May 1969, on the subject of 'Hamburg in the EEC' Senator Kern told the Socialist Group of the European Parliament that Hamburg's economy had benefited from the more than ten years the EEC had been in existence and had recorded a stronger impetus to growth as a result of the EEC than would otherwise have been the case.

'We do not, however, conceal the fact that we expect a qualitatively better and quantitatively greater integration area to impart a relatively stronger impetus to growth for our region. The aim of a qualitatively better integration area can be achieved through the further development of the existing EEC into an economic union. Of particular interest to us here will be the progress in external trade in industrial and agricultural products and progress with the policies for energy, transport and the regions,'

The prospects for Hamburg's external trade were good, he said, particularly through a more pronounced emphasis on the EEC and the African market. What was problematical, on the other hand, was the effects of the common agricultural policy on the activity of the port of Hamburg. As a result of the high farm prices in the EEC, the rate of self-supply in the Community would increase so that imports from third countries would decrease.

With reference to energy policy, costs were still relatively unfavourable; this was a handicap to Northern Germany in its competition with the other coastal areas of Europe. As a result of the establishment of a nuclear power station, however, the Hamburg area would be able to obtain competitively-priced electricity as from the beginning of the seventies. Preparations were already in hand for the construction of a second nuclear power station.

Going into transport policy, he said that the demand for the services of all transport contractors had increased because of the economic growth resulting from the EEC. As the main transport junction of North Germany, Hamburg had benefited from this; as transport links were further improved this benefit should increase still further. Of course it would be necessary to deal with the competitive anomalies as a result of which the Rhine-Scheldt seaports were at an advantage as compared with those of Germany.

Senator Kern went on to explain Hamburg's regional policy ideas. 'The Hamburg conurbation is like an island in the middle of an area ripe for development. The potential influence of this area is considerable. It may be assumed that the yield for the economy as a whole derived from investments in a conurbation would be greater than corresponding expenditure on development measures spread over a wide area. This would ultimately enhance the attractiveness of the whole of North West Germany.'

Finally, Senator Kern dealt with the effects that the accession of the United Kingdom and the Scandinavian countries would have on the EEC. This enlarged EEC would impart new impetus to growth and Hamburg too would benefit thereby. The prospects for Hamburg from an enlarged EEC lay mainly in the field of trade. It was likely that the countries joining the EEC would, without exception, have a pronounced interest in a high level of trade with non-member States. As a result, there would be much greater pressure within the EEC than before in support of the principle defended by Hamburg that the trade policy towards third countries should be a liberal one. This was also true of economic relations with the East and South-East European peoples.

(VWD-Europa, 29 and 30 May 1969)

12. Statement by Senator J. Javits on European and Atlantic problems

During the course of his visits to Paris, Bonn, Rome, London and Brussels, Mr. J. Javits, the Republican Senator of New York and a member of the Senate's Foreign Affairs Committee, made several statements on the European and Atlantic questions.

Speaking to the American Club in Paris on 29 May, he proposed that an Atlantic Community should be constructed in the following stages:

- '- The division of Western Europe into rival trade blocs EEC and EFTA should be undone through the expansion of the EEC to include the United Kingdom and other EFTA applicants. Non-tariff barriers to trade should be dismantled on a reciprocal basis..... The United States must move away from restrictions on overseas capital investments and efforts to secure "voluntary" export quotas to protect selected domestic industries.
- New measures of co-operation in technology and education are fore-cast.....(including) an Atlantic technology pool and a University of the Atlantic...

- Reforms are needed urgently in the international monetary system so that the industrial nations do not have to lurch insecurely from one weekend balance of payments crisis to the next.....
 - The ancient and irrational tyranny of gold must be overthrown....
- A harmonization of trade policy within the alliance with respect to Eastern Europe and the Soviet Union should be an element of expanded political consultations and harmonization of policy on East-West issues in general.'

Speaking at a press conference in London on 6 June, Senator Javits stated 'today Britain's entry into the Common Market could be speeded up by two years of international financing can be arranged to overcome transitional economic problems.'

.....Senator Javits made clear that political sentiment on both sides of the Atlantic weighed against such financing coming from the United States.

He said he was thinking in terms of further loans from the International Monetary Fund, the World Bank, the European Investment Bank or some other international arrangement.

Senator Javits did not mention the amount of money he thought was needed. But he said such funds would be used to overcome such transitional problems as British Commonwealth trade preferences, modernization of Britain's industrial plant and the international pressure on its balance of payments.

(International Herald Tribune, 30 May 1969, 7/8 June 1969)

13. Sir Con O'Neill's views on European policy and Lord Gładwyn's reply

In an article published in 'The Times' Sir Con O'Neill sets out what he considers should be the tactics on European policy. The following are extracts:

'Now the old road may open again. But voices are still heard urging, in new circumstances, the more rather than the less ambitious course. Political union is urged as the better road, and even (which seems to me highly unlikely) the easier one. If an obstacle has been removed, I see no point in pursuing paths - long and difficult ones - traced only to circumvent it. The better is often the enemy of the good. What we have to come to terms with is still the Common Market.

A true European political union, with new institutions and new supranational obligations, seems to me at present unattainable and unnecessary; nor do I believe that at present either governments or public opinion in Europe want it. This means neither that such a union may not be the right ultimate objective, nor that present circumstances offer no hope of genuine and useful political advance, as Europe unites.

Whatever their ultimate aspirations may be, governments should set themselves objectives which are within their reach. A limited approach can go farther in the end. That is the logic, and the method, of the European Communities themselves.....

It is not the French position alone which might delay or prevent the opening of negotiations. The Communities are in a mess. Many decisions that should have been taken have been deferred; superhuman efforts will be required from the Six if they are to terminate - as they should - their "transitional phase" by the end of this year. The common agricultural policy in particular now has its chickens coming home to roost in dark, enormous, expensive flocks. So there will be many who favour British entry - not least among the Commission - who will say: "For heaven's sake, not now. Our hands are far too full already. You've waited a long time; do wait a bit longer, and give us a chance to sort out our appalling mess by ourselves first."

Waiting for this could mean waiting for years; so I hope this view will not prevail. To me it seems a pessimistic un-European view.....

The difficulties of admitting new members, compounded by the Communities' own current difficulties, will be great. Imagination and goodwill will be required as well as technical ingenuity; a new approach, new departures, may be needed to turn all the corners. For some - including ourselves - the cost might in the end prove too high. But the prize is great; and only negotiations can prove things either way.

Three days later, Lord Gladwyn, Chairman of the 'Campaign for a European Political Community', replied as follows:

'As I believe, Sir Con O'Neill is unduly influenced by the "classical" doctrine of the "fathers of Europe", namely that any political and defence organization can only grow out of the EEC, no doubt extended so as to include other suitable European democracies..... But much has happened since 1958....

Unless there is a great new effort by all concerned, including ourselves, to accept and apply at least the communal disciplines of the Treaty of Rome we probably shall simply get right back to kangaroo meat. Nor is there really much point in joining the EEC unless we do.

There is no reason why we should not, at the same time as we (rightly) go battering away at the Common Market, take the initiative, in the spirit of the recent Anglo-Italian declaration, in promoting a conference for the establishment of a European political and defence community that, once formed, could eventually be merged with a completed and extended economic community.

Sir Con O'Neill seems to think that this would be impossible since it would - and this is true - necessitate the acceptance by all concerned of at least some rudimentary institutions not entirely dependent on the unanimity rule. But this really is not impossible. Even some Gaullists with whom I have talked do not reject, for instance, the idea of an independent European commission. And almost certainly the Giscardiens would agree to the unanimity rule being discarded in certain carefully limited but important spheres, such as the standardization of armaments. In the new climate there would even, I believe, be a good chance of securing agreement on certain limited powers for a nominated, if not for some time a directly elected assembly.

All this could result in the quite early harmonization of foreign and defence policies and in the emergence of the kind of European defence "element" in the council of NATO long desired by the Americans and Mr. Healy. This, I repeat, is not the dream of intellectuals and idealists: it is a perfectly feasible "minimum" programme which should be distinguished from the rather daunting "maximum" programme of Franz-Josef Strauss.

And one would have thought that Czechoslovakia and the difficulties of the Americans, to say nothing of the enormous preponderance of the Warsaw Pact forces over the Allies in Germany, would by themselves be a compelling reason for some more concerted action.

In your same issue your German correspondent writes:
".....Dr. Kiesinger (has) suggested that purely political problems should be

removed from the competence of the Common Market as such, and entrusted to what he (has) described as a "nucleus" of states ready for a federal system."

If even the German Chancellor can go as far as this, why not Sir Con O'Neill? He may object to the adjective "federal", but it depends on what exactly is meant thereby. That there is a crying need for collective action by the Western European democracies in foreign affairs and defence is, however, now indisputable. That we can achieve this much more quickly than we can enlarge the Common Market is, I myself believe, certain.'

('The Times', 4 and 7 June 1969)

14. Mr. Mackintosh's views on the United Kingdom's European policy

In a letter to The Times Mr. Mackintosh, Labour MP for Berwick and East Lothian, had this to say about the European policy of the United Kingdom:

'.....The real difficulty is that, in contrast to their continental counterparts, there has been little pressure on British politicians to give their first attention to foreign policy. We have always, like our press, been able to concentrate almost exclusively on our own internal affairs. While this caused little harm when the British had the power to do largely what they wanted in world affairs, it has now become dangerous in that it both prevents the country adjusting to its new and weaker position.

Not all MPs have faced up to the basic problem that while the Soviet Union has the power to overrun Western Europe at will, the countries west of the Iron Curtain can either co-operate to form an economic and political block capable of acting on its own or they can become client states of America.

Moreover the choice between a movement towards a united Europe of further Americanization will not remain open indefinitely. The inflow of American capital continues, the technological gap is widening and to create a Europe capable of independent policies is becoming steadily harder. Thus to choose Europe will require more positive and conscious efforts in every way. For instance, an American military commander is inherently more acceptable than a Frenchman, an American commercial take-over is less menacing than

German capital, while to move academic research to Harvard is much easier to contemplate than the concept of a European university at Florence.

Nevertheless a European policy has been accepted by both major parties in Britain and it is almost certainly correct to avoid talking about further steps towards political union before joining the Common Market. From every point of view, and not least that of the domestic political situation of the Government, the first task is to sign the Treaty of Rome and then to proceed simultaneously to overcome suspicions and to build on that foundation.'

(The Times, 7 June 1969)

15. Mr. Leemans is interviewed on the current British attitude to the Community

Interviewed by a Belgian daily newspaper on 16 June 1969, Mr. Leemans, the Belgian Senator and member of the European Parliament, gave his impressions of the United Kingdom, following a visit to that country with a delegation from the European Parliament's Committee on Energy, Research and Atomic Problems.

This delegation had been invited to Britain by the Foreign and Commonwealth Office for talks with British industrialists and scientists.

Mr. Leemans thought that the British wished to concentrate on certain points in their efforts to bring about a rapprochement with the EEC. They were not so interested in complete integration with the Common Market and had set up targets that were more easy to attain: a customs union and technological co-operation. The problems of economic integration would raise very great difficulties for them. Mr. Moonman, Labour MP, who took part in the discussions with the delegation of the European Parliament, openly stated, moreover, that technological co-operation seemed to him to be far more important than economic and political union. Britain's main interest was to enter the market of the Six.

(De Standaard, 16 June 1969)



III. ORGANIZATIONS AND GROUPINGS

1. The Federation of Belgian Industries and the renewal of the Yaoundé Convention

The Federation of Belgian Industries (FIB) has prepared, on behalf of the Belgian Government, an opinion on the renewal of the Yaoundé Association Convention.

In this it begins by drawing attention to the geographical context and duration of the new Convention: 'The incorporation in a single Convention of the statute of association of the 18 Yaoundé countries (AAMS), Nigeria and East Africa, was not objected to by Belgian private industry. Broadly speaking, however, it would like the association system to be defined precisely and as uniformly as possible, without the association of new African countries involving the EEC in unduly heavy burdens or spreading Community financial and technical aid thinly among too many beneficiaries.

With a view to arriving at a uniform statute of association for the different countries, there ought to be an "outline" agreement extending over an indefinite period and embodying a number of general principles on co-operation and, in particular, provisions concerning arrangements for private invest-ment, the right of establishment, services and capital movements. The application of such a formula could gradually assume a world or continental scale.

The "outline" agreement would be rounded off by special implementing conventions to be negotiated with countries and groups of countries, and containing provisions on the system of trade and financial aid.

It is suggested that these special conventions should be of limited duration. For others, the five-year term of the Yaoundé Convention appears too brief.'

As regards the system of trade, the FIB requests that for industrial products (i) duty-free entry should be accorded to products originating in the AAMS, subject to a safeguard clause, as under the present system; (ii) restrictions on imports into the Associated States should be governed by certain criteria, yet to be discussed, which would take account of the need for a two-way expansion of trade. Any such restrictions, to the extent that the need to protect

infant industries justifies their introduction or maintenance, should be on a decreasing scale and remain in force over a limited period, and be such as to act as a real spur to local activities and to lie within the management capability of competent on-the-spot administrations.

As regards international trade in agricultural products, the FIB emphasizes that an overhaul at world level is becoming more and more necessary. Without impeding the access of AAMS agricultural products to EEC markets, the FIB would, however, like something done to prevent the EEC's processing industries from being put at a disadvantage in competition with other countries on account of differences in the cost of supplies.

The FIB draws attention to another, and less often mentioned, aspect of the development of the AAMS, namely, the trade done between them. It feels that the EEC negotiators should ask the AAMS to grant each other tariff preferences in a larger number of cases, so as to stimulate trade between them.

Moreover, the AAMS should be free to organize inter-State customs unions and market organizations and to enter into agreements with other developing countries.

As regards technical and financial aid, the FIB considers that aid for the improvement of agricultural production should be maintained both as to nature and extent. It suggests that aid to counter falling prices of AAMS agricultural exports should be maintained and given a ceiling, as proposed by the Commission, no agricultural product being excluded. It approves aid to marketing and for promoting sales of the AAMS agricultural products, while considering that it should be defined jointly with the responsible professional organizations of the AAMS and of the EEC countries. It wants to avoid rigid economic planning and any disturbance of normal trade channels.

The FIB approves the other types of aid in the agricultural, industrial, infrastructure, economic and social sectors, and in that of technical cooperation.

The FIB then goes on to deal with the terms and conditions, and the procedures followed, for grants of European financial aid. On the terms and conditions, it says: 'The second European Development Fund provided for more gifts than loans. In general this arrangement should be continued where there is a risk of upsetting the balance of payments in the AAMS and of rendering insupportable the financial burdens of investments financed by the EDF. In other words, European aid should be adapted to the financial conditions prevailing in the recipient country.

Loans would be reserved above all for projects likely themselves to earn the revenue needed for repaying the principal and for interest payments; where necessary, the terms of loans could be improved by interest-rate subsidies and the like.

Grants of soft loans for financing infrastructures or low-yielding productive projects would be subject to the beneficiary State's ability to bear the charges involved, with due regard to its other commitments.'

The FIB would like to see aids co-ordinated. 'It is recognized that facilities for bilateral, multilateral and international aid do not cateradequately for the immense needs of the devoloping countries. The donor countries and organizations must awake to the need for concentrating their efforts on economically or socially useful developments within an economically suitable geographical sphere, and for ensuring that their technical and financial assistance is highly efficient. It is only logical, therefore, to expect that all these aids should be integrated in carefully balanced development programmes.'

On the subject of private investment, the FIB states: 'The Yaoundé Convention does not appear to have studied this matter in any depth. The financial aid provided has not therefore provided the stimulus and support needed for private initiatives in the industrial sector or in large-scale farming.

Without denying the importance of public, national, multilateral or multinational aid, and the need for aid to strengthen economic and social infrastructures, it would be as well, with a view to speeding up development, to have more frequent recourse to private initiative in setting up and running enterprises producing goods or certain services, particularly where activities are required to show an adequate economic return.'

A more active and more general participation of the private sector would only be possible with the spread, or adoption by all AAMS countries, of a code of investment and of conventions of establishment based on a standard model. The FIB suggests that private investment should be given firmer guarantees against political risks. It feels therefore that the Association Convention should provide for the setting up of a guarantee fund covering new private investments against political risks. Contributions to the fund could be made by the EEC countries and the Associated States. The FIB is also considering the setting up of a European reinsurance organization.

(Bulletin de la Fédération des Industries belges, No. 10, 1969)

2. <u>Memorandum to the European Commission from the Dutch iron and</u> steel industry

'A dynamic European steel policy should aim at consolidating the competitive capacity of Europe's iron and steel industry. Europe's iron and steel industry is still in full development; it must not be looked at from a traditional angle but rather regarded as a key industry.' This was the conclusion arrived at in a memorandum on the European steel policy put forward to the EEC Commission by a representative of the Dutch iron and steel industry. According to the memorandum the structure of that industry was weak in Europe and there should be a complete change of policy in that sphere. Far too long, firms that were showing heavy financial losses and, in fact, were not even viable in the long run, were allowed to remain in existence by granting them all kinds of aid. This has proved to be a considerable hindrance to the progress of viable concerns.

The EuropeanCommission should co-ordinate the national programmes of the steel industry. The various countries concerned should agree to remove any trade policy measure that would protect their own steel industry by hampering the free circulation of goods.

The Dutch iron and steel industry approved the current trend towards concentration and larger scale enterprises. In this respect, competitive policy should be relieved of a number of antiquated ideas. It was not realistic, in the opinion of the author of the memorandum, to want to set up a common market for steel in the Six member States without taking account of the world market. The Dutch iron and steel industry felt that co-operation between concerns was not so much a matter of legal co-operation as one of achieving economic results. A sound competition policy should only be directed against cartels of the traditional type (because they shelter uneconomic firms from the effects of competition) but it should never hamper proper co-operation between concerns.

The Dutch memorandum pointed out that co-ordination of investments, which was indispensable to prevent over-capacity, should never be an obstacle to a particular firm's new ventures, nor should it take the form of a crippling system of directed planning. It should be voluntary, flexible and largely founded on collaboration between the European Commission and the parties concerned. The Commission should, as a matter of fact, far more so than it had done hitherto, provide information on investments in order that firms may be kept informed of each other's projects.

Finally, the memorandum came out against the unduly strict price policy applied up till now in the Common Market. It was also opposed to the price levy system and suggested that funds raised through that system should help finance technological research.

(Handels & Transport Courant, 9 April 1969)

3. <u>German Industrial Institute calls for reform of the EEC's agricultural policy</u>

Food in Europe is too dear, according to an investigation ('The EEC's agricultural policy under discussion – prospects for the Mansholt Plan') carried out by the German Industrial Institute.

In 1968/1969 costs first reached a ceiling of DM 10,000m. Of these the Federal Republic of Germany bore DM 3,700m and recovered DM 2,000m, so that its net contribution was DM 1,700m. Although the financial burdens attendant on the EEC's agricultural policy were regarded as 'still supportable', the irresistible underlying upward trend was causing much concern.

Public expenditure on the EEC Agricultural Fund had already risen to 10 per cent of the contribution made by agriculture to the national product which, according to the latest statistics available, amounted to about DM 84,800m in 1966.

The EEC's agricultural policy would this year have to undergo severe tests, particularly because of (i) possible currency disputes which could directly threaten the common agricultural market since common agricultural prices were fixed in units of account, and (ii) finalization of arrangements for the financing of the common agricultural market policy on 1 January 1970.

In its report, the Institute goes on to say: 'These two problems will shortly overshadow long-term reform plans.

Financing in its final form will turn in the main around joint financial responsibility in agricultural market policy, the starting-point of all discussions being the underlying political assumption on which the EEC Treaty is based. This resulted at the time the Treaty was signed from Italy's, and even more Germany's, low degree of self-sufficiency in farm products, and the surpluses of

the Benelux countries and France. The Federal Republic's dependence on imports of food was one of the main reasons why France approved the Rome Treaties.

Later, during the Brussels negotiations, France's policy continued to be to ensure that progress in agriculture matched that made in the industrial sector. This was the case particularly in the course of the drawn-out negotiations on the completion of the industrial customs union and, earlier, in the Kennedy Round. From this it follows that all major decisions on integration policy stood directly in a cause-and-effect relationship.

France especially will comply consistently with the principles of balanced development of the Community and of member States' joint financial responsibility in agricultural market policy. This underlying assumption cannot be ignored without endangering the very existence of the EEC. Within the EEC France has the biggest agricultural potential. On the domestic front in France, agriculture (which absorbs as much as 18 per cent of the population) played a bigger rôle than in the Federal Republic (10 per cent).

It would have suited German industry better if the principle of solidarity among member States, and therefore of joint financial responsibility, had been carried over also to the coal and steel sector. Economic integration in Europe would then have continued to move forward. German agricultural policy should shrug off the political slogan of 'advance performance'. This stems from a negative attitude, foreign to the spirit of the Treaty; moreover it is an illogical verbal construction derived from civil law and intended as a plea of failure to fulfil the Treaty. To pursue such a line of argument is to court the criticism that one is steeped in a nationalistic way of thinking. German agriculture too has, as a whole, benefited from the EEC. The proceeds of agricultural processing rose between 1958 and 1967 by over DM 8,000m. In the same period imports of animal processing products increased by only DM 1,700m.

For all the criticism that can be levelled at the EEC's agricultural policy, the crucial fact is that the decisions taken during the Brussels talks on farm surpluses were political ones. These decisions resulted in a notable surrender of national sovereignty for the sake of supranational agreements. Agricultural policy will no longer be decided in the national parliaments but at the seat of the Community in Brussels. Agricultural policy may even be said to be, with the industrial customs union, the strongest binding force of the EEC.

The Commission's proposals, like the Federal Government's agricultural programme, have sparked off a lively discussion on the sorely needed reform of the EEC's agricultural policy. In many respects they supplement each other, and in others display identical trends, offering farmers a

wide variety of facilities for development and resettlement. All concerned would be able to make their decision freely and on their own responsibility.

The fundamental question remains whether so far-reaching a concept of agricultural policy is politically feasible in the EEC. European integration would have to regain its original momentum, and for this purpose the powers assigned by the Treaty to the EEC Commission would have to be restored. The question is by no means an empty one, since so far no agricultural design on so grand a scale has been successfully applied so rapidly in any member State. In the Federal Republic, whose agricultural structure is better than those of France and Italy, a start has only just been made on the Federal Government's agricultural programme.

Discussions in the Council of Ministers will probably result in partner countries with good prospects of financial surpluses being brought face to face with the rest. This virtually follows from a partly intra-Community process of financial adjustment. Within the Federal Republic such political differences have for years led to financial equalization among the various Länder. It appears all the more difficult to carry out such equalization within a community as loosely organized as the EEC, which so far covers only an industrial customs union with a common agricultural market policy.

In spite of this, the Commission's reform plans, carefully thought out and geared to Europe's future, should be regarded as a means of extending the EEC beyond customs and agricultural union into an economic community. Seen thus, common agricultural policy could, because of its political importance, serve as a pace-setter on the road to European integration.'

(Handelsblatt, 17 April 1969; Frankfurter Allgemeine Zeitung, 17 April 1969).

4. 'European unity holds the key to France's industrial future' Mr. Paul Huvelin, President of the National French Employers'
Centre

On 22 April 1969 Mr. Paul Huvelin, President of the CNPF, took part in a debate on the subject 'Has France an industrial future?'. 'This future,' he said, 'is the key to France's economic, social, human and cultural development. Moreover, it is only by stepping up its industrial potential that our country will be able to find an activity for our young people.

The search for a general framework for development implies a strengthening of the European Community. A vast market, such as would be provided by the 200 million consumers in the Six, is needed to replace our own restricted market. But opening up the frontiers exposes States, enterprises and workers to global competition. It induces them to reconsider their strategy and to adapt themselves permanently to a process of development affecting both commerce and agriculture.

This vast market we stand in need of calls not only for a customs union but also for equality of competitive conditions, and therefore for the harmonization measures and common policies laid down in the Treaty of Rome. The efforts made over a number of years must be stepped up, particularly as regards the removal of obstacles to the free movement of goods, economic and monetary co-ordination, harmonization of social and tax laws and the adaptation of agricultural structures. It is also essential to work out and apply an industrial policy covering research, key enterprises, redevelopment, the statute of the "European company" and a better definition of the rules of competition.

These European-scale economic structures should, whenever possible, be supported by industrial development. For the young and adults alike, this means facilities for occupational training adapted to local requirements and designed to facilitate the retraining of agricultural workers and their integration in industry.'

(Le Nouveau Journal, 24 April 1969)

5. The Benelux summit conference at The Hague

The Benelux summit conference which had been adjourned several times finally took place on 28 and 29 April at The Hague. It was attended by the Prime Ministers of the Netherlands, Belgium and Luxembourg, the Foreign Ministers, the Ministers for Economic Affairs and various other Ministers and Secretaries of State of the three countries. The aim of the conference was to take measures with a view to formulating in a more precise manner the aims of the Benelux Treaty and arriving at common decisions with regard to freeing trade, co-ordinating economic, financial and social policies and achieving a common trade policy.

In his opening speech, Mr. de Jong, Prime Minister of the Netherlands, who was in the chair, stated that decisions taken at the conference would be of

significance for the whole of Europe of which the Benelux countries are an integral part. 'It is preferable to have three strong links in the European chain' than three weak links,' he added.

Mr. Pierre Werner, the Luxembourg Prime Minister, felt that cooperation among the Benelux countries was particularly important as it enabled medium-sized countries such as Belgium and the Netherlands and small countries such as Luxembourg to decide themselves what their foreign policy was going to be. Mr. Werner suggested that the Benelux countries should take a common stand in respect of European integration problems. 'The Benelux countries must develop jointly with the European Communities and be their driving force', the Prime Minister pointed out.

The Benelux Governments decided at the Conference:

- (a) To abolish internal frontier formalities by 1 November 1970 at the latest, with the exception, however, of formalities relating to the added-value tax, which will only be abolished on 1 July 1971.
- (b) To set up a single customs area; to standardize indirect taxation systems and their implementing provisions; to transfer to inland points of the three countries the registration offices for customs formalities and payments relating to the added-value tax; to abolish the authorizations and formalities required in connexion with industrial and farming products; to abolish statistical control at inland frontier points and to introduce close administrative and legal co-operation.
- (c) To intensify, in conjunction with the abolition of inland frontiers, the co-ordination of economic, financial and social policies. This refers in particular to energy policy, industrial investment policy, port administration policy, cyclical and mean-term economic policy, roads, goods transport, country planning, air transport and tourism.
- (d) To set up, for a limited period, a special sub-committee which will put forward to the Committee of Ministers of the Benelux the most appropriate proposals for achieving full economic union. This sub-committee will be made up of six members whose names are to be published later.
- (e) The Committee of Ministers of the Benelux will hold an annual ordinary conference at the level of Heads of Government with a view to taking, in accordance with Articles 16 and 19 of the Benelux Treaty, the necessary decisions for achieving economic union. On that occasion, the three Governments will consider the progress of their co-operative efforts and, if need be, take the measures required to foster even closer co-operation between the three countries.

- (f) That the Ministers for scientific research, education, justice, social security, economic affairs, middle classes and development aid of the three countries, shall intensify mutual consultation and exchange information.
- (g) To promote European political, economic and technical union.

In the communiqué released at the close of the conference the three Governments emphasized the significance of the decisions that had already been taken on foreign affairs - namely, that measures taken at national level shall be preceded by consultation among the three Benelux countries. They were gratified at the fact that other European countries had expressed the desire to take similar action.

In order to ensure the perfect operation of the Benelux Economic Union, the Ministers signed conventions on the unification of the customs area and on administrative and penal co-operation as well as two protocols appended to the Treaty on the Court of Justice of the Benelux.

(Nieuwe Rotterdamse Courant, 28 and 29 April 1969, 1 May 1969).

6. Dutch reactions to the Community's consumer policy

The journal of the European Movement in the Netherlands has published an analysis of the general report on the activity of the Communities in 1968 which clearly brings out the fact that wide disparities between the prices applied in the six member States still exist. The author of this analysis adds that the general report does not utter a word about the causes of these disparities. He dwells, on the other hand, on the increased Community trade and on the less marked increase of imports from third countries. It should be pointed out that imports from developing countries have suffered from the increase of intra-Community trade. Community imports of consumer goods from the Associated African States have, in fact, fallen by about 25 per cent from 1960 to 1967, whilst total imports into Community countries went up by 133 per cent during the same period. In this respect the trend reported in the Netherlands was highly satisfactory. Indeed, Dutch imports from the Associated States increased considerably while imports from those States into most of the other EEC countries diminished.

Apart from this remarkable exception, it would seem that the EEC is not a 'milking cow' for the Associated States as regards exports of their consumer goods (including food-stuffs), for it is mainly the EEC countries which derive the benefit of the increase in trade.

According to the Economic Research Institute (IFO) of Munich, the Federal Republic of Germany has a highly rationalized trade system and it uses modern distribution methods which prevent inflated costs. In addition, competition among commercial concerns is very keen, particularly among specialized-trade firms, firms trading by correspondence, large stores, discountsales shops as well as self-service stores. The advantageous prices offered by these types of modern enterprises are often determining factors in setting the price level of a particular product. Compared with these commercial systems, those of the other member countries, with the exception of the Netherlands, are antiquated.

The journal of the European Movement approved the initiative taken by the Socialist Group of the European Parliament with a view to introducing a genuine consumer policy in the Community, as well as the report on the subject submitted by the Economic Affairs Committee of the European Parliament. According to the journal, Mr. Boersma, a Dutch member of the Christian Democrat Group, played a prominent part in this initiative.

After having given an outline of Mr. Boersma's report and the contribution of Mr. Oele (a Dutch member of the Socialist Group of the European Parliament) to the debate, the journal pointed out that it took ten years for the layman to grasp the full significance of Jean Monnet's statement: 'The Common Market was not created for the benefit of producers but primarlily for the benefit of consumers'.

For its part, the organ of the Dutch consumers association expressed gratification at the timely introduction of Mr. Boersma's report and added the following marginal comment:

'Legislation on goods comes essentially under public health regulations; in other words, general interest takes precedence in this case over the interests of the consumer and his organizations whose task, however, is to underscore the consumer's viewpoint when strong pressure is brought to bear by the producers.'

'It is possible that this consideration may apply to the situation obtaining in certain EEC countries', the organ of the consumers association goes on to say, 'but in the Netherlands we cannot and we must not be content with this view. While our legislation on goods does, in fact, have a number of aspects ascribable to public health requirements, its economic aspects, on the other hand, have their rightful place, too.'

The Association hoped that consumers would be given a right of say regarding those aspects of the legislation that concerned public health. The Association was also adamant in demanding that they should have a right of say regarding the economic aspects of the legislation.

(Nieuw Europa, April 1969; Consumentengids, May 1969)

7. 'The Times' and direct elections to the European Parliament

On 7 and 21 May 'The Times' published two leaders entitled 'A European Election' and 'A Time for Unity', in which it spoke firmly in favour of European supranationality.

In the first of these articles the British Government is invited to look beyond the problems of tinned kangaroo meat to the essence of the European ideal, which is political, not economic. Arguing that the new Europe is bound ultimately to assume a federal structure, 'The Times' invites Britain to propose the election of the European Parliament by universal suffrage, adding:

'At present its members are nominated by the six Parliaments from among their own members. No one takes it too seriously, and useful as it has been it does not deserve to be taken too seriously. If it were directly elected, in a European general election, things would be different. It might have to move from Strasbourg to Brussels because its chief function would be to exercise close supervision of the Eurocrats. Most of its members would at first probably be members of their national parliaments and they would probably include leading Ministers. If the Parliament were able to give binding instructions to the Commission, or ones which the Council of Ministers could only overrule by a large majority (this would be a typical Community proposition), the Parliament would become at once a focus of European interest and a base upon which other European institutions could be built later.

Such a Parliament would not interfere with national defence policies, or foreign affairs, although it should be permitted to debate such matters. Britain's friends in the Common Market still sometimes express doubts about our willingness to accept fully the disciplines of the Community. Were the Government to propose the direct election of the Parliament (which is mentioned as an aspiration in the Treaty of Rome) and a strengthening of its powers, they would be giving a real gage of their European faith.'

On 10 May 'The Times' published a letter from Lord Gladwyn, former President of 'Britain in Europe', criticizing the invitation issued by 'The Times' to the British Government to propose the direct election of the European Parliament.

'Surely it would only be when and if negotiations for our entry into the European Economic Community have advanced somewhat that we could suitably make such a gesture? And it would certainly only be a gesture even then, since it is most unlikely that any of the governments concerned, including our own when it came to the point, could actually contemplate direct elections before there was general agreement on the electoral laws, e.g., could a Sicilian stand for Yorkshire; how would the new constituencies of about a million each be drawn up and organized; who would nominate candidates; would there be "European" parties with machines and agents and who would finance them; should MPs be full-time; would the Communists participate; if existing MPs could present themselves for election, how would they stand as regards their own national Whips; &c., &c? All these problems are soluble but they will only be solved by common agreement when the new Community really starts to function.

It will only start to function when and if national governments agree that certain important decisions in the Council of Ministers concerning economic, foreign and defence policies should, in certain carefully defined areas, be taken by some form of weighted voting and that there should be an independent commission to prepare the way for action on these lines.

Until this begins to operate, a nominated Parliament could function quite well as a brake on the entrenched bureaucracy, more especially if it were given some real powers as you suggest. There would be nothing undemocratic about such an interim, supranational system. The essential thing is to get the Government to agree to it in principle before they start negotiating. They should at least know what they want.

If, therefore, Her Majesty's Government could now come out in favour of the adoption of this broad conception both in the economic and political spheres there would indeed be real hope of progress towards the constitution of a genuine European Community.'

On 21 May a further leader in 'The Times', entitled 'A Time for Unity' spoke up vigorously for the idea of supranationality and invited the British Government to abandon its attachment to national sovereignty.'The danger of discussing the political future of Europe too much is that it can raise disagreements about the distant future that can get in the way of immediate tasks. It is especially liable to provoke emotional reactions to the idea of sacrificing national sovereignty. This is, however, a somewhat artificial issue. Already most European countries have sacrificed a good deal of their sovereignty in various ways, and Britian has deposited a lot of hers in Washington.

The question, then, is not so much whether Britain can afford to give up some of her sovereignty but to whom she should entrust it - an American president in whose election she has no voice, or a European parliament in which she is fully represented. The choice is not too difficult to make if seen in those terms.

The mechanics of setting up an elected European parliament (not a nominated one, as at present) with power to bring the Eurocrats to account and control the community's funds would inevitably be immensely complicated. It is, however, a task that cannot wait for the slow evolution of the Economic Community, especially as left to itself the Commission may well become less and less happy about being submitted to parliamentary control.

Indeed, the logic of moving ahead as rapidly as possible in the political field may well be that the people of the member nations will retain more rather than less influence over their affairs. Not only will they have more direct representation in the community organization but they will be forced to absorb European affairs into the politics of their own countries in a far more tangible way than they do at present.

Nor need it be assumed that the nation as a cultural and political entity would be destroyed in the process. Even if the nation state is out of date in many respects, the nation itself is far less easily destructible than many people assume – as any Welshman, Scot or Bavarian will testify. The real problem in setting up a federal Europe is not so much the fate of the nations as the familiar problem of getting the right relationship between the centre and the regions. This is already an economic issue but it needs a political dimension as well.'

('The Times', 7, 10, 21 May 1969)

8. <u>Interview with Mr. Anthony Crosland on the British application to</u> join the EEC

Mr. Anthony Crosland, President of the Board of Trade, answered questions put by a reporter of the Guardian:

- Q. Would a straightforward British application to join the EEC and sign the Treaty of Rome really provide an answer, either on the political or the economic plane, for Britain's problems vis-à-vis Europe and the rest of the world?
- A. Of course, it will not solve all our problems. But the basic arguments for going in still seem to me to be strong, and to point to full membership rather than a halfway house arrangement. I will list some of them:

First, a fundamental psychological argument. It seems to me that Britain is thrashing about with no clear sense of our place in the world, or our rôle in the world, or where we belong in the world. We have lost an empire. NAFTA (the North Atlantic Free Trade Area) is not an alternative perspective. Neither the Commonwealth nor the special relationship with the United States are as strong as they were. We terribly lack a sense of direction in international matters, and I believe that we shall only find it again in the context of a stronger and united Europe.

The second argument is the straight political one. Western Europe is an immense potential force for either good or ill in the world, and Britain must seek both to strengthen it and to influence it in the directions we think are right. Just one example: the relationship between the richer and the poorer countries is going to be heavily influenced by decisions taken in Western Europe. Britain inside the Community can have much more influence on those decisions than if we stay outside.

Third, there is an argument which I will call politico-economic. Increasingly, industrial companies are becoming not only very large, but also multinational in scope. It is more and more difficult to talk about national firms. Increasingly they are European firms operating on a large scale in many different countries. I think there is some danger in the growth of these concerns without any corresponding inter-governmental machinery which can lay down the rules. The

supra-national companies will soon call for a supra-national company law. In practice in Western Europe, this can only be done through a strong and enlarged Community.

Fourth, there are the economic arguments. I was always sceptical of the traditional arguments about the economies of scale and access to a larger market, because these arguments cut both ways. Others gain as well as us, and it was never clear to me that we should necessarily gain on balance. The only significant economic arguments in my view are these: first, with Britain in the Community, we might get more monetary co-operation whether on exchange rates or on the international deployment of national reserves. Second, as the extent of international business and commercial contacts increases as a result of entry into the Community, we might find that some of the expansionist psychology and economic dynamism of the Community rubs off on British industry with highly desirable results.

- Q. Talking to people in London, it seems to me that the Foreign Office is still keen to start negotiations with the EEC as soon as the opportunity presents itself. In the Treasury, with all its preoccupations about Britain's economy, enthusiasm seems considerably more measured. What is the position of the Board of Trade?
- A. I am not aware of this difference of emphasis. Clearly, the essential economic difficulty for Britain is the common agricultural policy. This problem divides into two parts: first, the Community has got to renegotiate the financial regulations of the common agricultural policy by the end of this year. This will create great problems for them, especially if there were to be exchange rate changes. There is no evidence that they have seriously thought out in advance how they would react in terms of the common agricultural policy to changes in parities. So it will be difficult for them to renegotiate the financial regulations, and I assume that they will wish to renegotiate it with a minimum of change.

Second, and much more complicated, there is the long-term problem of agricultural over-production inside the Community, which would create a very serious problem for us. The cost of entry in terms of the common agricultural policy could well be greater than it was two years ago. I would hope that radical changes in the CAP would either form part of any negotiation we have, or at any rate take place simultaneously - whether these are reforms along the lines of the Mansholt plan or some other proposals. This is the crux of the problem, though I am sure we can overcome it. After all, there is great uneasiness within the Six themselves about the way in which the CAP has worked out.

(The Guardian, 12 May 1969)

9. The President of the Confederation of Italian Farmers discusses Europe

On 14 May the Confederation of Italian Farmers elected Dr. Alfredo Diana to the office of President. Dr. Diana said that serious problems would have to be tackled in Brussels in the months ahead: the transition to the final phase of the Treaty with all its political implications, the financial regulation with the political decisions that this involved and an analysis of the memorandum 'Agriculture 1980' concerning structures.' Well,' he said, 'we do not believe that Italy will be able to tackle these three months without first securing the completion of the markets policy. No provision or only partial provision has been made for wine, tobacco and horticultural products.'

Whereas other countries had received support from Community finance in respect of 70 to 82 per cent of its production, Italy had received support for only 55 per cent of its production, i.e. excluding wine, tobacco and horticultural products. This explained the imbalance on the EAGGF account in respect of Italy.

With reference to the Mansholt Plan, he said that this had great merit and that it should be accepted in its broad outlines; some changes were needed, however, and some reflection was necessary particularly about (i) timing the Plan's implementation, (ii) the actual arrangements, (iii) the financial participation of the member States and (iv) the relationships between Community and national programmes.

'May I simply point out that the Mansholt Plan quite rightly stresses and restresses the need for the agricultural profession to participate in drawing up the Community policy; we should like such participation at the national level too.

I spoke of participation and not of consultations or discussions, ' he concluded, 'because I think it is impossible to fashion a modern farming policy

unless agricultural producers assume an increasing share of responsibility. Farmers and their organizations in Italy are ready, as they are in the other five States, to assume increasing responsibilities; but if they are to do so, they must take part in the framing of national and Community agricultural policies. Consultations and discussions are, indeed, worthwhile but they are not the answer to the problem of responsibility, and without responsibility there can be no modern agricultural policy and hence no modern agriculture.'

(Il Sole, 15 May 1969; 24 Ore, 15 May 1969)

10. Regional, provincial and local reactions in Italy to the Mansholt Plan

The national executive of the Italian Association for the Council of European Local Authorities met in Rome on 16 May to look into the Mansholt Plan on reforming agriculture. The meeting endorsed the general aims of the Plan: securing a better utilization of productive factors, restoring the balance of the markets, consolidating the contractual position of the producers and improving the standard of living and working conditions of the agricultural community.

To achieve this end, the Plan advocates a reduction of the area under cultivation and the number of people employed in agriculture; the size of farms should be increased to make them economic both in scale and management. These conditions should be achieved within an effective overall plan designed to bring about a balanced development of the regions so as to overcome imbalances as between individual sectors and regions.

The executive further pointed out that the Plan specifically anticipated local differentiations. Particular attention should therefore be paid to the agricultural economy in upland regions. This possibility thus dealt with the concern raised by the Assembly of the Trentino-Alto Adige Region which had passed a motion on the Mansholt Plan on 9 May.

It was also pointed out that the social measures under the Plan were distinctly favourable to Italy because Community finance was envisioned for pensions for the aged and for grants to young people affected by the exodus from the land.

The executive hoped that the local authorities would plan an active part in carrying through the social measures. In Italy in particular, provision should be made so that, to obtain the Community grant, the farmer leaving the land should cede this not to the first bidder but to the agricultural development organizations which should come under the regional authorities.

Secondly, the local authorities should be empowered to deal with problems connected with the reform of agriculture and with the diversity in the housing pattern. Since they themselves would feel the effects on their own taxation of the variations in income resulting from the reform, a financial equalization system would need to operate, if necessary, at the supranational level, between the individual local authorities.

In conclusion, the executive said that carrying through the agricultural reform proposed by the European Commission should attract the coherent and co-ordinated efforts of the Community, of the member States and of the local and regional bodies as well as those of the occupational categories involved.

(Document of the Italian Association for the Council of European Local Authorities)

11. The Director-General of the Food and Agriculture Organization discusses farm policy and food aid

Opening the annual general meeting of the Drent Agricultural Association in Assen on 16 May, Mr. Boerma, Director-General of the Food and Agriculture Organization of the United Nations (FAO), put the case for a European agricultural policy that took greater account of the interests of the developing countries.

He said that Europe should pursue a policy for agriculture in which national and regional interests would interact favourably with the interests of the world at large. European agriculture was at present faced with great difficulties and it was not to be expected that the governments would now initiate any far-reaching liberalization of trade with the developing countries. On the other hand, it would be an unpardonable error of strategy to imagine that Europe's current agricultural problems could be solved without giving serious consideration to the interests of the developing countries. In his view, the governments of the industrialized States should consult with the developing countries with a view to implementing a national and regional agricultural policy

that would reconcile the interests of both groups of countries. Mr. Boerma, an engineer, thought that international commodity agreements could have a stabilizing influence. He thought it was a pity that the EEC States had not yet signed the International Sugar Agreement for sugar could often be produced much more cheaply in the developing countries. Many European countries, however, continued to protect their own products by levying high import duties and to promote exports by means of price subsidies.

The industrialized States should, he thought, also make it possible to import more vegetable oils and oil-seeds from the poorer countries.

Mr. Boerma outlined a world plan for agricultural products up to 1975, and subsequently up to 1985, for the developing and the developed countries. This would become part of the development plan of the United Nations.

Mr. Boerma felt that first priority should be given to improving the quality and supply of seeds of the major food-plants. In the last two years new strains of wheat, rice and cereals had been introduced into a number of developing countries, securing considerably higher yields.

An effort had also to be made to deal with the losses and wastage of foodstuffs incurred in transport and storage. Similarly, the shortage of high protein food-stuffs had to be dealt with because it led to the starvation of millions. There was a need for a general raising of welfare standards but Mr. Boerma did not rule out the synthetic preparation of protein products. Fourthly, all available forces should be mobilized to promote the social development of the agricultural communities throughout the world.

Finally, Mr. Boerma called for improvements in the position of the developing countries in relation to the international flow of payments.

('De Tijd', 17 May 1969; Nieuwe Rotterdamse Courant, 17 May 1969)

12. Europa-Union Deutschland criticizes the Federal Government's European policy

On 21 May 1969 Europa-Union Deutschland published a memorandum entitled 'Europe's Governments have failed'. According to Europa-Union the Federal Government, like the other European Governments, is pursuing a policy of short-term tactics and contradiction. Europa-Union, which also criticizes important organizations such as the DGB (German Trade Unions Federation) and DIHT (Central Association of German Chambers of Industry and Commerce), goes on to say:

'They all talk about Europe but go on pursuing the same old policy of national sovereignty. The relative improvement in the national situation, made possible precisely by economic integration in Europe, gulls the Governments into thinking that national policy will be the right course for the future. The European Communities, set up at a time of national impotence, are not institutionally or politically powerful enough to push through integration in the face of government policies increasingly geared to national interests. Whether a crisis affects currencies, Euratom or agriculture, the nation-State is being restored.

German technology and nuclear industry, German monetary and financial policy, German agricultural policy and development aid, all are apparently regarded as more important than the creation of a European platform facing the future. The same applies to national concentration of energy production and to national control of external investment – and this at the end of the EEC's transitional period. The Governments reply that the necessary political conditions are wanting. Why, then, do they not set about to create them? After all, the Treaties exist as well as a general concept. So do the requisite institutions and the peoples, the bulk of whom want a united Europe. Party programmes committed to these aims exist, and in Germany the Bundestag has made repeated moves. The Governments are against all this because European policy today has reached the point at which they must show their hand. For today an active European policy implies willingness to give up a perceptible measure of sovereignty. The times of professions of faith are past.'

The Europa-Union reproaches Dr. Kiesinger for acting in the sphere of European policy contrary to the CDU's Berlin action programme. Foreign Minister Brandt's formula for a 'Europe à la carte' is criticized by Europa-Union as comprising measures of sovereign nation-States adjusted from case to case. Of Finance Minister Strauss it says: 'If a minister says that "words will not make Europe", then Europa-Union takes him at his word and asks him and other German ministers not so much for political speeches on the subject as for deeds. For Europa-Union cannot believe that a minister has no influence on the work of his officials.' Bundestag member Hans Apel (SPD) is cited as an

example of 'how opportunist even convinced integrationists can be'. As a member of the European Parliament, he had written that the concern of agricultural policy must be to strengthen European union, whereas, as a member of the Bundestag, he had said that the introduction of a modern agricultural structure was above all a national concern.

Europa-Union further complains that the peaceful use of atomic energy (Euratom) 'is being transferred from the Community to the inefficient sphere of national responsibility..... without a common budget and supranational jurisdiction for long-term European research and development projects, any attempt to create in West Europe conditions comparable to those enjoyed by scientists and industry in the USA, the USSR and Japan was doomed to failure. This is a threat to key industries on which growing prosperity in the years ahead is going to depend.'

In the agricultural sector, 'it is being deliberately kept from the public that the high level of farm prices in the EEC stems more particularly from the attitude adopted by the former Federal Government in the Council of Ministers, and that it was the Federal Republic therefore that had sparked off over-production in the EEC.' Europa-Union condemns German politicians' opposition to Community financing: 'To give it up means to endanger the common agricultural policy and probably the EEC itself. Hence the Federal Government's readiness to support the common agricultural policy should be measured by its willingness to accept lower farm prices.'

On monetary policy, Europa-Union writes: 'In the meantime there has been a fresh currency crisis. Economic conflicts appear to be taking the place of military clashes in Europe. After the Federal Government's decision not to revalue the Deutsche Mark, French papers spoke of "a declaration of war on the other currencies" by the Germans. English papers again referred to the "entente cordiale". Is currency in future to assume a national prestige role? (Federal Chancellor Kiesinger: "So long as I am Chancellor of this Government, there will be no revaluation of the Deutsche Mark.") Is it to become in the Federal Republic an irrational "force de frappe" of German national self-assertion?'

The Europa-Union memorandum deals at length with the European Parliament, noting that 'despite all criticism of the pattern of democracy in the six Community countries, and particularly France under de Gaulle, democracy is in a far worse plight at Community level. The European Parliament is not playing its proper rôle because, even in the Community Treaties, the Governments have not provided it with adequate powers, and since then have done nothing worth speaking of with a view to its direct election, even within the scope of the Treaty provisions, or to widen its powers. Because the European Parliament has not been directly elected and does not possess adequate legis-

lative and supervisory powers, the European Communities are regarded by the public as undemocratic and technocratic institutions. Our sense of democracy requires them to be rid of these faults.'

The Federal Government too had failed to act with the requisite courage; nor did repeated initiatives in the Bundestag for the direct election at least of German representatives (Mommer Plan, June 1964) secure majority support.

The memorandum also deals in detail with budgetary powers:

'Particular importance attaches at the end of the transitional period to the European Parliament's budgetary powers, an issue that has already plunged the Community into a crisis. By virtue of a Council decree already issued, it has been agreed in principle that the Community should in the final stage be provided with sources of revenue of its own within the context of the common agricultural policy. This revenue will escape the control of national parliaments but, to avert a completely undemocratic state of affairs, will be subject to control by the European Parliament. The Council of Ministers – and therefore also the Federal Government's representative – is urged to persuade the Commission to put forward suitable proposals in good time before 1 January 1970. The essential need will be for the final decision on the Community's overall budget to be transferred from the Council to the European Parliament. Should the national governments and parliaments decline to accept this necessary sacrifice of sovereignty, then they will not have passed the test of democracy.'

The memorandum winds up by pointing out that Europa-Union wants to demonstrate the inadequacy of a governmental policy which, in its day-to-day activities and decisions, runs counter to principles that have been propounded and agreed to. The logical consequence of the commitments entered into, and of the declared aims, was integration. Europa-Union therefore called upon the Governments to adopt this as the basic principle of their activities.'

(Europas Regierungen haben versagt, Europa-Union memorandum)

13. Belgian agriculture and the Mansholt Plan

The National Federation of Professional Agricultural Unions (UPA) made a critical analysis of the Mansholt Plan. At a press conference in

Brussels on 21 May 1969, Mr. Lizen, Director of the UPA's Studies Department, explained the Federation's position.

The Federation was opposed to replacing the markets and prices policy by a structures policy which would simply consist in dividing an unchanged total revenue between a smaller number of participants. It felt bound to recommend promoting progressive family farms: this was the most worthwhile form agriculture could take in Western Europe. It would be dangerous and utopian, in their view, to expect that setting up new structures would lead to any fall in agricultural prices in the Community; the types of farm planned would offer no resistance at all to the temptation to bring prices up to world price levels.

The Federation considered that one of the main tasks facing the agricultural trade union movement was to secure the legal and material help of the public authorities at once for promoting co-operation, establishing production groups and exploiting the possibilities of liaison with those who supplied the producers and those who were supplied by them. Any assistance given should go to well-managed, dynamic farms and be accorded without discrimination and without reference to rigid criteria: the benefits accruing to individuals should also operate for mutual assistance between farmers. The Federation thought that the legal pensions and the ahead-of-schedule pensions (at national and Community levels) should be adjusted sufficiently to make retirement easier for farmers wishing to give up farming. It trusted that the land-swap arrangements would go forward more rapidly and that advantage would be taken of the chance of speeding up the process offered by substantial bonuses for those entering into land-swap arrangements.

They called for a substantial cut in taxation for this interfered with property transactions and they called for a solution to the problem of the two-fold aspect of real estate investment (successions and compulsory purchases) and of investments that had to be made in production; the Federation called for encouragement for any moves designed to improve the property system or to give the farmer greater security. It wanted occupational training to be permanently geared to the context of modern farming and they called for an agricultural, social policy comparable with that enjoyed by other classes of society.

In conclusion, the Federation felt that there was no decisive reason for making any profound or radical change in the present production structures or for replacing them by structures which carried no guarantee that they would be more efficient either technically, economically, socially or from the human point of view. The Federation thought that it was es-

sential to allow farms which had proved their efficiency to operate under the conditions necessary to their advancement along the lines of modern agriculture.

(L'Echo de la Bourse, 25-27 May 1969)

14. BDI (Federal Association of German Industry) calls for early integration of Europe

At a joint meeting of the BDI Committees for European Integration and Agriculture held in Cologne on 3 May 1969, also attended by Vice-President Mansholt, Professor Hallstein and Mr. von der Groeben, member of the Commission, the BDI urged that the integration process be speeded up. It regarded it as of crucial importance that the EEC should be rapidly expanded from a customs union into an economic union. It therefore squarely rejected any tendency to endanger the existence of the Communities by introducing new and looser forms of economic and commercial co-operation in Europe.

Franco-German co-operation, as the cornerstone of any practical European policy, was essential to progress. The BDI was sorry to see that in all member States the political will to integrate had of late noticeably weakened. It hoped that recent events would usher in a more co-operative attitude to European affairs on the part of France and the other member States.

The BDI welcomed the Commission's three-year working programme in which it wanted to play its part. Priority should be given to closer co-ordination of economic and monetary policies, the harmonization of taxes, the removal of distortions of competition - for example, due to conflicting national aid regulations - and the admission of new members.

The BDI welcomed the Commission's proposed agricultural reforms as a step in the right direction. They would be of real help in ushering in an agricultural policy tailored to the overall economy. The aims laid down, particularly that of balanced agricultural markets, were being supported. The proposed charge on the processing of vegetable fats and oils was, however, causing grave concern. The BDI warned against an agricultural policy that screened off further markets from world competition, as that was bound to be of harm to world trade as a whole.

At a joint conference of the BDI and CBI (Confederation of British Industries) held in London on 22 May, the two organizations - under their respective chiefs, Dr. Hellmuth Wagner and Mr. John Davies - decided to cooperate more closely in future.

In London the talks were seen as a step towards preparing for British membership of the EEC. London newspapers highlighted a statement made by Dr. Wagner, at a press conference on 22 May, to the effect that Europe's sole chance lay in Britain's entry. Though the problems were many, none was insoluble. The new political situation offered an opportunity to achieve something that should have been accomplished ten years previously. Dr. Wagner added that, once all the outstanding points had been satisfactorily settled, so that no further obstacles stood in the way, Britain's entry ought to follow automatically.

The talks between the two organizations were dominated by the question how, and in what spheres, their already close co-operation could be intensified. Other subjects discussed were European integration, work in international organizations, and preparations for a top-level meeting planned for January 1970 and to be attended not only by industrialists but also by representatives of other branches of the economy.

The following were singled out as sectors in which practical co-operation between the BDI and CBI could and should be stepped up: science and technology, company law - particularly the creation of international companies - fiscal policy (especially taxation), incentives to investment and saving, transport, industrial insurance, education and training, and agriculture.

(Handelsblatt, 5 and 28 May 1969)

BDI (Federal Association of German Industry) calls for continued development of the European Economic Community

European integration is given pride of place in the BDI's Annual Report for 1968/69, published on 13 June 1969. In this the BDI says that renewed faith in the direct and continuous internal development and expansion of the European Communities is the main task of integration policy in the immediate future. This meant that all member States ought to attach greater weight and priority to Europe in their domestic policies and avoid returning to economic and monetary policies mainly governed by selfish national interests.

The BDI doubts, however, whether all partner States are prepared to act on these lines and refrain from delaying, or thinning down, European unification policy. German industry would continue stoutly to resist any such tendencies. The BDI admitted that in the recent past noteworthy progress had been made, particularly in the completion of customs union before the scheduled time. Nevertheless the general impression lingered that the outlines of European policy had become blurred and the political differences between member States more marked. The BDI regretted this development, more particularly because it introduced a greater element of uncertainty in industrial planning. This could easily lead to enterprises exercising greater caution in taking decisions on production and investment affecting the Common Market.

The customs union ought to be expanded as soon as possible into an economic union and an area of guaranteed investment similar to an inland market.

Many, if not the bulk, of the pieces needed for a 'mosaic of economic union' were missing. There could not therefore be complete freedom of movement for all factors of production. Co-ordination of cyclical and monetary policies - also absolutely essential - left much to be desired.

According to the BDI, the Community had no choice but to deal squarely with the tricky business of agricultural policy. Industry had always shown understanding for the difficulties of agriculture. It had therefore realized that the upheaval involved in switching over from a national to a European agricultural market could not be survived without the help of structural and redevelopment measures. In view, however, of the surpluses piling up, industry was faced with the question whether current agricultural policy ought not to be radically reviewed, particularly as over-production could only mean higher and higher costs to be borne by the consumer and taxpayer.

The BDI regretted the lack of progress made in the Community's external relations. No-one could seriously dispute that an economic area enlarged through the entry of Great Britain and other European countries would offer far wider scope for industrial production and therefore for the economic growth of Europe. There was no sound excuse for denying membership to Great Britain, with all the attendant rights and obligations, particularly as the British Government had largely dispelled doubts as to the credibility of its European policy.

Speaking at the twentieth general meeting of the BDI held in Bonn on 19 June, President Berg pointed out that German industry had given, and would continue to give, its full support to integration. Two things were necessary for the expansion of the EEC; regional expansion of the Community and consolidation of the inland market. In both cases he saw every possibility of making progress. He warned against the assumption that all obstacles to British entry had been removed. The material problems remained and would come clearly into view as the negotiations proceeded. 'Looking back, however, on the difficulties already mastered in the EEC, gives us confidence.'

The EEC's internal development was far sounder than many recent reports had led one to believe. In view of the growing trend towards concentration throughout the world, it was becoming increasingly recognized that common European regional and structural policies had tangible advantages. There was an obvious need of a body of European company law as a basis for a lasting European tie-up; it was unfortunate that in this international field too the wishes of German trade unions for co-management were holding up progress.

(Handelsblatt, 5 and 28 May 1969; VWD-Europa, 13 June 1969; Frankfurter Allgemeine Zeitung, 20 June 1969)

15. Statement by the Dutch Union of Insurance Brokers on the effect of the Community directives on Dutch insurance business

At the annual general meeting of the Dutch Union of Insurance Brokers in Schevingen on 3 June, Mr. Brauw, the Chairman, pointed out that the development of science technology, the changes in national legislation and Community directives on insurance had led to mergers in the insurance business. The demands made on insurance brokers in the EEC were much greater than those at present prevailing in the Netherlands.

The establishment of a vast European insurance market did not mean that all insurance brokers should operate in large-scale firms. Mr. Brauw thought that in future it should still be possible, as it was in other professions, for the small firms to play a worthwhile part in the life of the economy.

(Handels & Transport Courant, 4 June 1969)

16. The Rotterdam Chamber of Commerce and the Community's farming surpluses

Whilst approving the long-term projects of the European Commission, the Chamber of Commerce nevertheless sent a note to the Dutch Government asking it to consider whether the urgent problem of the Community's farming surpluses could not be solved in the short term at a lesser cost than suggested by the Mansholt Plan. The Rotterdam Chamber of Commerce found that the proposals made by the European Commission do not take sufficient account of the interests of consumers and other sectors of the country's economic life to find a rapid practical application.

The European Commission does not appear to have given due consideration to the fact that the EEC is one of the most important partners on the world market and that certain measures, such as the proposed tax on oils, fats and oil-cakes, will result in diminished trade between the EEC and third countries. The danger of third countries resorting to retaliatory measures in view of their reduced export possibilities should not be underestimated.

The Rotterdam Chamber proposed certain specific measures which, in its opinion, would solve the problem of surpluses. It suggested: the transfer of surpluses to developing countries (without perturbing the economy of these countries), subsidized sales to certain institutions, marketing butrine at competitive prices, granting higher premiums for slaughtering milking cows and using more butter surpluses in the chemical industry. For the time being, surpluses are either processed into fodder or sold on the world market against export rebates. At the same time, protection measures (e.g. import levies) have considerably reduced the possibility of purchases on the world market. Cereals, sugar, sugar-processing industries and condensed milk have suffered from these measures and exports of these products to third countries have declined, sometimes markedly, in the past four years. The Rotterdam Chamber of Commerce points out, in addition, that increased butter consumption in the EEC would be prejudicial to the consumption of fats from third countries and that this would also seriously damage international trade.

The Rotterdam Chamber of Commerce was highly critical of the proposed taxation on imports of oils and fats. It failed to see how this measure could help solve the surpluses problem. The only effect of this tax would be to hit the exports of certain developing countries and force the United States to take retaliatory measures because certain oil seeds and oil cakes (products to which this tax would apply) form a large part of their exports.

In its note, the Rotterdam Chamber of Commerce stated that the farming policy carried out until now hardly contributed to raising the standard of living in the farming sector. On the contrary, it produced unfavourable effects on other sectors. Moreover, a re-organization of agriculture implied considerable expenditure, while pursuing the present farming policy, would no doubt absorb still larger sums. Alternative short-term measures should be envisaged to solve these urgent problems in the least prejudicial way for international trade. These measures would make it possible to achieve important savings and meet the requirements of the third countries which would thus be less inclined to take retaliatory measures.

According to the Rotterdam Chamber, continuing the present EEC farming policy would upset international trade and could even lead to the isolation of farming. Community enterprises whose activities are directly or indirectly connected with imports of goods from third countries would bear the brunt of these unfavourable consequences.

In conclusion, the Chamber of Commerce emphasized that if the aim was to achieve a lasting balance between supply and demand within the Community, whilst maintaining trade with third countries, it would be necessary to apply the market and prices policy advocated in the Mansholt Plan. The present policy would seriously harm international trade owing to the fact that the levy and rebate system restricts import possibilities.

(Handels & Transport Courant, 4 June 1969)

17. A meeting in Scheveningen on 13 June of the Dutch Branch of the European Christian Democrat Union

'To a large extent, the EEC Treaty has been implemented and has thereby ceased to apply; it should be replaced by a European basic law which would be the foundation for a federal democratic governmental system.' This conclusion was drawn by Dr. S. Couwenberg, a consultative member of the Catholic People's Party Executive; he also felt that the peoples of Europe had to bring pressure to bear on the European political establishment so that they might co-operate in the development of a united western Europe. He maintained that only a very large-scale political pressure from below could lead to a breakthrough in Europe. He said that the present lack of progress was due to renascent nationalism combined with bureaucracy, and this left no room for European unification. A great many young people wanted really rapid progress towards an organized, peaceful world society. 'This shows great idealism but little political insight,' said Dr. Couwenberg. He noted that what was referred

to as the leftist mentality, which was absorbed entirely or mainly in an antagonism to one's own culture, was the most disturbing symptom of internal decline.

Professor Van Hulst, a Christian Historical Union member of the First Chamber, made a plea at the conference for a more flexible approach to politics. It was time for talks between the two economic power blocs in Europe: the EEC and Comecon. He drew attention to 'the widespread and alarming misconception which demonstrated a completely uncritical attitude towards our own society'. Millions of Westerners thought that the great majority of those living in the Eastern bloc would, if they had the chance to become better acquainted with the western nations, feel as though they were in paradise.

'It could well happen, in fact, that after the opening of all our frontiers to the East, we should hear them say "We prefer communism".' He thought that the peoples of the West should be more sober in their political statements. 'It is not impossible to imagine that if there were an open confrontation, it is the West which might suffer from the comparison. Perhaps this attitude was the only reasonable one possible if any discussion were to follow.'

(De Volkskrant, 14 June 1969)

18. The Federal Association of German Wholesalers and Exporters is critical of the EEC's agricultural protectionism and advocates a liberal world trade system

At the annual general meeting of the Association of Wholesalers and Exporters in Hamburg on 11 June 1969, President Dietz stressed the inescapable need to attend to exports as diligently as possible and to avoid anything which might create artificial export difficulties; exports yielded the DM10,000m to DM11,000m balance-of-payments surplus which the Federal Republic used to cover current needs. It was very difficult to win back lost export markets and in future, too, the prosperity of the German economy would be dependent on exports.

It was, of course, an old truism that one could only export when one also imported. Hence it was advisable to practise a liberal import policy. This should not only hold good for the Federal Republic but also for the EEC. President Dietz referred in this connexion to the increasing danger that would result from the fact that agricultural imports, which were governed by market regu-

lations, had come under the responsibility of the EEC. One could indeed strive for self-sufficiency and even attain it. One should not, however, believe that this would fail to affect the Community's exports and the pattern of free world trade. If the EEC acted in a protectionist way, this was bound to prompt a defensive reaction on the part of our trading partners. They had already threatened vital EEC exports with counter-measures and these threats should be taken seriously.

At the annual meeting of the Federation of the Federation of German Wholesalers and Exporters in Frankfurt on 23 June, President Dietz was particularly critical of the EEC's agricultural policy: 'The highly defective development of the EEC agricultural market has taught us to stand in awe. In the European Communities today, we must devise a trade policy for industry and here we can only learn from the agricultural policy how one should not do it.' Agriculture was no longer producing for the market but - because of the underwritten guarantees - for the intervention authorities. This system must be replaced by one geared more closely to the market, whereby there would have to be cultivation restrictions with quantity controls; above all agricultural imports from third countries must still remain possible.

Mr. Dietz called on the Federal Government to stand by the requirement of the Treaty of Rome to pursue a trade policy open to the world'before declaring its readiness to enter into any further commitments. We need a new political link between modernizing the agricultural market and the accession of the United Kingdom.' Concerning agriculture and particularly with reference to Germany's trade with the East European countries which had recently been below par, President Dietz called for liberalization and an analysis of forms of co-operation.

Without the United Kingdom the EEC was a little Europe which 'we did not want', he said in conclusion. As soon as the French Government had got its affairs in hand, talks should begin about starting negotiations for the accession of the United Kingdom to the Community. A Europe which went on being divided could not compete with the superpowers.

(Handelsblatt, 12 and 24 June 1969; Industriekurier, 12 and 24 June 1969; Frankfurter Allgemeine Zeitung, 24 June 1969; Die Welt, 24 June 1969)

19. Belgian industry calls for the relaunching of Europe

In June 1969 the Federation of Belgian Industries (FIB) published a special number of its bulletin comprising its twenty-third annual report and a call for the relaunching of Europe.

The report first retraces the rise of the Belgian economy since the creation of the Common Market. The problems facing certain areas and industries apart, the FIB feels that Europe has served Belgium well. In no field, however, has the stimulating effect of European integration been felt more strongly than in that of exports. In 1913 Germany, France, Italy and the Netherlands obtained about 50 per cent of their imports from Belgium and Luxembourg. In 1927 the figure had fallen to 28 per cent. Although it went up to 40.9 per cent in 1936-1938, it stood at only 30.6 per cent in 1947. After rising once more to 45 per cent in 1958, it today exceeds 64 per cent. Our sales in the Common Market now average some 22,000m Belgian francs a month.

Belgium lives from exports. A number of politicians have recently said that shortly one Belgian out of two will live on what the country sells abroad. The exports of the Belgo-Luxembourg Economic Union in 1968 amounted to 408,000m francs. Of this amount the European Economic Community accounts for 262,500m francs, i.e. 64.3 per cent.'

The FIB regards the results at the end of the transitional period as only an initial step since 'an entire series of really common policies must still be worked out and applied (i) because they are laid down by the Treaty of Rome and (ii) because they govern the economic union which alone can guarantee an integral common market permitting steady economic expansion and balanced social progress. We cannot afford to stand still because marking time would inevitably herald a falling behind. More than that - and events in the monetary field and the economic difficulties of the second half of 1968 clearly showed this - efforts are still far from being truly concerted in the Six. Moreover, tiresome and unyielding obstacles are preventing Belgian industry from deriving from the EEC the benefits and progress it has a right to expect because it has consented, in preparation for them, to make far-reaching overhauls and large investments.'

The FIB brushes aside the objections of those who say 'Europe,yes-but.....' For the FIB salvation lies in accepting the risk. At a time when the speed of events has risen so sharply, it champions an institutionalized form of political solidarity. 'We must continue to build Europe, we must accept the risk this involves, as only thus can we awaken hope in those who live there to-day and to those who will live there tomorrow. We must want Europe, to give

its courage and dynamism the sorely needed chance of finding expression. Europe must be launched afresh so that we do not have to shuffle backwards into the future, stooping, our eyes glued to the ground. What is needed is courage and political will; we can rely on Belgian industry, and on the support it will get from the vast majority of the public, to insist on this and to bring the necessary pressure to bear on both national and international authorities.'

A political will to relaunch Europe would imply, in the FIB's opinion, fixing a time-table - something that had proved highly useful for achieving the initial objectives - and reverting to majority voting, a method at once courageous and productive.

The FIB was thus led to suggest a programme for relaunching Europe aimed at completing the customs union and, concurrently, at establishing the economic union.

- '1. To do this, it will first be necessary to remove technical obstacles to trade, a sometimes insidious but always effective cause of the maintenance of invisible frontiers between the six States.
- 2. In agriculture, radically new decisions must be taken and measures enacted and applied. In giving whole-hearted support to the restructurization and liberalization of European agriculture, Belgian industry expects that the effort devoted to it will correspond to the proportion of the total active population accounted for by farmers and farm workers and to the contribution agriculture makes to the GNP - in Belgium 5.8 per cent of the active population and 5.5 per cent of the GNP. At all events, it is out of the question that the present EAGGF scale - 8 per cent for Belgium - should be maintained. Belgian industry demands that the Finance Ministers of the Six collaborate closely over all financial measures taken in favour of agriculture; that they lay down thresholds on no account to be exceeded; that Belgium, whose farmers have made such remarkable efforts in the way of rationalization and productivity, certainly associate itself with the common effort but with due regard for the needs and capacity of the country's economy. Finally, any redeployment must be carried out as part and parcel of a European industrial policy and not take localized, regional, isolationist and, therefore, non-economic forms.
- 3. The EEC must lay down and apply a common commercial policy that is at once flexible and adapted to the extraordinary momentum of current economic development and capable of avoiding the snares to which the common agricultural policy has fallen victim.
- 4. A common commercial policy is closely bound up with common economic and monetary policies. Events in 1968 and the setback suffered by the French franc have shown the price that must be paid for its absence. The

Six must concert their economic and social policies more closely and on a permanent basis. For their part, employers and workers in each country must show greater interest in the economic development of the European Community as a whole when they decide on measures or settle disputes. Concerted efforts are needed especially in the strictly monetary field and among the organizations responsible for it - the Monetary Committee, the Medium-term Economic Policy Committee, the Committee of Central Bank Governors and the regular conference of the Finance Ministers. The rôle of the European Commission in these various bodies should be stepped up. The aim should be to preserve. amidst the ups and downs of the economic situation, the rates of parity among the Six for all current payments for trade in goods and services. This means that each government will have to draw up its economic. social, budgetary and financial policies on the assumption that its official parity will no longer be changed in relation to the currencies of its partners.

Efforts should aim at the ultimate achievement of an efficient monetary union. This follows logically from the principle underlying the entire European venture but everything goes to show that it will take many years to achieve. In the meantime, freedom of capital movements, as laid down by the Treaty of Rome, should be established and maintained as between member States. To ensure that Central Bank reserves are not strained by this, one could follow the example of Belgium's double exchange-market: the first for current transactions, the second for capital movements and the tourist trade. Our National Bank is not required to use its reserves for the maintenance of exchange rates on the parallel market, on which exchange rates are governed by private supply and demand. Finally, some effective scheme of mutual assistance in the event of an emergency must be introduced.

- 5. Steps must be taken to abolish legal and other restrictions and administrative practices that exlude or restrict access to these markets by leaders of industry or suppliers other than nationals, without forgetting technical rules and specifications which, although the nature of the works or of the supplies does not require this, hamper the activity of contractors and suppliers of other member States. Discrimination resulting from the administrative practices which, repeated long enough, end up as a law sanctioned by custom, should also be eliminated.
- 6. Transport policy must also be put in order and geared to sound competition between (i) the various modes of transport, (ii) hauliers in the same branch and country, without arbitrary allocations or unjustifiable restrictions, (iii) hauliers of different countries. Otherwise an economy based on freedom must, to survive, resort to rigid State controls completely contrary to its nature. This freedom of choice implies the right to resort, without restriction, to transport on own account.

7. European technological co-operation should make a fresh start. All who have the economic future of the Community in their hands should assert their common will and act fearlessly upon the lessons learned from the setbacks of the past.

First and foremost, the Governments should devote their attention to large-scale technology which can only thrive on a European scale. The products concerned are in the main those used almost exclusively in the public sector, i.e. aircraft, space engines, electrical power-stations (in most countries) and computers. By guaranteeing industry orders for a minimum series of equipment developed by it under contract, the public authorities can help it to become competitive in other lines. In view of the extent to which public power is at present scattered throughout Europe, it is hard to believe that governments will remain united while industry is divided. Enterprises that desire the backing of a new policy should unite in European consortia to carry out Government research and development contracts and continue together to execute the grouped or concerted contracts of the national public authorities (or electricity networks). The three commitments (the consortium, with the associated legal, economic and fiscal requirements, the research and development contract and the order in principle) would be concluded for programmes covering a coherent series of developments. They would then assume the form of large-scale integrated operations in the field of scientific and industrial policy at European level..... Such a policy would have to start out with the Six but would be extended to the four applicant countries, and be adopted without waiting for the settlement of the other problems connected with the accession of those countries..... The renewal of an integrated scientific policy will ineviatbly call for a new drive on patents.

8. In the social sector, the FIB suggests that a European employment office, modest at first and supported by national bodies, could become a clearing house for the demand and supply of labour across the frontiers. Alongside and perhaps within this office, an overhauled European Social Fund could allocate, on the basis of a predetermined budget, special tide-over allowances to workers from sectors in which activity is on the decline, subject to conditions favouring occupational and geographical mobility. As regards occupational training - so essential for any employment policy - the co-ordination of effort by the European authorities already started with the broad definition of certain occupations, will have to be greatly stepped up. Moreover, the many initiatives taken in the social field by the national authorities should be brought more closely into line with the concept of European unity.

The FIB invites the national authorities to enter into systematic collaboration with their counterparts in other countries on the broad lines of the social projects on which they are working, and to precede each project by a study of the laws and regulations in the other five countries. It suggests that employers and workers should also concern themselves, in their negotiations, with the conditions stipulated in the other member States.

With regard to the enlargement of the Community, the FIB feels that the moment the Europe of the Six seeks a closer union at economic level, it should be possible to work out commercial arrangements with certain EFTA countries that have applied for accession to the EEC. It is not enough to accept the Treaties of Rome and of Paris. The formidable obstacles presented by the economic difficulties of some applicant countries must also be faced. Moreover, association agreements appear to be the best answer for neutral countries like Austria and Sweden, or for European countries of the East Mediterranean. As to the Maghreb countries, economic, social and financial agreements offer the best solution.'

(Federation of Belgian Industries, 'Relaunching Europe', June 1969)

20. The German Farmers Union discusses agricultural price policy

At a meeting of the delegates of the German Farmers Union in Mainz on 9 June 1969, Professor Weinschenk said that German agriculture should not expect its market, income and social problems to be solved wholly through the agency of the agricultural prices policy. The only guarantee for survival in agriculture was a combination of price policy measures, with a settlement on excess capacities throughout the Community, and a structure policy which secured the continuity of a nucleus of competitive farming enterprises.

Professor Weinschenk emphasized that the conflict between the two functions of price, on the one hand to give a balance on the market and on the other to secure income and investments to modernize farms, had to be resolved as soon as possible. The lack of flexibility on the foodstuffs market meant that nominal price increases would not decisively improve the real farm price level in favour of the farming community.

Professor Weinschenk further emphasized that there were fields in which price policy was eminently sensible in view of anomalous price relationships. Here he was essentially calling for an adjustment of cereal price ratios, with an increase of from 10 to 15 per cent. The principle had to be conceded that even the balance of the market only made sense if this policy was coupled with structural policy and other measures that had a direct effect on the volume of supplies. Quantitative controls should not, however, be a function for the State.

Limiting capacity through the agency of people freely giving up farming and the conversion of full-time farming enterprises into subsidiary and part-time establishments would be of increasing importance in future because in Germany the rationalization of work through people leaving the land was virtually completed. The question of capacity, he emphasized in conclusion, had to be tackled for the whole EEC. Programmes aimed solely at increasing capacity in the individual member States should be discontinued.

(Die Welt, 20 June 1969)

21. European action programme of the CDU/CSU group in the Bundestag

On 19 June 1969 the CDU/CSU group made public, through the person of Mr. Ernst Majonica, Chairman of its Foreign Policy Working Party, an action programme entitled 'Five steps towards Europe' aimed at breathing new life into European policy by stepping up co-operation in Western Europe.

The immediate reason for this move is the fact that the transitional period for the internal development of the EEC expires at the end of the year. The CDU/CSU is against extending this period and urges that the aims of the Rome Treaties – and particularly the common commercial policy – should be achieved before it expires.

The CDU/CSU also asks that the provisions of the EEC Treaty should be implemented in a practical way by strengthening the powers of its institutions, introducing a democratic system of legislation and setting up efficiently—run bodies. It follows that approval by the European Parliament should follow in the wake of the EEC Commission's proposals, that the decisions of the Council of Ministers should be arrived at by a two-thirds majority, that the members of the Commission should be reduced from 15 to 9, that the European Parliament should be directly elected, and that the plebiscite should be introduced.

The Federal Government is urged to set up a committee on European affairs made up of members of the Cabinet and presided over by the Federal Chancellor, and to make a member of the Government - probably the Foreign Minister - responsible for European affairs.

Further progress should be made towards European political union by co-ordinating foreign policies and co-operating more closely on defence and armaments. The establishment of a European Defence Council and of a European Armaments Authority with a budget of its own is also urged. The idea is that these organizations – not to be regarded as a new EDC – should work out a European approach in defence inside NATO and ensure that the armed forces are equipped with standardized weapons. Until these plans are carried into effect the six EEC ambassadors should meet at regular intervals in Brussels to bring the policies of their respective countries into line.

Finally, the CDU/CSU calls for early negotiations with Britain and other applicant countries. In principle it endorsed the proposition of Bundestag members Dr. Lenz and Mr. von Rangel that European unification policy should be open to the East and thus serve as a model for an all-European peaceful order.

Together with a programme for the seventies, the CDU laid before the press an election programme that leaned heavily on the action programme decided upon in Berlin in November 1968.

This covered foreign policy and European affairs as well as economic, social and educational policy aims. On European policy the CDU points out that no one nation in Europe is alone capable of coping with the tasks that lie ahead. 'All European peoples therefore need an economically strong and politically efficient Europe.' The CDU therefore calls for a federal state of Europe with a directly elected Parliament, and in which Franco-German co-operation would play an important role. The finishing touches should be put to the European Economic Community by introducing common policies in the economics, currency, science and research fields.

(Deutschland-Union-Dienst, No. 113, 19 June 1969; Frankfurter Allgemeine Zeitung, 20, 24 June 1969)

22. The European Movement analyses the institutional problems contingent on enlarging the European Communities

The European Movement held an international conference in Dublin on 20-21 June 1969 for the purposes of analysing the institutional problems contingent on enlarging the European Communities to include the applicant States (the United Kingdom, Denmark, Ireland and Norway).

The conference reached the following conclusions which, with three abstentions, were endorsed by all those present:

'These four countries, whose economies are closely inter-linked, must be admitted at the same moment, even though the talks will have to begin with the United Kingdom, in consultation with the three other applicant States, because of the scale and complexity of the problems raised by British accession.

If a Community of Ten is to operate efficiently the institutions will have to be consolidated. Yet it is quite obvious that this is already necessary for the Community of the Six if rapid progress is to be made from the customs union to a real economic union and, subsequently, to a political union.

This would call for changes in practice and procedure quite apart from treaty amendments of a purely arithmetical kind.

The Treaties must be applied as regards decisions being taken by a simple or qualified majority. This means that the Luxembourg Protocol of January 1966 will lapse and that the principle of striving indefinitely for unanimity will have to be abandoned.

The Communities must have their own financial resources under the conditions laid down in the Treaties. The democratic character of the Parliament must be consolidated through its election by direct universal suffrage – which is also in line with the Treaties. The European Parliament should have the power to exercise effective control over budgets: this is implied in the Community's having its own resources.

In practice the appointment of the members of the Commission has not been consistent with the requirement of the Treaties that there should be joint agreement between governments; at present each government appoints its own nationals quite unilaterally. To obviate this, appointments should be subject to confirmation by the Parliament and this procedure could be introduced without any institutional provisions.

The Community administration must become more supranational. In practice, every senior post has become the property of one nation. The opposite rule should be applied – with exceptions where justified – to the effect that when a senior position is vacated, there should also be a change in nationality. Then again, appointments to key positions should be reserved for permament officials of the Communities.

The linguistic system will become more complex if the Communities are enlarged. The European Movement has decided to organize a study group which will make practical proposals taking into account both the efficiency requirement and the multilingual character of the Communities.'

(Press release from the European Movement)

23. Mr. Wolff von Amerongen, chairman of the Central Association of German Chambers of Industry and Commerce (DIHT), suggests a new liberalization programme for the world trading nations

On 21 June 1969, speaking at the International Man-made Fibre Conference in Dornbirn (Austria), Mr. Wolff von Amerongen, the DIHT chairman, called upon the trading nations of the world to work out jointly a new liberalization programme.

The programme ought to go hand in hand with a complete overhaul of the international payments system, since free trade could not survive a state of monetary anarchy. Mr. Wolff warned against exaggerated hopes as regards the growth rate of world trade. With customs tariffs abolished, protectionist forces had sought refuge in non-tariff trade obstacles. Among the originators of these protectionist trends were the European Communities with their agricultural policy.

Trade in industrial goods between industrialized countries ought to occupy a central position in the new liberalization programme. Moreover, dissimilarities in the application of tariff provisions should be brought to an end. The practice of national administrations of giving preferential treatment to home products was an instance of non-tariff obstacles to trade. Discriminatory levies of domestic taxes on imported goods were, like quantitative restrictions on imports in industrial and developing countries, also serious obstacles.

In spite of the European Communities' successes, economic structure in Europe was still nationally biassed. Neither in the EEC nor in Western Europe was there any sign in the industrial structure of a consolidating market. As a result a yawning gap in technology and capital resources still divided Europe from the USA. Multi-national companies were in the main formed only between European and American undertakings. In the light of the sort of competition that came from the USA, the Soviet Union and Japan, it had to be ad-

mitted that the EEC's customs and agricultural unions simply would not do in their present form.

(VWD-Europa, 19 June 1969; Handelsblatt, 23 June 1969)

DEVELOPMENT OF EUROPEAN INTEGRATION

at the Community and International Level

I. COMMUNITY INSTITUTIONS

1. Mr. Haferkamp, the German member of the European Commission, puts the case for extending the transitional period

Speaking in Bonn on 24 April 1969, Mr. Wilhelm Haferkamp, the German member of the European Commission put the case for extending the transitional period of the European Economic Community. He told the press that there were many important decisions, particularly on the agricultural and taxation policies, which could no longer be taken on schedule – by the end of 1969.

Provided that the member States undertook to decide without delay on the outstanding issues on the Council of Ministers, the transitional period should be extended by two years. The European Commission had to decide on an appropriate proposal to be made to the Council of Ministers before the summer recess. He could give no indication as to whether the Commission would follow his own line of reasoning on this point.

One thing that was urgently needed, he said, was decisions by the Council of Ministers on closer co-operation in economic and monetary policy in line with the Commission proposals. Decisions on the economic policy of the member States, which had effects outside the national context, should, in any event, be taken after consultations in the Community. In the event of monetary difficulties, more effective standby machinery was to be recommended for the first three months.

He said that there was no 'mobilization plan' in Brussels to deal with the contingency of monetary problems, particularly regarding the effects of changes in the rates of exchange on the common agricultural policy. Such things should, however, be discussed because they were a matter of common interest.

Mr. Haferkamp expected that the Council of Ministers would discuss the proposals for a common energy policy before the summer recess. Prior to that, there had also to be fresh proposals for coking coal. If the Community did not provide sufficient quantities of coking coal in the long term, then the Community would be directly dependent on the United States. If this state of dependence was to be avoided, it was not enough simply to renew existing subsidies: a new common assistance system had to be agreed on.

(Die Welt, 25 April 1969)

2. The Charlemagne Prize is awarded to the European Commission

On 15 May 1969, the Charlemagne Prize of the City of Aachen was awarded to the Commission of the European Communities. This was the first time that the Charlemagne Prize, founded by the citizens of Aachen in 1950 for special services to the cause of European unification, had been awarded not to an individual but to an institution.

Mr. Jean Rey, President of the Commission, accepted the prize on behalf of the fourteen members of the Commission, of whom twelve were present in the Coronation Room of Aachen Town Hall. The citation to the prize, worth DM5,000 expressed appreciation of 'the valuable services of the Commission in the work of European unification and its tireless and purposeful efforts on behalf of the European Coal and Steel Community, the European Economic Community and the European Atomic Energy Community.'

Speaking for the Federal Government, Mr. Brandt, Foreign Minister, said that the European Commission had 'really earned' encouragement and recognition. This was the right moment when the general public in Europe should be reminded that the European Communities now as before, played a decisive part in the work of European unification and that the Communities could only carry out their responsibilities properly if the Commission was in a position to play the part entrusted to it by the Treaties.

Until all the unnecessary frontier controls were removed, Mr. Brandt said there was still something to be done, and we should resolve to do this soon. 'A willingness to make unilateral moves should not be lacking here.'

He stressed that the Federal Government regarded the Communities as the corner-stone of the Europe that had to be built. Many might, indeed, think that this was still not a sufficiently solid corner-stone but it should not be forgotten how much had already been achieved. Results had, of course, not been equally satisfactory in all fields. Much remained to be done, as was the case with the common energy policy, the policy for science and research and the harmonization needed in respect of the economic, monetary and cyclical policies, as well as the irrational 'juxtaposition' of the three Communities which had to be dealt with.

Mr. Brandt said that the Commission would, in the near future, be faced with some major responsibilities in many fields. He concluded by saying: 'the further development of the Communities is, to a large extent, in their hands.'

Mr. Rey, President of the Commission, also came out in favour of speeding up the introduction of a European policy. A rapid consolidation of economic and monetary policy solidarity had to be attended to and the political union had seriously to be promoted. Ways and means had also to be found of gradually admitting the European States which did not yet belong to the Community. With respect to the developing countries, particularly the Associated African States, a large-scale, open-handed policy was necessary. He gave an assurance that the Commission would pursue its efforts 'to start a dialogue and, if possible, institute co-operation with the Eastern countries, as well as with all the other continents.'

He drew attention to the importance of the institutions of the Six. It had been possible for the European Communities to fashion a common policy because it had the institutional means to do this. He stressed that it was not surprising that the Commission should be jealous of its prerogatives. 'To speak of strengthening the Communities would in our view be senseless if, at the same time, an attempt were to be made to weaken its institutions.'

He thanked the Federal Government for its 'far-sighted and realistic contribution to the progress of the Community' and said that after two world wars, Europe had shown signs of a fundamental change to a new continental order of the world. It was part of its duty to see to it that errors of nationalism of the past were not repeated at the continental level. Europe could only stand on the same level as the superpowers on points where it was integrated and - as was the case with the common agricultural and customs policies - where it acted together. This underlined the need more rapidly to implement the common policies in other areas and for a rapid consolidation of the economic and monetary solidarity of the Community.

Over-riding all differences in methods and ideas, the consolidation and progress of the Community was the concern of all member States. Not-withstanding all the difficulties and crises, the construction of Europe was going ahead. The forces that were working for its unity were, in fact, stronger than those that were working against it.

Mr. Jean Deniau (France), the youngest member of the Commission, said it was a serious thing that the signatory states of a treaty no longer agreed about its 'underlying principles'. It was at least as disturbing, however, that there was no clear or powerful stimulus for the general public. The first problem facing Europe was again to become a model.

Professor Hendrik Brugmans, Rector of the College of Europe in Bruges, deplored 'the prevailing tendency to disparage the Commission as a technical committee'. Europeans expected it to be a catalyst that would free Europe from its particularism.

(Bulletin of the Press and Information Service of the Federal Government, No. 64, 20 May 1969)

3. Mr. Colonna discusses the current problems of the Common Market

As a guest of the Belgo-Italian Chamber of Commerce on 20 May, Mr. Colonna di Paliano, a member of the European Commission, discussed the current problems of the Common Market.

He began by stressing that the balance sheet of the transitional period was, on the whole, a good one because the Customs Union had been completed and a start had been made on harmonizing economic policies. 'It is true', he added, 'that there are still frontiers between the Six involving taxation, finance and various regulations; but giving up customs protection in intra-Community trade and accepting a lower level of protection against third countries means that there had been a change in our enterprises, notably in Italy and France, which had been almost revolutionary. It is also true that the common organization of the agricultural market has not solved the problem of the excessive costs to the consumer and taxpayer of supporting agricultural prices; nor has it solved the problem of a fair average income for the agricultural producer. Yet we had to go through the stage of bringing national policies into line to be able to get to the heart of the matter, i.e. the task of overhauling structures.'

Mr. Colonna recalled that the progress made had been coupled with an unprecedented economic expansion; the Community had become the world's largest importer and second largest exporter. This progress was particularly gratifying because it had been made without any answer being found on approximating the attitudes of the Six on the major international problems. In his view, however, this progress could not conceal the importance of the transition to the Economic Union. 'Nowadays, the public authorities are so powerful and have such wide influence in the economic life of our countries that the straightforward abolition of the traditional obstacles to trade (customs duties and quotas) is no longer enough to create a multi-national market which really is a common one. To de-compartmentalize the markets, the manifold interventions of the national (and, where applicable, local) authorities should be harmonized. But this will only be possible if the Six assume the same economic and social objectives and undertake to pursue them in the exercise of their daily responsibilities.'

Mr. Colonna then listed the points needing urgent attention: (i) abolishing the non-tariff obstacles to the flow of goods; (ii) making indirect taxation both neutral in its effect and transparent in its application and introducing the added value taxation system on 1 January 1970; and (iii) the common trade policy especially for commerce with the State-trading countries and those where wage-levels were low.

In the monetary field, Mr. Colonna said that it would not be possible for the EEC to introduce reciprocal aid machinery (to deal with adverse balances of payments) unless the economic policies of the member States cohered more closely.

With reference to the Mansholt Plan, Mr. Colonna hoped the Community would fit agriculture into the general context of primarily industrial economies; this would mean steadily cutting down on less profitable or unprofitable activities and phasing out the support for such activities. At the same time, care had to be taken to ensure a satisfactory level of employment at a level of income that was fair for the workers.

Mr. Colonna also discussed the problem thrown up by the future of Euratom: 'In its reflections on the problem of promoting key industries - including the nuclear industry, of course, but also such industries as electronics and data processing - the European Commission noted that the customs union has only provided a very feeble stimulus and that governments and public establishments have generally placed their orders with national industries. To end this compartmentalization, there must therefore be greater freedom as regards placing orders and to ensure that a single national industry does not corner all the markets; there must also be amalgamations at the level of indi-

vidual firms. The stimulus here could be joint coverage of risks, for instance in the purchase by an electricity company of a reactor and in a contribution to the research and development made possible through a really sufficiently organized Joint Centre.

(L'Echo de la Bourse, 21 May 1969)

4. <u>President Rey states that Europe's independence flows from its unity</u>

Speaking on 24 May as the guest of the Turin Rotary Club, Mr. Rey, President of the Commission of the European Communities, said that Europe's independence flowed from its unity.

Despite the crises and difficulties it was passing through, the Community had not been paralysed. This had been proved by the progress of the customs union, the free movement of workers, the common agricultural policy and the harmonization of customs and tax provisions among the Six. Mr. Rey hoped that Italy, always a stout champion of integration, was not going to lag behind the others in adopting the added-value tax. This was not only an important aspect of harmonization in the Common Market but also a major factor for increasing Italian exports to other member States.

Moreover, there still existed in the individual States numerous laws, regulations and administrative procedures which hampered trade in the EEC and gave rise to discriminatory practices harmful to trade. The main difficulties arose in connexion with the free movement of goods and services – particularly national regulations governing various aspects of trade as, for example, the increase in restrictions on freedom of access to trade and of establishment.

Mr. Rey went on to speak of the recent association agreements with Tunisia and Morocco, the current negotiations with Yugoslavia, and talks on the renewal of the Convention of Association with the eighteen African States and Madagascar.

The enlargement of the Community to include the United Kingdom and other countries of Northern Europe was, however, still blocked. Mr. Rey stressed that the internal strengthening of the Community and its enlargement ought to go hand in hand.

He went on to ask what power and responsibility the Community had in the world. One answer could be given without hesitation: the Community had a clearly defined responsibility that flowed from its position as the leading world trader. What had happened during the Kennedy Round was of significance: the negotiations had involved forty-four countries but in the last few months only ten had been really in the running, in the last few weeks, four (USA, United Kingdom, Japan and the Community) and in the last two days the final conclusion was reached between the Community and the United States.

This, however, ought not to be an excuse for a relaxation of effort. All it had done was to demonstrate that Europe's strenght and independence flowed from its unity. It was therefore essential to move faster towards economic union, that is, to push ahead with the common agricultural policy; reanimate industrial policy; step up scientific research and concert nuclear efforts; transform the European Social Fund into an effective instrument of the Community's social policy; tackle regional policy; and above all closely co-ordinate the economic and monetary policies of member States, the definition of the agricultural financing regulation, and the widening of the European Parliament's powers while not losing sight of the aim of directly electing it by universal suffrage.

(Corrière dellar Sera, La Stampa, 25 May 1969)

5. Mr. Hans von der Groeben, German member of the European Commission, calls for a new European 'outline' treaty

On 28 May 1969 Mr. von der Groeben, speaking at the German Cities Conference in Mannheim, championed Britain's entry into the EEC, subject to a transitional period and the conclusion of an 'outline' treaty covering the completion of the economic and the monetary union and covering technological co-operation, the common energy policy and the regional structure policy.

The existing Treaties ought to be carried out in full and culminate in conditions in the Common Market similar to those of an internal market. The new 'outline' treaty ought also to lay down the objectives, institutions and methods of Europe's subesequent economic and political integration in spheres not covered, or inadequately covered, by the European treaties. The existing institutional system should serve as a starting-point, although the Council should operate more on the lines of a cabinet than of a governmental conference. The European Parliament should be ginven wider powers and the Community its own source of revenue to enable it to carry out its European tasks.

Mr. von der Groeben also called for a treaty on co-operation in external affairs; this should be brought into being within the framework of the institutions of the Political Community and through regular meetings of the Foreign Ministers at Council sessions. The decisions of the Foreign Ministers could, to start with, be given effect to by the Council's President with the assistance of the Secretary-General, that is, without a special organization. Co-operation in external policy questions should mainly cover relations with the East, disarmament, overcoming of the division of Germany, a European security system, the Community's relations with the African States, and the position to be taken up in international organizations.

As things stood at present, Mr. von der Groeben attached primary importance to a plan for economic reforms covering the balance of payments and monetary and commercial relations.

He then dwelt at length on the importance of common structural and regional policies for co-ordinating economic and financial policies in the Community, and therefore also for solving current monetary problems. The future lives of Europeans would be largely determined by the pattern of regional policy. All would depend on their being able to plan their future instead of having, as at present, to bow to the automatic course of events. As it was impossible to make general assertions in this sphere, regionalization of policy was essential. The main responsibility therefore lay with the member States which, however, would have to achieve a measure of co-ordination, particularly in financial planning.

Some time in the next few months the European Commission would have to work out, jointly with member States, common regional policy guidelines. The approach adopted should, however, not be pragmatic but geared to long-term considerations. In the opinion of the European Commission current industrial and agricultural redevelopment and adaptation should not be such as to force whole regions to fall below the threshold of existence and become incapable of supporting communal institutions. Similarly, rural areas without urban centres could also not survive indefinitely. According to these guidelines, therefore, urban areas would have to be provided with large primary centres; alternatively these could be freshly created for entire regions. An essential prerequisite was a good infrastructure. To each of these large centres smaller centres, themselves viable, would have to be assigned.

The next task for Brussels would be to bring the general guidelines into line with those of member States. For example, the trend towards urbanization needed to be clarified as well as the question of an extensive transport infrastructure.

Moreover, the Commission would concern itself with closer cooperation between member States in border areas which have so far often been at a disadvantage. In carrying out the Community's regional policy, what would matter was the extent to which the experience acquired and the guidelines worked out jointly with the member States, would be put into practice. This could be tackled on the basis of a comparative study of selected 'sample areas' in each member State.

Mr. von der Groeben thought that the prospects of introducing a common European structural and regional policy were good. Following recent events in France the situation had radically changed. It was again possible to discuss the aims and methods of European integration policy. France would cease to be the great stumbling-block on the road to European integration, and the other member States would now have to show how far they were really willing to go.

(VWD-Europa, 28 May 1969; Neue Zürcher Zeitung, 3 June 1969)

6. <u>Dr. Hellwig, Vice-President of the EEC Commission, outlines his views on European unification</u>

On 29 May 1969, Dr. Hellwig, Vice-President of the EEC Commission, addressed the Markenverband e.V. (an association of manuafacturers of proprietary articles) in Wiesbaden on 'the European Economic Community before the end of the transitional period'.

The situation in the EEC was inconsistent and the degree of integration achieved in various sectors differed widely. Although customs union, the common external tariff, the common agricultural policy, and a measure of approximation of legislation and of harmonization of taxes, the free movement of workers, money and capital and uniform rules on competition had been achieved, this could not be said of many other aims such as the right of establishment, the free movement of services, and capital policy. A common commercial policy and a common research and development policy had also not been achieved.

Dr. Hellwig pointed out that an extensive working programme for the achievement of economic union had been approved by the Council of Ministers on 12 May. Economic union was, however, proving far more difficult to establish than the customs union. Not only enterprises but also nationalistic bureaucracies were largely to blame.

As integration progressed, legislation on competition and the establishment of comparable competitive conditions became more important. The Treaty rules on competition between enterprises were acquiring more and more influence even in domestic legal systems but did not alone suffice to abolish many interventions by individual States affecting competition. Hence the need for measures in the sphere of company law, tax harmonization and patent law, and for the abolition of technical obstacles to trade. Continued interventions at national level threatened to become a crucial problem for the Common Market. The trend towards a return to nationalism by way of nationalization measures and purely national concentration was unmistakable.

Varying levels of integration were having a particularly harmful effect on general economic policy, the inadequate powers of Community bodies being a disadvantage. The consultation procedure adopted to date had permitted two-way consultations but not real co-ordination. The Commission therefore proposed that member States' short-term and medium-term economic policies be brought more closely into line and that machinery be set up for providing mutual aid in the monetary sphere. Monetary co-operation to deal with balance-of-payments difficulties in individual member States therefore loomed large in the current negotiations.

The world-wide structural changes that had taken place called in the Community for just as prompt measures in the sphere of structural policy covering regions and specific sectors as the consequences of integration itself. If these tasks were left to the member States alone, there would be a danger of further distortions of competition. Hence the need for harmonization in regional and transport policies, and in structural policy covering specific sectors. There was also the general problem to what extent, and with what resources, the Community itself was pursuing an industrial policy. Adaptation was essentially a task for the enterprises themselves; it could be made easier for them, however, if State measures were brought into line and by Community measures aimed at creating the necessary infrastructure of the broader-based Common Market.

Research and technology ought not to be neglected. If the Common Market was to serve as a basis for key industries, there should be a common policy in this field. The standardization of safety provisions was of particular importance for these industries. The Commission had put forward proposals on the subject in connexion with the co-operation sought inside and outside the Community.

Dr. Hellwig emphasized that German industry was becoming more and more involved in progressive integration. Economic policy trends in the Federal Republic exhibited fewer differences between the political parties than in other countries. This was a notable achievement despite the heated preelection discussion going on in the Federal Republic. Stability and growth were more satisfactory than in other EEC countries. The strong position achieved as a result of external trade surpluses and the accompanying hardness of the national currency ought not, however, to lead to complacency and to a nationalistic economic policy. Misleading statements could create concern in the other member States and have even more serious results such as speculative movements. The Federal Republic's economy had grown up with the acceptance of the need for European integration and world-wide liberalization. German economic policy should therefore place the emphasis squarely on the continuation and completion of economic integration and on co-operation between member States.

Speaking in Düsseldorf before the Land Association of the North-Rhine Westphalian Employers Organizations on 10 June, Dr. Hellwig dwelt on the inconsistency existing between the integration of the economy within the EEC and progress made in establishing an economic union.

He stressed that the rudiments of a medium-term economic policy existing in the Community did not suffice to permit co-ordinated action to be taken, via Community bodies, on serious economic questions. The quest for a common short-term economic policy, and for a corresponding common monetary policy, was coming more and more to the forefront. Existing consultation machinery ought, in the opinion of the Commission, to be improved and brought up to date. Uniform economic cycles throughout the Community were not, however, essential.

Cyclical and monetary difficulties ought, according to Dr. Hellwig, to be met by closer co-ordination of short-term and medium-term economic policies. The balance-of-payments difficulties of the countries concerned called for a system of mutual aid by way of short-term monetary support measures. If necessary, these could then be replaced, in conjunction with common economic policy measures, by medium-term financial aid. The Community should act increasingly as a single unit in the mechanisms of the international monetary system. The improvement of cyclical policy and monetary co-operation in the Community was moreover an essential prerequisite for the future enlargement of the Community.

(VWD-Europa, 30 May and 11 June 1969; Handelsblatt, 30/31 May 1969)

7. Mr. Raymond Barre, Vice-President of the EEC Commission, opposes parity changes in dealing with international monetary problems

On 20 June 1969 Professor Raymond Barre, Vice-President of the EEC Commission, addressed the Conference of the Federal Association of German Industry in Bonn on 'The fundamental problems of European economic policy'.

Professor Barre thought that changes in exchange rates should be rejected as a means of solving international monetary problems. The application of the adjustment measures needed for the Community's smooth operation should not, however, penalize any country for its virtues by exposing it to the resultant inflation, the economic, political and social effects of which would be of harm to all. Nor should any one country, merely to take over part of the burden, accept such a form of inflation.

The Commission felt the following steps should be taken: the principal medium-term aims of member States should be brought into line and fixed so as to ensure they remained compatible. Procedures should be set up to ensure prior consultations before member States could take any important decisions or measures likely to have marked effects on the economies of their partners and on the functioning of the Common Market. It was essential to set up Community machinery for monetary co-operation to ensure that any country that found itself in difficulties would receive short-or medium-term support from its partners. So long, however, as co-ordination of economic policy was not improved, situations could arise in the Community in which changes in parity might be unavoidable. Common agricultural prices ought not then to be allowed to obstruct adaptation if the general economic situation demanded it. Every member State enjoyed this right under the Treaties.

For years there had been a great deal of talk about the need to reform the international monetary system. Heavenly sounding reform plans were all too familiar. Might not the best reform, however, be to return to strict compliance with the principles of the Bretton Woods Agreement? Fixed exchange rates were desirable and necessary both for the international monetary system and for the Community. Although in some cases changes could not be ruled out, they should be regarded as exceptional and the Community should do its utmost to maintain existing parities.

(Frankfurter Allgemeine Zeitung, 20 June 1969; Handelsblatt, 20/21 and 23 June 1969)

II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. <u>Trade union (UPTC and CMT) views on the renewal of the Yaoundé Convention</u>

After a conference held at Lomé (Togo) from 7 to 11 January 1969, the Pan-African Union of Christian Workers (UPTC) and the European Organization of the World Labour Confederation (CMT) issued a joint statement on the renewal of the Yaoundé Convention.

In this they dwell on the need to renew the Convention with a view to finding long-overdue world solutions to the economic and social problems of the developing countries. The Convention - they feel - ought to continue to be restricted to the 18 Yaoundé States (AAMS) and to exclude other African States that have concluded association agreements geared to special situations, and should be for a term of five years.

The main purpose of the Convention ought to be to guarantee outlets for AAMS primary commodities on the Community market by means of long-term purchasing contracts, guaranteed prices, and reduced outlay taxes on AAMS products. The Convention should also provide for the promotion of production and marketing in the AAMS of manufactured and semi-manufactured products.

The trade unions would like to see bilateral co-operation brought into line with Community co-operation, and therefore suggest that financial co-operation procedures be speeded up by cutting out any formalities not essential for a serious study of the projects. They consider that the AAMS should be consulted on the management of the European Development Fund (EDF).

The new Convention should make gifts in preference to advancing loans, and in a larger measure than has so far been the case. It should also set aside certain sums, not chargeable to the quotas allocated to each State, for regional projects.

On the subject of loans, the trade unions recall the European Investment Bank's proposal for creating a special industrialization fund. On the political risks incurred by private investment, the trade unions express certain reserves, and are in any case of the opinion that no guarantee of this kind

could be borne by the European Development Fund. The funds available to the European Development Fund should be raised to 1, 200m units of account.

As regards technical co-operation and training, the UPTC and the CMT hope that awards of scholarships and traineeships will be increased and extended in the new Convention. Regional and national trade unions ought to be able to benefit from direct EDF financing of training in the social, economic and trade union fields. In applying the new Convention, closer attention should be paid to the selection and training of technical assistants sent to the AAMS under the technical co-operation system.

With regard to the institutions of the Association, the trade unions suggest that Part Four of the EEC Treaty be amended when the Treaty comes up for revision, whether at the time the European Communities are merged or on any other occasion. It should be replaced by a declaration by the member States of their intent to maintain the association links between the Community and the AAMS, outlining their reasons and their aims.

Within the context of the new Convention, the UPTC and the CMT are for setting up an AAMS Co-ordination Council; assisted by a secretariat to be financed as laid down in that Convention. As they consider that trade unions in the AAMS should be able to make their views known to such a council, they suggest the creation of a consultative committee, composed of representatives of workers and employers from industry, commerce and agriculture in the AAMS appointed by national economic councils or, failing this, by any other democratic and representative procedure.

An Economic and Social Council of the Association ought to be set up by amending Article 52 of the Yaoundé Convention. This should bring together members of the AAMS Consultative Committee referred to above and of the Community's Economic and Social Committee, or be constituted in any other way that ensured representation of workers and employers in industry, agriculture and commerce. Representation of this kind is one of the basic demands of the trade unions under the association system.

(Au travail, Nos. 10, 13 and 14, 1969)

2. Congress of the European Federalist Movement in Trieste

The European Federalist Movement held its twelfth congress at the 'Centro Miramare' in Trieste from 11 to 13 April. The conference was opened by Mr. Etienne Hirsch, President of the Movement.

Professor Petrilli, President of the Italian Federalist Movement, emphasized that as far as Italian Europeanism was concerned, the last few years had not been wasted, despite the unduly large number of reasons for bitterness caused by the general deterioration of the situation in Europe. It had been comforting to note that a country like Italy which was, by tradition, subject to the temptation of political fragmentation, had rediscovered a unity of purpose and action. Today, more than ever, the nation States were obliged to choose between a ridiculous return to protectionist practices which would stifle technical and economic growth and an unacceptable renunciation in the face of pressures from economic forces organized at trans-national level. The inability, so far demonstrated by the nation States, to resolve these alternatives justified the growing indifference of the general public towards democratic institutions and accounted for the violent nature of some of today's demonstrations.

Professor Petrilli said that the Europe of the Six was liable to become the Europe of the past - not the Europe of the future. He concluded by emphasizing the efforts made by certain national governments to resolve the present deadlock, to open up new prospects for integration and to get round the obstacles of unilateral vetoes.

At the end of the congress, a final motion was passed on general policy, deploring the crisis with which European society was confronted; this had arisen because its structures no longer measured up to the requirements of the modern world. The nation States hadbecomeincapable of exercising their traditional prerogatives independently. In the first phase, these functions should be transferred to the European level. Going on therefore to discuss economic and social problems, the motion pointed out that democratic planning was necessary to ensure a fair division of the products of work and a balanced development of the regions. As regards foreign policy, the motion stressed that Europe should speak with a single voice, to enter into discussions with the great powers on an equal footing. In this context, attention was drawn to what might result from the presence of the United Kingdom in the Community. The motion concluded with a proposal vigorously to pursue the campaign for the election of members of the European Parliament by direct universal suffrage.

(Il Popolo, 12 April 1969; L'Europa No. 15, 1969)

3. Creation at The Hague of a European Trade Union Federation

At a congress held from 24 to 26 April 1969 at The Hague, under the chairmanship of Mr. Rosenberg (Federation of German Trade Unions), the trade unions of the Six, affiliated to the International Confederation of Free Trade Unions, decided to set up a new European Federation to offset the trend towards concentration of EEC enterprises. A total of 12 million workers is affiliated to these unions.

On the first day of the congress, Mr. Kloos, President of the National Federation of Dutch Unions, was elected President of the new European Federation. In his speech, the new President emphasized that the European policy of the new Federation should be based on the following three essential principles:

- (a) Introducing a European incomes policy
- (b) Introducing a European 'wealth policy'
- (c) Democratizing the balance of power in enterprises, particularly in international concerns.

The introduction of a European incomes policy was all the more necessary as, according to Mr. Kloos, owing to the growing interpenetration of national economies, income changes in one given country had an effect on that of other countries. As a result, when an imbalance occurred in the development of one country, it affected much more markedly than in the past other countries and constrained them to take restrictive measures which delayed expansion.

Mr. Kloos stressed that a European incomes policy should bear on all income groups. The incomes policy should aim at harmonizing the various income groups, so that the total increase of demand did not produce an inflationary effect and the position of less-favoured income groups improved.

Mr. Kloos gave a formal undertaking that trade unions were prepared to make a positive contribution towards an optimum economic expansion by turning their wages policy into an instument that could be regarded as an important component of the incomes policy. On the other hand, they felt that they should be entitled to take part in the framing of the general economic policy. In this respect, they would make use of the wages policy in order to exercise an influence on economic life. Acceptance by the unions of a European level of income must not be imposed by political institutions; it must be voluntary. The wages policy, however, was only part of the proposed reform,

the other components being a prices policy, a competition policy and an employment policy. These various elements must be used to promote a balanced and co-ordinated growth of the various income groups, and thus prevent the growth of salaries and profits from following an alternating and erratic movement.

The approximation of prices and wages in the EEC raised the question as to whether the time was not ripe for negotiating outline joint conventions on a European scale, broken down into activity sectors or groups of enterprises. These outline collective conventions could then be specifically applied to national enterprises.

This method of co-ordinating national negotiations would make it possible to standardize wages and costs in the member States and should therefore contribute to a balanced growth.

The uneven wealth balance was, in Mr. Kloos's view, one of the main causes of the unfair income distribution. The origin and growth of wealth was in and from the enterprises. Surveys had shown that 45 per cent of investments can now be financed in the Netherlands. Yet shareholders were the only people to profit by this accumulation of wealth. In the opinion of the trade unions, workers, too, could rightly claim part of the non-distributed benefits.

In Mr. Kloos's estimation, the trade unions should be able to derive a benefit from part of these profits in the form of a participation in the growth of capital or invested salary. The speaker dwelt at some length on the argument whereby recognition of these rights would jeopardize the growth of investments and, at the same time, future employment. By not making these funds immediately available to consumers, it would be possible to create investment funds which enterprises could use for financing the necessary investments. This would also reduce risks inherent in capital investments.

Thanks to these funds, the public authorities, too, could have the necessary financial resources. In this respect, Mr. Kloos referred in particular to the financing of ever-heavier expenditure in the public sector.

With regard to democratizing enterprises, it could be promoted by setting up more evenly-balanced boards of directors, by a broader outlook on the part of the directors, by recognition of the right of inquest and strike and by accepting to grant guarantees to workers in cases of mergers.

Mr. Kloos was of the opinion that the introduction of a European trade union movement required, first of all, the grouping together, at the European level, of political forces for which workers could vote in full confidence. Which parties would make up these larger groupings? They could include progressive parties, which also cover the socialists, but they should also be open to other progressive parties. Such a wide concentration of progressive forces would give the trade union movement the possibility of playing an important part and being the mainstay of the movement.

Mr. Tacke, Second President of the Federation of German Trade Unions, gave an outline of the principles defended by the free trade unions of the EEC with regard to wages policy. Economic and technical development, which is a corollary of European integration, compels trade union federations to co-ordinate their aims and resources regarding wages policy. Labour and employment conditions have not yet been harmonized in the EEC. It was only in farming that the first step was taken in that direction. It would be advisable to conclude, with regard to employment conditions, wages policy agreements. These should be taken by the contracting parties in the various countries as a minimum basis for national wages conventions. In the subsequent stage, an effort should be made progressively to increase the trend towards harmonization through agreements of a wider scope.

For Mr. Tacke, the wages policy of the European Trade Union Movement must be founded on the following principles:

- (a) Maintaining the freedom to negotiate of the trade union movement;
- (b) The wages policy must aim at maintaining full employment, a better distribution of incomes and wealth, consolidating economic growth and prices stability;
- (c) Rejecting any wages policy that is exclusively linked to the development of productivity;
- (d) Analyzing the economic and social situation of the Six in order to attain the objectives of the wages policy;
- (e) Finding ways and means of co-ordinating trade union policies by exchanging information and jointly defining concessions and viewpoints.

As a guest speaker at the congress, Mr. De Koster, Dutch Secretary of State, declared that an authority with a clearly established supranational character was one of the requisites of European union. Mr. Rosenberg, President of the Congress and President of the German Trade Union Federation, then advocated Britain's entry into the EEC, as well as that of the Scandinavian countries.

Mr. Mansholt, Vice-President of the European Commission, was in favour of setting up European parties which the trade unions could, in his view, bring about.

Mr. Mansholt also stated that, with regard to European unification, the congress was of historical significance. After discussing ways in which the Federation could win over members of the affiliated trade unions to the idea of a supranational organization, he affirmed that these unions should take a bold initiative in order to counterbalance some of the power gained by international trusts. Mr. Mansholt also pointed out that it was not reasonable to confine technical development to national frontiers. It was very important that when organizing their work, the trade union federations should take into account the need for grouping together forces at the supranational level. After having expressed scepticism as to the possibility of preventing economic crises through defective national instruments and supranational bodies, the speaker referred to last year's monetary crises which had clearly shown the need for a common monetary policy. He also doubted whether the States were in a position to ensure by their own means the protection of their economies. The economic problems of the various countries could only be solved at the supranational level.

It was essential to set up a political force going beyond the framework of national frontiers, for such a force would impose political and economic integration. Mr. Mansholt felt that it was necessary to counterbalance the economic forces that were grouping together according to patterns that differed in every respect from those of national political structures. There was room in Europe for two political currents – a progressive current and a conservative current. Trade unions and political parties should seek, as a matter of urgency, means of promoting international co-operation.

The audience also heard a speech by Mr. Jean Rey, President of the European Commission, who declared that he fully understood the reason for the impatience of trade union federations. Although there was no lack of reasons for being dissatisfied with the political situation of the Community, it had to be recognized, however, that certain important results had been achieved since 1967, despite the crises that had occurred since then. This showed that the Community was continuing its progress. 'However, Europe is not only being built up in Brussels,' Mr. Jean Rey pointed out. He also advised the trade unions to bring more pressure to bear on the Ministers of Social Affairs in order that a European social policy might be introduced.

Mr. Rosenberg declared that the Trade Union Federation remained faithful to the idea of the United States of Europe, which should include Britain and other countries. If Europe does not want to become a satellite of the super-

powers, then it must achieve political union. In the Europe of tomorrow there was no room for any dictatorship, be it of the left or of the right.

Mr. Buiter, Secretary-General of the Federation of Dutch Trade Unions, mainly criticized the lack of democratic bodies and procedures in the present Community. In his opinion, the present situation was 'a scandal for the democratic conscience'.

The congress of the European Federation of Free Trade Unions passed a resolution calling for direct consultation between the European Community Commissions and the European Trade Union Federations in order that the latter may take part, at all stages, in Community activities. If the congress demanded this right, it was because it regarded it as essential in order that the workers might give greater support than they have done up to now to the idea of European unification and Community decisions. In its resolution, the congress also called on the European Commission to carry out a basic reform of the consultations and direct information procedure. The resolution was unanimously adopted.

In a further resolution, also unanimously adopted, the European Federation stated that it would endeavour to conclude a new treaty for the European Communities which would come into force in 1970. The Federation would promote a democratic and supranational Community including all the democratic States of Europe. This aim would only be fulfilled if a number of conditions were met. These included a European Parliament with sufficient powers, a Commission with supranational powers, an independent Court of Justice, a European Investment Bank capable of promoting balanced development, full freedom of initiative with regard to information for the Economic and Social Committee and, finally, the setting up in the various sectors of the economy of new joint consultative bodies composed of employers and workers.

(Information Bureau of the International Confederation of Free Trade Unions, Brussels;

De Vakbeweging, 25 April and 2 May 1969; Bulletin Europa 23 April 1969; Handels & Transport Courant, 24 and 25 April 1969; Nieuwe Rotterdamse Courant, 24 and 25 April 1969)

4. European trade unions (CISL and CMT) and the merger of the Treaties

The International Confederation of Free Trade Unions (CISL) and the World Confederation of Labour (CMT) have issued a joint policy statement on the merger of the Treaties establishing the three Communities.

They insist on having a say at European level in the framing of the single Treaty, which ought to ensure the establishment of a supranational Community. Pending the entry into force of the new Treaty, planned for 1970, they are striving for common policies whose introduction can no longer be delayed.

They define the main objectives of European integration as the establishment of a Community of free men embracing all democratic States; economic and social progress; the safeguarding of peace, and solidarity with the developing countries. In their view the three Communities must not rest on their laurels. Customs union and unrestricted competition cannot, by themselves, afford protection to workers and consumers. Nor can competition lead to social progress and full employment, or to higher living standards. Liberal structures, which depend on market mechanisms, are not alone capable of ensuring optimum economic growth or of facilitating the requisite changes. Such mechanisms cannot bring about steady growth or the protection and expansion of industries. They are incapable of eliminating injustices.

The unions do not believe that social, financial and economic problems can be solved more easily by juxtaposing national legislative provisions. This would amount to putting the Community in the hands of monopolies and combinations, that is, private interests which are already well on the way to dominating it. The situation calls for more determined action by the trade unions on behalf of workers.

The CIS and CMT call for the complete integration of Europe, the only means - they believe - of solving the problems raised by: (i) the rapid development of world trade; (ii) the new relations with the developing countries; (iii) the swift advance of science and technology; (iv) the concentration of economic power; and (v) the steady growth of the economies and the changes they are undergoing.

They cite a number of sectors in which they feel a common policy ought to be pursued, placing particular emphasis on the prime importance of social progress. A common social policy presupposes harmonization of social provisions and working conditions, as well as an active employment policy.

As regards economic and social instruments, the trade unions consider the following to be essential: (i) a long-term view of the Communities' development; (ii) medium-term economic planning to ensure smooth development of the Community; (iii) instruments for acting in the short term on certain aspects of the long-term programme, particularly with respect to cyclical, structural and investment policies and industrial redevelopment and the readaptation of workers.

The Community ought to be financially independent as this alone can make intervention effective.

The trade unions devote a whole chapter to the 'democratization' of the European institutions, which they consider essential for achieving the Community's objectives.

At political level they desire: (i) that the European Parliament should be directly elected by universal suffrage and endowed with legislative and budgetary powers; (ii) that the Court of Justice should be an independent institution; (iii) that the Commission, exercising supranational powers, should be answerable only to the Parliament; (iv) that the Governments' representative organ responsible for co-ordinating Community and regional interests should take decisions by a qualified majority, and that any form of veto should be ruled out; (v) that the said organ should give rulings, within a specified period, on the Commission's proposals, and publish the debates leading up to its decisions.

At economic level, they feel that consultative bodies with a right of information and initiative should be attached to the Commission, one of these covering the economy as a whole. Moreover, a consultative body should be set up for each sector of the economy to tackle specific problems. These bodies would consist of equal numbers of employers' and workers' representatives. The Commission would have to be authorized to set up, on its own responsibility, committees of experts to deal with specific questions, assigning them mandates and publishing their findings. Their composition should reflect the respective interests of economic groupings and professional organizations.

According to the unions, the Treaty should require the Community institutions to pass on, in due course and in a suitable form, any information, opinions, etc., and should also extend to them a right of initiative.

Finally, the two unions outline what they feel should be the aims of economic policy. They express the hope that the new Treaty establishing a

single European Community will offer fresh opportunities of setting the process of European integration into motion again, and of creating the conditions necessary for an effective Community policy.

(Soziale Fortschritt, Nos. 7 and 8, 1969)

5. The Trade Unions (CISL and CMT) and European companies

Two European trade unions have made known their views on labour relations in companies, particularly those enlarged by international mergers: the European Trade Union Secretariat, which comes under the International Confederation of Free Trade Unions, and the European Organization of the World Labour Confederation.

These two organizations have sent to the European Commission a memorandum on the harmonization of company law in the Community. They consider that the measures taken pursuant to Article 54, 3, g of the EEC Treaty should be applied to workers in companies that enter into a merger. This Article calls for measures for co-ordinating to the necessary extent and rendering of equal value the guarantees which member States require of companies so as to protect the interests both of members and of outsiders. Now, according to the trade unions, the proposals put forward by the Commission in pursuance of this Article fail to recognize the need to grant protection to the employees of companies. The trade unions believe mergers can threaten the interests both of workers and of shareholders and there is nothing to stop workers' interests from being put on the same footing as those of creditors. Experience has shown that only adequate protective measures can prevent conflicts, particularly in the event of international mergers which, in addition, are an economic necessity. The rights won by the workers ought to be safeguarded, and in the event of dismissals, social aid should be forthcoming. For the trade unions, this means a right to be informed and consulted regarding any measures taken in these fields.

The German Trades Union Federation has submitted proposals on workers' participation in management. On 5 February 1969 its Steering Committee issued a declaration on this subject to the effect that all trade unions in the Six share the view that the protection of workers' rights and interests should take a new form, especially as regards the formation of companies with areas of activity reaching out beyond national frontiers.

The German trade unions see participation as a possible counterweight to the increased power of companies. The German Trades Union Federation regards the proposals made in this connexion by the Italian and Dutch representatives of the International Confederation of Free Trade Unions as inadequate.

It considers that at least the following conditions ought to be satisfied:

(1) Composition of supervisory board

- (a) Supervisory boards must be composed on a basis of equality, the position of workers being just as strong as that of shareholders. The supervisory board must exercise at least two powers, namely that of ensuring adequate information and control and the right to appoint and dismiss boards of management;
- (b) The workers' side on the supervisory board must consist both of workers and of outside representatives, the choice of the latter being largely influenced by the trade unions themselves;
- (c) In addition, it is desirable to have representatives of the public interest on the supervisory board;
- (d) Rules for the selection of members of the supervisory board should be governed purely by considerations of expediency. As far as possible all groups of interests in the enterprise should be catered for on the supervisory board.

(2) Composition of board of management

The board should include a member responsible for personnel and social matters. This member must be capable of representing staff interests on the board expertly and with special understanding.

(3) Composition of staff council

A central staff council should be formed from all the staff councils of the enterprise. The central staff council would tackle only questions affecting the whole enterprise or several staff councils and which cannot be dealt with so effectively by individual staff councils of the enterprise.

(Bulletin Europe, 18 April 1969)

6. Resolution on the Mansholt Plan passed at the sixth meeting of Socialist Women in the EEC

Delegates representing the two hundred and fifty women socialists in the member States met in Strasbourg on 5 May 1969 on the occasion of their Sixth Congress; the resolution they passed read as follows:

'The delegates:

consider that the vast agricultural reform programme represents a gratifying attempt to bring European farming into line with today's very different production conditions;

stress that a structural reform of this branch of the economy is essential, particularly because there have been revolutionary changes in farming over the last thirty years and because greater productivity can be achieved in well-managed farms;

consider that the efforts to secure a suitable income for all those employed in agriculture, by means of a price and subsidy policy, will involve enormous public expenditure, impose burdens on the consumers and hamper structural changes without at the same time ensuring that the standard of living of the vast majority of farmers and farm workers is brought into line with that of other sections of the population;

point out that Sweden, for example, changed into a modern industrial State under the aegis of a Socialist Government without difficulties; its agriculture is on a reduced scale but it is modern; the economies of the Six are sufficiently prosperous for them to be able to finance the necessary structural changes and pass social measures to enable any who wish to do so to give up agriculture and leave their farms;

thus welcome the many social policy proposals in the Mansholt Plan; they believe these will make it easier for people to leave their farms;

recall that the social position of women in the family farm is deteriorating because they are increasingly coming to represent the only spare labour left on the farm;

also stress the need for large-scale structural reform to promote those farms which will give farming families (i) a suitable income, (ii) the benefits of social security in cases of illness, accidents and old age and (iii) a standard of living whereby they, too, can share in the advancement of material prosperity and in our general cultural progress;

therefore urge an early implementation of the Mansholt Plan proposals; this will not fail to help improve the social position of women on the

farms; at present these women have an endless and unduly onerous task to perform on the individual family farm.'

(Courrier socialiste européen, 6 May 1969)

7. The First Congress of the European Organization of the World Labour Confederation

The European Organization of the World Labour Confederation held its first congress in Brussels from 7 to 9 May.

The first resolution passed by the congress concerned trade union structures at the European level. The congress called upon the committee to work out practical proposals for creating a European confederation by bringing together the international professional federations and confederations affiliated to the World Labour Confederation. To this end the congress called on the committee to take certain practical steps. In the short term, this would mean drawing up an annual report to include a comparative study of the trade union policies of the affiliated national confederations to establish points of agreement at the European level; the report would be discussed by the constitutionally established authorities of the organization. In the medium term, the committee was, with the agreement of the international professional federations who so desired, to bring together the European professional secretariats in the secretariat of the European organization. For this purpose the European organization was asked to draw up a practical plan in co-operation with the international professional federations. It was also to submit to the second congress in 1972 two programmes, viz. (i) trade union action and attitudes in the context of European integration and co-operation and (ii) the orientation and development of the trade union movement in Europe. The first of these programmes was to deal firstly with relations with enterprises, particularly regarding concentration and participation in the widest sense and secondly with emplyment policy and lastly with the policy on the distribution of profits.

The first congress stated what should be the nature of the relation-ships of the European organization within the World Labour Confederation. It expressed the profound conviction of the European trade union organizations affiliated to the World Labour Confederation that the drive towards trade union organization and action in Europe should find expression in an international sense of trade union solidarity. Europe could not be allowed to serve as a new dimension for the egotism of the wealthy. It had to be the powerful instrument of an increased solidarity, expressed not only in terms of assistance but also

in terms of larger and fairer distribution of wealth through a new organization of the world's economy.

With regard to the unity of trade union action, the Congress called on the committee quickly to work out practical ways of achieving this unity of action while respecting the individuality of each organization. The aim here should be to draw up joint action programmes and to implement a common trade union action strategy. The Congress stated that it remained favourable to the idea of organized co-operation. It called on the committee to get in touch with the European authorities of the CISL and to examine the question of relations with the trade union organizations of other political persuasions, whose free and democratic character was challenged, in the hope that a common line might be taken in this matter with the European Confederation of Free Trade Unions in the Community.

The congress passed a resolution on the future of the European Communities. It trusted that European integration would soon get off to a new start. It recalled the contribution that the trade union movement had made through the joint stand which it had taken at the Luxembourg colloquy on the merger of the Communities and it confirmed the stand it had then taken. In order to persevere in this direction, the congress felt it was urgently necessary to impart a new impetus to trade union action in the Community particularly:

- (i) by establishing the structures for trade union action at the level of the larger-scale enterprises, the cartels and the different branches of the economy;
- (ii) by achieving unity in trade union action at these levels;
- (iii) by drawing up Community programmes for claims and for action to be taken at the level of the larger-scale enterprises, cartels and different branches of the economy, co-ordinated at the general level of the Community;
- (iv) by implementing these programmes through practical and co-ordinated trade union action at the Community level.....

The congress called on the committee to make practical, precise proposals for Community trade union action, the results of which were to be submitted to the second congress in 1972.

The congress also passed several motions concerning the Mansholt Plan, transport policy, employment policy and safeguarding the interests of consumers.

With reference to employment policy, the congress asked the Community to define its employment policy more clearly and to endow itself with greater and more appropriate means for implementing it. It recommended that a tripartite Community conference on employment be held as soon as possible. As regards defending the interests of the consumers, the congress asked the Community authorities:

- (i) to analyze the structure and development of consumption;
- (ii) to make a comparative analysis of the collective social and cultural facilities in the Community;
- (iii) to take a greater interest in the effects on consumers of decisions concerning prices (e.g. common agricultural policy and the added value tax);
- (iv) to consult systematically the Consumers' Contact Committee;
- (v) to develop its means of action to protect consumers, particularly regarding prices.

In a final motion, the congress confirmed the stand taken by the committee in favour of the association of the State of Israel with the European Economic Community.

(Au travail, No. 21, 24 May 1969)

8. Banks favour co-ordinating the economic and monetary policies of the Six

The Council of the Banking Federation in the EEC met in Hamburg at the beginning of May at the instance of the German Banking Association. Mr. d'Huart was in the chair as the Council perused the memorandum on monetary co-operation by the European Commission to whom it forwarded a resolution.

The Banking Federation paid tribute to the work of the Commission and was ready to support it to achieve and speed up the co-ordination of economic policies. Most banks trusted that progress with the customs union would be coupled with new moves to improve monetary co-operation. Here, it underlined the importance of creating a European capital market, without prejudice,

however, to the free movement of capital between the Community and the rest of the world. It thought progress had to be made towards better co-ordination in the three policy areas referred to.

It was with this in mind that the federation supported the proposals contained in the Commission's memorandum of 12 February 1969, re-emphasizing the need for closer economic policy co-operation between the Six and expressing their desire to work together in monetary matters.

The federation trusted that the spirit underlying recent moves to co-ordinate economic policies and to secure monetary co-operation would impart a new impetus to economic integration and restore a state of monetary balance.

(Journal, 16 May 1969; La Libre Belgique, 12 May 1969)

9. Views of European industry on the Community's energy policy

The Union of the Industries of the European Community (UNICE) has studied the document drawn up by the Commission of the Communities with a view to defining the first outlines of a common energy policy. UNICE regards a common energy policy as essential to prevent the differences existing in each of the member States from hastening the disintegration of European energy policy.

UNICE passed a number of observations, of which the following are extracts.

'In giving the reasons that led it to sketch out the first outlines of a common energy policy, the Commission appears to have neglected the part played in the energy sector by public enterprises in most Community countries. As these were set up to serve national ends, they can hold up the establishment of a common energy market by adopting measures geared to nationalist trends and a desire for official controls, a state of affairs that the Commission appears to want gradually to eliminate.

Under this head, and with due regard for the obligations laid down in Article 37 of the Rome Treaty, the treatment of national monopolies in the

production and distributive sectors merits special attention. Moreover, an end should be put to any discrimination in the matter of access to the contracts of administrations and public enterprises. Care should be taken to prevent special measures in favour of public enterprises from distorting the pattern of competition inside the Community.'

UNICE endorses the aims of a common energy policy as set out in the protocol agreement of 21 April 1964, as also the Commission's view that the protection of consumer interests should have pride of place in any energy policy. 'It welcomes the Commission's attitude, which means ensuring for consumers without distinction: (i) free access to energy sources; (ii) a free choice of sources and procurement areas; (iii) the right to produce energy independently for their own needs.

The aims set out in the agreement of 21 April 1964 presuppose the achievement, in the long term, of optimum balance between security and cheapness of supplies.....

UNICE emphasizes that common energy policy aims cannot be altered or discarded because of social or regional policy considerations. Where it is felt necessary to alter the timing of energy policy objectives for social or regional policy reasons, the pros and cons from the macro-economic point of view ought to be carefully weighed. The charges such a policy might entail could not be shouldered exclusively by consumers of the energy sources in question, but would have to be assumed by the public as a whole in accordance with a balanced Community system.'

UNICE then turns to the aims of the common energy policy which 'imply, at least in the medium term, abundant supplies of energy on the world market, an appreciable level of competition between the producers of the different forms of energy, and scope for exploiting nuclear energy on an economic scale.' According to UNICE, these aims can best be achieved in an atmosphere of freedom and competition in which interventions occur only where strictly necessary for achieving the common policy, avoiding artificial restrictions on producers' or consumers' investment policy or on their choice of procurement sources and areas.

'As to the need for ensuring fair competition on the market between the various forms of energy and between the enterprises engaged in that sector, UNICE considers that all forms of energy should be governed by a uniform body of law on competition in line with that applied to other industrial sectors. In view of the special pattern of the taxes imposed in the member States on the various forms of energy, taxation in this sector will have to be brought more closely into line so as to avoid distortions between one country

and another.... Given the variety and large number of interventions to which, in varying degrees, energy markets in the European Community are subject, UNICE welcomes the intention to allow competition to take over the determining rôle.....

UNICE shares the Commission's view that only really indispensable measures should be resorted to. Moreover, the level of intervention on the market should each month be limited to what is essential and the initiative of leaders of enterprises restricted as little as possible.... Because of the risks alluded to above, preference should be squarely given to measures for achieving market transparency laying down specific requirements as to the dissemination of information, while ensuring that trade secrecy is preserved.'

UNICE approved the procedure for exchanges of views between member Governments and representatives of the domestic energy sector, as suggested by the Commission, for the purpose of studying the information obtained. In its view, 'such contacts can help to keep developments on the right track. However, neither the procedure for disseminating information nor that for exchanges of views ought to give rise to restrictive measures. The Commission feels that market transparency and exchanges of views may not necessarily suffice and also asks - in the last resort - to be able to resort to a "recommendation" or even to a "common procedure". In view of the dangers mentioned, such instruments are open to fundamental objections. At all events, UNICE considers that the Commission should use any information supplied to it only:

- (a) for speedy and effective application of measures which, in the event of sudden difficulties in obtaining supplies, could be adopted - obviously under severely limited conditions - under the procedure set out in Article 103 of the EEC Treaty;
- (b) for the definition of longer-term guidelines on energy matters, within the context of medium-term economic policy;
- (c) for the establishment of a non-discriminatory state of competition aimed at ensuring effective competition among the greatest possible number of energy suppliers.'

(Federation of Belgian Industries, Bulletin No. 15, 20 May 1969)

10. European Industry and the Mansholt Plan

Meeting on 27 May, the Council of Presidents of the Union of Industries in the European Community (UNICE) approved a resolution on modernizing agriculture. This read:

'Aware of the need for the EEC to have a common agricultural policy but realizing it is in the common interest to modernize Community agriculture within time-limits and under conditions that are economically sound and financially feasible, the UNICE welcomes the memorandum on reforming agriculture submitted by the European Commission and is glad that it has tackled this fundamental problem.

While reserving the right to state its views on certain economic and social aspects (of importance to industry) envisaged in the memorandum, it emphasizes the urgent need to modernize agriculture and calls for a more judicious use of the financial resources available in the European Community. It is anxious to ensure that some of the new measures envisaged do not have unacceptably prejudicial effects either on those branches of industry directly concerned or on the economy as a whole – of which agriculture has to form part.

It particularly wishes to ensure that these measures are not used as a pretext for retaliatory action on the part of third countries; the prejudice to the whole Community economy would more than outweigh the interests to be protected and would in addition jeopardize the liberalization measures decided upon at the Kennedy Round for international trade.'

(Bulletin of the Federation of Belgian Industries, No. 11, 1969)

11. European questions at the Congress of the Socialist International

At the 11th Congress of the Socialist International held in Eastbourne on 16 and 17 June, European questions were raised in particular in the speeches of Messrs. Wilson, Brown, Nenni and George Brown.

On European integration the British Prime Minister said:

'Mr. Chairman, having tried in a limited time to traverse the world and to refer to some of its principal problems, I come back to the special problems of this continent.

Again, not in an inward looking sense. But because the more we in Britain and we in Europe are able to build up our inherent economic strength,

and technical potential, the more we shall be able to do with and for our partners in the developing world.

Britain has applied for membership of the Economic Communities, not with the idea of helping to create a powerful European economic bloc regardless of the trading rights and interests of others, but as part of a step towards a wider world free trade.

So far the economic unity of Europe has been blocked by a political decision. We must hope that recent events, including the French election yesterday, will enable us now to move forward. I have expressed to President-elect Pompidou my congratulations and I send him the best wishes of the British Government and people, now the election has been decided, in all the great tasks he faces.

I have expressed, too, the hope that he and his government and we can work more closely for the unity of Europe and a common approach to the solution of some of the problems I have mentioned today.

I referred just now to the economic case for unity in Europe. I do not need to stress here the need to build up Europe's technological strength. That would only mean better balance of strength within the western world. It would certainly mean that Europe could speak with a stronger voice in world affairs, and the more rapid our communal technological advance, the greater the benefits for all our partners in every part of the world.

Mr. Chairman, I began by saying that one of the lessons of last August was the greater need for unity in Europe. The need was already there and manifest before last August. I end on this same theme. Valuable time has been lost - in economic terms and technological terms - in terms of political unity and cohesion of this continent. I welcome the speeches we have heard today from my European colleagues that they are determined to the full extent of our demands to work to make up for lost time, for in this, time is not on our side, on the side of world peace, on the side of world security, on the side of democracy.'

Mr. Brandt put this question to the congress: 'Are there real chances to bring nearer, by a few steps, unity in western Europe?

This is a question which to a certain extent will have to be answered by the new French Government. I have kept away in the last few weeks from

any interference, and I would advise you to avoid giving the impression of exercising pressure on French opinion.

But the time for new common efforts has come. We ought to learn to talk with one voice, to come together politically so that Europe can make her influence felt in the world.

The appeal to unite Europe politically must not deviate from what is necessary and possible at first. First there must be economic unity. This is something that one must settle first; only then will one be able to make political progress.'

He had proposed that, after a preliminary clarification among the Six, there should be a summit conference with Britain this year. To achieve this they must set up a 'basic line' to obtain greater west European development and to do this there should be an ad hoc conference which, however, should not come into conflict with the competence of already existing organizations.

Signor Nenni also devoted most of his speech to an appeal for greater European unity. On Britain's application to join the Common Market he said: 'Negotiations for the four new members of the Common Market must be begun and concluded without waste of time.

In the next few days we shall have a new Government in France and we must hope that it might be possible that the new Government should resolve the problems which are before us. But, of course, we must each of us know that the time of vetoes is now over and can't start again.'

As regards the Common Market and the problems it had had to face for some years, Mr. Nenni stressed the need to enlarge it without delay. 'The moment has come to change the Common Market from a customs state to a broader political unit embracing co-operation in foreign policy, economic affairs and technology.'

Mr. Nenni singled out three points he considered vitally important if Europe was to be given a clear-cut and worthwhile image and an economic and political stature in keeping with the times. Negotiations on the entry of four new members (the United Kingdom, Norway, Denmark and Ireland) should be started without delay and brought to a speedy conclusion. The undertakings entered into regarding direct elections to the European Parliament should be

honoured, and the unification of Western Europe should encourage rather than restrict collaboration with Eastern Europe.

With this should be bracketed the proposal for an East-West or all-European conference to which would be invited the European countries of the two blocs, the neutral ones and the non-committed - particularly Yugoslavia - and the two super-powers. The task was to pool efforts so as to give the European drive the geo-political dimensions it required; to create, with the directly elected European Parliament, a powerful and stable political core as a basis for unification across the arbitrary frontiers introduced in the Cold War by the military blocs; to break through the unprogressive isolation between East and West.

Mr. Brown suggested that a new treaty should lay down a precise timetable for integration, but that the entry of Britain and the other applicants - Norway, Denmark and Ireland - should not be delayed while the treaty was being drawn up.

He developed his theme on the widening of the collective political rôle for Europe by proposing the setting up of a European Parliament with members chosen by direct elections, not under the present system of selection from national parliaments. With a politically-united Europe, Mr. Brown said, the Continent would be able to take collective decisions on defence, foreign and monetary policy, and aid to the developing countries.

A European reserve currency, backed by members' reserves, could in his view be a stabilizing factor and help to solve the current monetary crisis pending the ideal achievement of a world reserve currency.

The need for political union was becoming more pressing and the effective further development of Europe was being seriously impeded by the political disunity of the member States, he said. 'For this reason I think we should make it plain to Mr. Pompidou that economic arrangements do not appeal to us unless political arrangements are also envisaged.'

He urged that whatever form of European government eventually emerged should be founded on a sound, democratic basis.

The Congress adopted a resolution to the effect that the Socialist Internal realized that the existence of the EEC and EFTA exacerbated the division already existing in Western Europe. It regretted to see progress

towards European unity blocked by political objections to enlarging the EEC and strengthening its democratic character and internal structure. The Congress expressed its support for moves towards European unity in fields not covered by the Treaty of Rome with a view to preventing the economic organizations from drifting still further apart.

(The Times, 17 June 1969; Il Popolo, 17 June 1969; Le Figaro, 18 June 1969; Guardian, 18 June 1969; La Libre Belgique, 1969)

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