

Top Hats next year?

October 16 was Budget Day in the European Parliament. Though a British observer might have missed the top hats — except, bizarrely, on some German students outside the building — one could feel the beginnings of a sense of occasion. "For the very first time," French spokesman for the European Progressive Democrats, Christian de la Malène, noted, "we are being asked to examine a Budget which looks like a Budget." "I think I have arrived at an interesting moment," commented European Conservative Michael Shaw, a new British Member, at the start of his maiden speech.

The 1975 financial year, indeed, sees the first application to the Community Budget of Article 203 of the Rome Treaty. All expenditure is now, in theory at least, financed out of the Community's own resources rather than national contributions; and the Parliament begins to play an increasing role in the budgetary procedure.

It would be untrue to say, however, that the Parliament was entirely satisfied with the state of affairs. Mr Poncelet's speech outlining the budget on behalf of the Council of Ministers was permeated with a stern, Gladstonian concern for thrift in difficult times. That was why, Mr Poncelet pointed out, the Council had lopped 1,300 million units of account (£600 m) off the Commission's original estimates for the year. This still meant that expenditure would be up by some 13%. "An increase of 36% would have been really inflationary."

An indiscreet question

By contrast, Heinrich Aigner (Ger.), Christian-Democrat rapporteur for the Parliament's Budget Committee, characterised the Budget as one "for the total anaesthetisation of the Community". The expenditure which had been cut from the Commission estimates was that relating to new policies, such as the Regional Fund. "This is not a matter

of thrift, but of cutting down the development of the Community."

For the Socialists, Georges Spénale (Fr.) went further. It was noticeable that all the cuts had been made in that part of the Budget — the "non-obligatory" expenditure — over which Parliament had control. Instead, a category of "non-classified" sums had been created, outside the Budget proper, which would be the subject of Supplementary Budgets if the policies were later activated.

Nobody had a good word to say for this device. Peter Kirk (UK), for the European Conservatives, even questioned whether Supplementary Budgets were allowed for in the Treaties. Commissioner Cheysson took the unusual step of himself intervening to ask the Council of Ministers "an indiscreet question": what were the national Exchequers, which would have to finance these Supplementary Budgets, to do? Should they make contingency provision in their national Budgets? Mr Poncelet said he would "answer this indiscreet question discreetly" — i.e., not then.

For all the disagreements, however, the debate ended in high good humour. As Mr Cheysson re-emphasised, there had been a "real Budget debate" and "a real dialogue has been started between the Parliament and the Council of Ministers". Top hats next year?

Member States that we here represent."

If the debate seemed to mean a lowering of Parliament's sights, it perhaps meant an increase in what, according to Brian Lenihan (EPD/Irl), was the most immediate need: credibility.

An end to the three-way stretch

Nothing could better illustrate the absurdity of the present geographical dispersal of the Community's institutions than what happened on Monday, October 14. That was the day when the monthly convoy of lorries and cars set out from the European Parliament's headquarters in Luxembourg for the plenary session being held in Strasbourg. But on the same day the Council of Ministers and attendant staffs were arriving in Luxembourg because of the 1965 agreement that the Council should hold its meetings there for three months each year. The poor Commission, normally based in Brussels, attends both plenary parliamentary sessions and Council meetings, and so on this occasion had to divide its strength between the two cities.

This three-way Community stretch between Brussels, Luxembourg and Strasbourg therefore does not only affect the Parliament, though that institution is the worst hit, many of its specialist committee staff being in a state of almost perpetual motion. Now, the Parliament is girding up its loins for an attack on the problem, the result of years-old political compromises and horse-trading. An *ad hoc* committee reporting to the Bureau of the Parliament on a number of aspects of improving the institution's efficiency lays stress not so much on the waste of money (upwards of £1 million a year in a conservative estimate) but on the waste of time and energies of having so many people and documents (which sometimes go astray) in transit when they could be at work.

Under the Rome Treaty the seat of the institutions "shall be determined by common accord of the Governments of the Member States," which also agreed to "facilitate the achievement of the Community's tasks". But no real effort has ever been made to reach that common accord, or to overcome the now vested political and economic interests in the present arrangements. But where could such a single seat be? On this the Parliament's committee was divided, beyond having "a general trend", in the words of its chairman Willem Schuijt (CD/NL), in favour of being in the same place as the Commission, which shares the same view. This points to Brussels, itself only the "provisional" site of the Commission, but where the Council is also engaged in considering plans for larger offices for itself. The theoretical alternative would be to set up some "Eurozone" somewhere where all the institutions could be housed, but unless that were itself very close to a major city the existing problems of accommodation for staff and visitors and accessibility (as with Strasbourg and Luxembourg) would only be compounded.

Beware the Slough of Despond!

Political union by 1980, once boldly proclaimed by the Paris Summit of 1972, is today viewed by the general public with a certain scepticism. The more sombre — some would say realistic — mood was clearly reflected in the European Parliament's major debate on the subject on October 16 and 17.

The belief in political integration had not vanished. As the leader of the Christian Democrat Group, Hans-August Lückner (Ger), declared, Europe must either go forward to Union, or backwards to "Europe of the 19th century, the Europe of Metternich" — and there did not even seem to be a Metternich around capable of managing that situation.

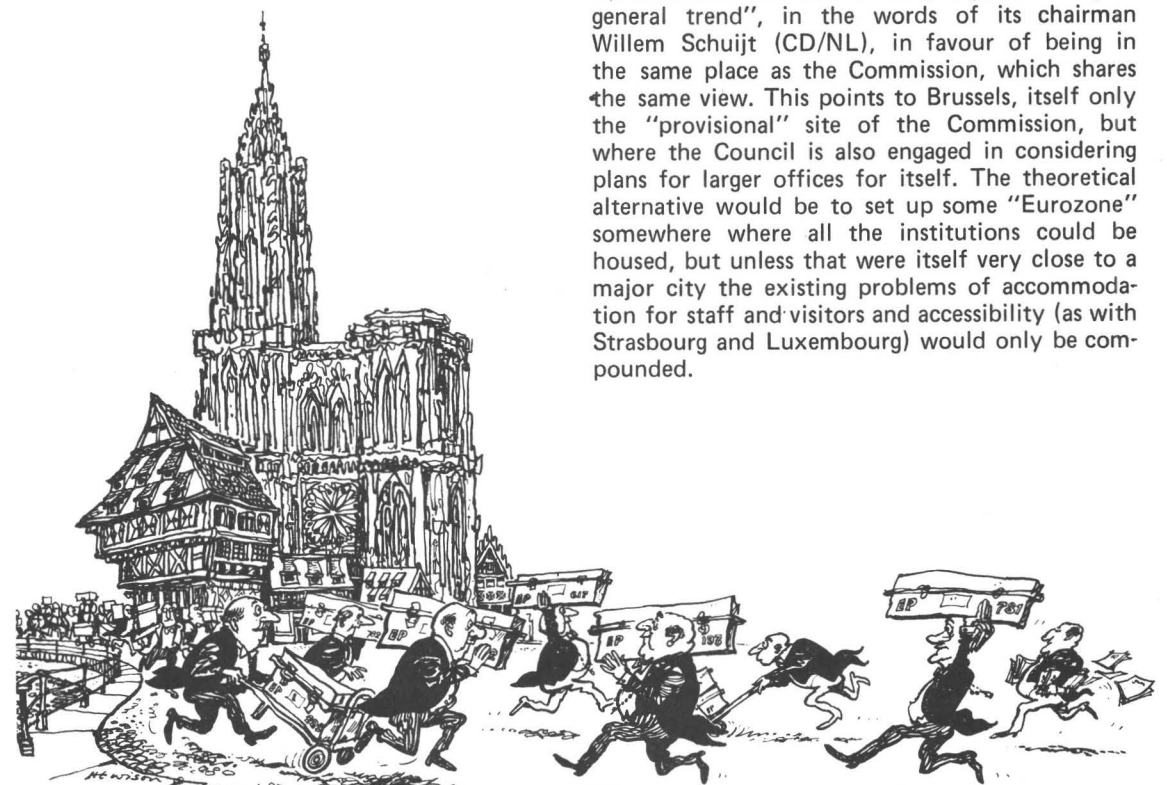
Yet, in Lord Gladwyn's (Lib/UK) words, "the only emotion raised by the Community in the minds of great masses of the public, more especially in the countries that have recently joined it, is one of bored indifference coupled with the conviction on the part of many that its one great achievement has so far been to put up the price of food". The answer was not "detailed blueprints for a federal system" but "to get the Community to work".

"We in the European Parliament and in European circles as a whole," the leader of the Conservatives, Peter Kirk, noted, "have talked rather too much about what I might call the Celestial Mountains, which are a very long way off, and ignored the Slough of Despond that lies between them and us."

What, then, of the Paris Summit aims and timetable? They had never been officially repudiated, insisted Alfred Bertrand (CD/Bel), Parliament's rapporteur on Political Union.

But Sir Derek Walker-Smith (Con/UK) was critical of the tendency "to give to the Paris communiqué the authority which is reserved for

Holy Writ and to make it, like the laws of the Medes and Persians, immutable". "The Paris communiqué," he pointed out, "has no strictly legal or juridical effect." "We have to judge these matters by the test of practicability, by the test of how far such proposals will find a responsive echo in the hearts and minds of the citizens of the



The Parliament meets in Luxembourg as well as in Strasbourg, and everything and everybody moves. There's bound to be a mix-up some day.

With acknowledgements to "Punch".

Rescue for Foolish Virgins

Though the European Community may often seem to have more than its share of bureaucratic inertia, when the need arises it can act with decisiveness and speed. The agreement by the Council of Ministers on the night of Monday, October 21 to raise a £1,250 m. Community loan from the newly-rich oil producing countries, relendable to Community countries with balance of payments problems, was described by European Parliament Member Sir Brandon Rhys Williams (Con/UK) as "the best thing to happen in the Community for years".

In the previous week, in Strasbourg, Sir Brandon had seen in such a scheme one of the Community's last hopes. "In recent years," he told the Parliament, "we have acted rather like the Foolish Virgins . . . Now the question is whether we can make provision to keep our lamps alight while there is still time." Without common action, the economic outlook was bleak. "The acute danger which faces us is that by taking national measures to restore our balance of payments equilibrium we shall simply be passing our oil deficit from one country to another."

The speed of Community decision-taking in this instance, however, inevitably produced some friction. When the Parliament assembled in Strasbourg on the 14th, the item was not even on the agenda. "It seems to me absolutely monstrous," leader of the Conservative Group Peter Kirk complained, "that we should suddenly receive on a Monday morning from the Council a document on a matter of this importance . . . and discuss it in two days." Conservative Group moves to postpone the matter were rejected — though, ironically, all the speakers from the floor when the debate actually took place on Friday were Conservatives!

'Il crack per tutti'

By then, however, the issue had already received a thorough airing in Tuesday's major debate on the economic situation. The Parliament's Economic and Monetary Committee had insisted on mentioning Community loans in its resolution, French EPD rapporteur Jean-Eric Bousch told the House. Erwin Lange (Soc/Ger) insisted that bilateral loans must be, as rapidly as possible, embedded in Community action. And Pierre-Bernard Couste (EPD/F) pointedly remarked that "nobody lends money without having the certainty of being paid back and getting interest". If the Arab states really had confidence in the existing mechanisms, "they wouldn't be depositing seven day money — I repeat, seven day — in the United States and England".

Norbert Hougardy (Bel), for the Liberals, warned that "the Community should not become a Community of debtors"; but he went on to admit that the defence of full employment made a Community loans system absolutely necessary. A number of speakers noted that the whole situation was fraught with uncertainty: "economic science is disarmed," said Michele Cifarelli (Soc/It). However, it could be taken as certain, he went on, that attempts to solve balance of payments problems by competitive devaluations, as in the 1929-30 crisis, could only mean "il crack per tutti".

Borrowers' obligations

It was left to Commissioner Wilhelm Haferkamp to point out some consequences of a Community loan system. It was no good talking about Community solidarity, without accepting two principles. The first was that individual countries should each be ready to set their own economic houses in order. The second, that "Community help can and should only be given when the recipient country accepts certain obligations in economic policy . . . The fulfilling of these obligations must be controlled by the Community's institutions."

No sacred sugar

Australia and New Zealand no longer see themselves as having a sacred duty to provide cheap food for the United Kingdom, Sir Christopher Soames reported (Oct 16) after a recent visit to those countries and to South-East Asia.

"The proof here is the fact that the figure at which they offered sugar was considerably higher

than that at which sugar can be obtained within the Community," he told Lord O'Hagan (Ind/UK). "Also, the New Zealand Government are — quite rightly in my view — seeking an increase in price for the butter which they are already sending under Protocol 18 to the United Kingdom." He agreed that it was perilous to forecast what future agricultural prices would be, and told James Scott-Hopkins (Con/UK): "All I would say is: if you see where the cheap food is, then do let us know."

On relations with South-East Asia, the Commission Vice-President said that he had the feeling that although the very considerable increase in Japanese and American investment in the region was welcome, the countries' governments concerned nevertheless hope to see in the Community a third option open to them from where investment can come and where they can look for all sorts of help in all manner of ways. This could no longer come from individual member states, "but the Community itself is big enough and man enough to be a third option for them".

Europe for the workers

Workers and trade unionists should have a "leading role" in a real "Europe of the people", writes Communist Group Chairman Giorgio Amendola. The first thing to be done, he says, "is to make the Community and its institutions democratic. The European Parliament and the national parliaments must gain power to wield real control

over the Community's executive bodies, particularly the Council of Ministers". Standing, not haphazard consultation is needed "so that those who represent the working man can confront national governments and multinational companies with the working man's view of the economic, social and political issues that affect him".

(The above is taken from notes on the political groups — available from EP London Office.)



Too risky?

Did fear of competition from the vigorous and widely experienced British insurance industry influence the view of German and some other Members in the debate (Oct 17) on allowing insurance companies to operate on equal terms in all Community countries? This was the charge thrown at two German Members by Lord Mansfield (Con/UK) in speaking against an amendment which would prevent life assurance companies offering cover also for fire, accident and other risks.

At present, four Community countries — Germany, France, Ireland and the Netherlands — ban such composite companies on the grounds that should the company suffer losses on the indemnity business, the interests of life policyholders could be adversely affected. British law above all is unworried by such a risk, because, in this country, the assets backing the life funds are strictly separated from the other accounts and the investments in which they may be placed are closely supervised.

The compromise proposal from the Commission was to the effect that existing composite companies could continue to operate in those countries which permitted them to do so, but that new companies formed should be either life or indemnity companies. Nonetheless, Hermann Schwörer (CD/Ger) put down an amendment which would prevent, for example, British composite companies offering life cover in Germany. But British Members, supported by Dutch Socialists and others, managed to defeat this move and the Parliament approved the Commission's view as it stood.

Looking east

The way towards official recognition by the Soviet Union and its allies of the European Community as an entity seems a little clearer following an invitation by Comecon, the East European economic cooperation organisation to Commission President Ortolí to discuss ways in which relations between the two bodies could be established. Up to now only Yugoslavia of communist countries has been among the more than 80 countries which formally recognise the Community by accrediting an ambassador to the Community as such as well as to the nine member countries individually. In reply to a question (Oct 17) from Schelto Patijn (Soc/NL) the Commission's Vice President and external relations spokesman, Sir Christopher Soames, said that it was important that the issues of trade with Eastern Europe should not be confused with other forms of relationship with the Comecon countries. Unlike the Community, Comecon had no responsibility of the trade of its members, with the result, for example, that the various bilateral trade agreements between individual Community and individual Comecon countries will come to an end on December 31 next, but the arrangements to replace them will comprise overall Community agreements with the individual Comecon countries concerned.

The discussions with the Comecon secretariat will therefore be about the fields where the two organisations share the same responsibilities, and an initial objective will be to establish what exactly these are.

New Conservative manifesto

In defiance of election reverses and possible political super-saturation of the British public, the European Conservative Group in the European Parliament has just launched its own manifesto, outlining a programme for the immediate future of the Community. As the Group's leader, Peter Kirk, pointed out at a press conference in Strasbourg on October 15, it is the first such document at either parliamentary or governmental level.

It also produced from that most English of newspapers, the *Daily Telegraph*, a new version of the old patriotic headline: "Fog in Channel: Continent Cut Off". Its leading article on the manifesto complained that the Conservative Group "left out" the "important Continental Christian Democrats" — a group in fact some three times larger than the Conservatives, which comprises only three parties at present: one British, two Danish.

Nevertheless, the Conservative document is one around which the whole European centre-right could well unite. Its attitude is pragmatic: it does not support, for example, rigid timetables of advance. On the other hand, it is firmly pro-Community: it rejects new intergovernmental bodies set up outside the Community framework.

Not unnaturally, the most explicit sections of the document are on economic policy. In the battle against inflation, it notes, all remedies at a purely national level — monetary restraint and incomes policy included — have failed. Now coordination of policies at Community level must be tried. Though there should not be an immediate return to fixed exchange rates, a "code of practice in the management of floating currencies" should be instituted. Perhaps most important, a "new monetary reference point" should be created, "an embryonic Community currency". Finally, the Community budget should be developed into an independent instrument of economic policy.

Don't blame the Common Market

The acceleration since 1973 in the cost of living in Britain "cannot be attributed to the accession of the United Kingdom to the EEC". On the contrary, it is due to other factors including "the unprecedentedly rapid rise in world commodity prices, the large upsurge in unit labour costs and the impact of the depreciation of sterling". This is stated by the Commission in answering a written question (no 247/74) tabled by Lord O'Hagan (Ind/UK).