

REPORT

EMS: Trial Marriage for EMU?

Broad support for closer currency ties

Both the proposed new European Monetary System (EMS) and the longer-term goal of Economic and Monetary Union (EMU) were welcomed by the European Parliament at its November sitting in Strasbourg. The majority of British speakers — including those from the Labour Party — hoped that Britain would join the System in the New Year; and a major report by Lord Ardwick (Soc/UK) on the way EMU should develop was voted through.

Opening the debate, Lord Ardwick pointed out that almost everyone, including the British Prime Minister and Chancellor, wanted to see a “zone of stability” in the international currency markets. The only controversy was about devising a system which would be durable. The “propaganda war” against the EMS was being conducted by an incongruous alliance of “unreconstructed Keynesians with latter-day Friedmanite mystics”. Britain would have to maintain stability in Sterling’s exchange rate, even outside EMS, because “we all understand better



Lord Ardwick

than we did. . . . the links between currency depreciation, the increase of money supply and inflation”.

Of subsequent British speakers in the debate, indeed, only SNP Member Winnie Ewing attacked the EMS/EMU idea. “Scotland has some experience of monetary union”, she observed. But Irish MP Richie Ryan (CD) pointed out that Ireland, too, was in the same currency union (i.e. Sterling), and wanted to join the Community scheme. Indeed, he put in a powerful plea for the Community

to help Ireland join EMS and free itself from “economic domination by one country”. If Britain stayed out, “better Ireland in on her own, than out with Britain!”

What is the difference between EMS and EMU? Lord Ardwick noted that although EMS was clearly a “stepping stone” to EMU, there was nothing to compel the Community to go beyond EMS. Sir Brandon Rhys Williams described EMS as, not a mono-currency system, but a “multi-currency system on civilised lines”, which justified itself; and warned against “a monetary 1940, in which the Continent is consolidated under German leadership and Britain is forced to stand alone” (which prompted German Minister Manfred Lahnstein to point out that EMS was a Community, not a German idea, and make a cryptic reference to Dunkirk).

But Alan Fitch (Soc/UK) thought EMS was something like a “trial marriage”. “If things turn out to be successful, then I am sure that marriage will be consummated in the form of monetary union”.

Iron cross

An indication of things to come when the European Parliament is directly elected was visible outside the Palace of Europe in Strasbourg on Tuesday 14 November. Members and visitors had to pass through a large group of iron-miners from Lorraine, complete with hard hats, protesting at the lack of Community action to protect their jobs.

Meanwhile, inside the Chamber, Communist MP for Lorraine, Antoine Porcu was making the same point in the debate on mineral supplies. An industrial region, situated right in the heart of the Community, had been transformed into one of “depopulation, a graveyard of mines and factories”. Why? Because the French government, and the Community, had deliberately chosen to import ore from places like Canada, Liberia and Venezuela rather than support



domestic supplies, contrary to the Treaty of Paris (which set up the Coal and Steel Community).

Commissioner Davignon replied that things were not quite as simple as that. He would go into Mr Porcu’s figures and come back to Parliament in December. One point at issue was: should the iron ore of Lorraine (like Luxembourg and Belgium) be dug up now when it was not competitive with foreign supplies, or left in the ground as a reserve until world prices went up? He did not speculate on what happened, meanwhile, to the miners outside.

Standing up for human rights

Soviet persecution of its Jewish citizens and other minorities drew strong condemnation from all sides of the House in a debate on Tuesday 14 November.

Members voted through a report from the Political Affairs committee which has been monitoring infringements of human rights since the Helsinki agreement was signed; and the House called on Community bodies and member governments to put pressure on the Soviet Union to respect the Helsinki accord as preparations are made for the Madrid review conference in 1980.

The only dissenting voice was that of the Communists, who abstained; provoking criticism from British Socialist members Gwyneth Dunwoody and Willie Hamilton for failing

to take a clear-cut position. Both, however, recognised the Communists' point that the Soviet Union was not alone in abusing human rights.

UK Socialist group leader, John Prescott, also felt the resolution was too narrow and he was worried that the House could be accused of prejudging the issue. Parliament is shortly to hold a public hearing into abuses of human rights in the USSR.

Mr Prescott also criticised Conservative members for backing the forthcoming hearing when they had not done so with regard to a similar hearing about Argentina.

In reply, Tom Normanton (Con/UK) said the essential difference between the Soviet Union and other offenders was that in the Soviet Union people "could not vote with their feet".

Lord St Oswald (Con/UK) said that Russian leaders were acting very like their Czarist predecessors towards the Jews, except that now the persecution was more racial than religious.

Elections latest

Despite the fall of the Government, and an impending General Election, the Belgian Parliament at last got its European Elections legislation through on the night of Tuesday 14 November. Despite the apparent deadlock in the past on how the 24 seats are to be divided between French-speakers, Flemish-speakers, Bruxellois, etc. the bill was voted through in the Senate by 127 to 0, with 7 abstentions. The Flemish-speakers get 13 seats, the French-speakers 11, with the inhabitants of Brussels choosing in which "constituency" they wish to vote.

Too much in step

Both major British parties came in for scathing criticism for their stands on Europe from the UK's lone Liberal MEP, Russell Johnston, during a debate on Community political cooperation on Wednesday 15 November.

Chauvinism and Marxism seemed to have joined hands in the Labour Party and there was timidity about Europe among Conservatives, Mr Johnston told the House.

He deplored what appeared to be a framing-up of the "far left" and the "reactionary right" in Britain and France for electoral purposes.

"I do not know how it is, or if it is, that Mr Enoch Powell influences the French Communist Party, or

Mr Debré and Mr Chirac influence the left wing of the Labour Party, but they certainly say almost exactly the same sort of things." And what they said was damaging for Europe.

Mr Johnston praised German Foreign Minister and fellow Liberal Hans Dietrich Genscher for what had so far been an "active and stimulating" German Presidency of the Council of Ministers.

Omissions

But Mr Genscher's generally encouraging summary of the state of political cooperation by the Nine (at the UN, on Africa and the Middle East), though generally welcomed, drew some criticism from Members for its omissions.

Bob Mitchell (Soc/UK) said the House had heard Mr Genscher list areas where there was Community agreement. Would he now list areas where there was no agreement?

And Lord Bethell (Con/UK) also felt Mr Genscher had been "a little optimistic". The crisis in Zaïre was one glaring example of Community non-cooperation. He felt that too often Community foreign policy was decided under what he called "the guiding member state" system and wondered whether it might help to properly institutionalise the machinery of political cooperation.

Think Big

Yugoslavia deserves a better deal in its trade with the Community. That was the feeling in the House on Monday 13 November in a debate on the current renegotiation of the agreement between Yugoslavia and the Community.

Bob Edwards (Soc/UK) was among several members who appealed to the Commission and Council to "think big" on this issue.

He brushed aside reservations, held particularly in Italy, about allowing Yugoslav "baby beef" and wine into the Community. "These little vested interests are peanuts compared with the political consequences of Yugoslavia getting frustrated and disgusted with us because of long delays, and moving away from us."

To emphasise the political dimensions of relations with Yugoslavia, Parliament decided to consider establishing formal links with the Yugoslav Federal Assembly.

The problem of Yugoslavia's growing trade deficit with the Community is one shared by another Mediterranean producer Israel. And in a debate on Wednesday, 15 November. Members again urged Commission and Council to "be generous" and explore

ways of making further trade concessions to the Israelis.

One of the unlikely-sounding sticking points in Israel-Community trade is, according to Tom Normanton (Con/UK) the import of Israeli flowers "into the heartlands of the Community". He asked the Commission to look into complaints that there had been difficulties in getting flight landing permission.

Commission President Roy Jenkins said Israel's case would be studied with the utmost sympathy but he was encouraged by the fact that Israeli exports to the Community now seemed to be growing faster than trade in the opposite direction.

Tinned pineapple

"I am emotionally involved with the question of tinned pineapple" Gwyneth Dunwoody (Soc/UK) told the House on Thursday 16 November during its debate on a proposal to grant aid to tinned pineapple producers in the French overseas territory of Martinique. There was a principle here, she said, to which she objected; the Community was applying double standards by giving special assistance to a region which was part of the Community in preference to ACP producers. In reply Commissioner Richard Burke said that canners would receive aid only on condition that they pay a minimum price to producers. In any case the whole question of Lomé involved a much wider field.

One more for Europe



Portuguese President
General Antonio Ramalho Eanes

With negotiations for Portugal's entry to the Community now under way, the Portuguese President General Antonio Ramalho Eanes visited Stras-

bourg on Monday 17 November to underline his country's commitment to its new found democracy, and express his support for European Elections.

The General, who was *en route* to a three-day state visit to London, told the House he looked forward to the day when Portugal, too, would directly elect its members to the European Parliament.

The directly-elected Parliament would be the one instrument which enabled European citizens to control the affairs of an organised Europe.

Gen. Eanes stressed the political side of enlargement and the widespread support for Community membership in his country. But he also recognised the problems of the economic disparity between Portugal and the Community and the exceptional efforts that would be required of the Portuguese people to bridge the gap.

No copper bottom

The problems of Lomé countries like Zambia, Zaïre and Papua/New Guinea, with economies ravaged by the current slump in world copper prices, were highlighted by Sir Brandon Rhys Williams (Con/UK) in a brief debate on Monday 13 November.

In an oral question, with all-party support, Sir Brandon asked the Commission to bring forward ways of helping such countries withstand economically crippling market fluctuations. There could perhaps be a solution along the lines of Stabex — the system for stabilizing export earnings from certain Lomé produced raw materials, though not copper.

Commissioner Cheysson said talks on this were currently in progress and though he could not say much at this stage he felt a solution might be at hand.

Faster food aid

Moves to simplify the distribution of Community food aid to the Third World and reduce some of the current long delays received strong support in the House on Monday 13 November.

The proposals would transfer responsibility from Council to Commission much of the responsibility for administering food aid and so speed up the whole process.

But James Scott-Hopkins (Con/UK) was concerned that member governments could still delay matters through their representatives on joint management committees with

the Commission. He wanted the Commission to have a much freer hand.

Gwyneth Dunwoody (Soc/UK) said there was much to be done to improve the distribution machinery. For all the good will in the Community, we were often like Pharaohs: sitting behind closed doors on large amounts of grain, while people died in the world outside. What was needed was a multi-annual rolling programme for food aid.

Development Commissioner Claude Cheysson agreed on the need for such a programme but said that so far he had made no headway with the Council on this.

Ecolobby

There should be, as soon as possible, a European Environment Charter, French Communist Jacques Eberhard told Parliament on Tuesday 14 November. Earlier Willi Muller (Soc/Ger) had complained that, of all the measures to protect the environment which Parliament had approved, about two-thirds were being held up by the Council of Ministers. Why?

For the Council, Dr Klaus von Dohnanyi was sympathetic: he understood Parliament's impatience. The nine Community countries Environment Ministers would be meeting in December to get something under way. Not before time, responded Members from all sides of the House; and several noted that new "green" political parties were coming into existence to press for even more stringent action.

Classes of ants

"That cultural and linguistic 'togetherness' that we seek in Europe." This is what the Community should encourage schools to produce, Lord Murray of Gravesend (Soc/UK) said on Wednesday 15 November when the House debated education policy. Rapporteur Patrick Power (EPD/Irl) outlined practical measures such as pupil and teacher exchange programmes and the study of the European Community as an academic subject. All Community citizens should be able to communicate in a second language, he said.

Tom Ellis (Soc/UK) warned of the dangers of uniformity and "cultural genocide". The socialism of some of his colleagues could lead to "a horrifying nightmare world of the anthill", he said. President-in-Office of the Council, Klaus von Dohnanyi, replied that knowledge of other countries was a prerequisite of

integration and unity. Commissioner Guido Brunner promised the House that despite limited financial resources he would do his utmost to ensure progress in this field.

QUESTION TIME

Why not Chicago?

President Jenkins rejected the view put forward by Ron Brown (Soc/UK) that the Commission should initiate an investigation of potential sites for the European Parliament on the basis of availability of hotel accommodation and transport facilities. Such decisions were not appropriate to objective studies, he said. Otherwise the capital of the United States ought to be Chicago and not Washington.

Born too soon?

President Jenkins told Patrick Power (EPD/Irl) that he welcomed initiatives taken by localities in holding European Community Cultural Weeks. He told George Cunningham (Soc/UK) who argued that Shakespeare, Molière and Beethoven managed without help from the Commission, that the nature of patronage had changed. He told Tom Ellis (Soc/UK) that he felt the Commission should try to help the European Choir.

Too immune?

President-in-Office of the Council, Klaus von Dohnanyi told Tam Dalyell (Soc/UK) that the Conference of Foreign Ministers was examining the problem of the abuse of diplomatic privilege and in particular the smuggling of arms in diplomatic bags.

Exchange controls

Vice-President Ortoli told Sir Brandon Rhys Williams (Con/UK) that the Commission was considering whether to continue to allow the United Kingdom to impose the exchange controls authorised as a temporary measure in December 1977.

Action on October

The Commission's report on what it had done about Parliament's amendments during the October sitting was submitted in written form on 13 November, and aroused no debate. Of the 16 "Bills" in October, Parliament had approved 12 without amendment. Of the other four, the Commission was accepting two (aids to mining and agricultural research); and rejecting two (illegal immigration and goods in transit).

The greasy pole

Now that the Boundary Commissions' final recommendations are out, we can expect the Great Scramble for Euro-seats to begin in earnest. There were something approaching 1,000 applicants for the Conservative European Parliament candidates list by the time it closed in November. Ruthless interviewing has cut this to a manageable list of some two hundred, who will now set off round the country in the hopes of selection by one of the 78 constituencies. Even then, only, say, half will actually get elected — a one-in-twenty-five survival rate.

Meanwhile, the Labour Party has also begun selection procedures. There are only about 100 names on the Transport House list so far (to get on it you have to be nominated by a local party or a trade union); but the proceedings have been given added excitement by the intervention of the Labour Common Market Safeguards Committee (i.e. the anti-marketeteers). Everyone on the list has been asked to endorse the Safeguard manifesto (it being understood that if you don't, you won't be on their slate when it comes to selection). So far about 50 have signed up.

Euro-capitalists

Among those around and about Strasbourg in November was a group of visitors from the British Institute of Directors. Led by their President, former UK Minister Lord Erroll, they had previously been at the Commission in Brussels.

The idea, it appears, is an interesting British initiative — to found, at Community level — a European Institute of Directors. In these days of impending industrial democracy, it is not, perhaps, surprising that directors in situ should be wanting to get organised. It is even rumoured that they have a chairman lined up: ex-President of the Community's Economic and Social Committee, now back in the family business, Basil de Ferranti.

Spy in the sky

Are you a spy-plane pilot? And happen to own a USAF surplus U2? If so, there's a job for you in the European Community.

According to the American Periodical "Aviation Week and Space Technology" of 2nd October, the Commission is looking for "private operators with the capability to operate high-altitude infra-red photo missions over Italy". The contract could be for up to two years.

No, its nothing to do with defence. The object of the exercise is to discover how many olive trees there are in Italy. According to Lord

Kennet (Soc/UK), who has a written question down to the Commission, there is a critical dispute on the matter between Brussels and the Italian olive growers. The growers claim there are 400 million trees; the Commission says 200 million. Since the growers get substantial subsidies on olive-oil production out of Common Agricultural policy fund the truth is of more than academic importance.

So there should be a market, too, for anyone with ex-USSR surplus SAMs.

Liberals for Europe

There may be a few British Liberals taking their seats in the directly elected European Parliament next July, after all. That is, if Christopher Mayhew gets his way. The prospective Liberal candidate for Bath and long-time champion of electoral reform is reported to be thinking of organising a Liberal sit-in in Strasbourg to protest at Britain's use of the first-past-the-post system instead of PR for the Europoll.

As things stand, British Liberals — despite being the biggest Liberal party in Europe — will be lucky to get one seat in the new Parliament. That honour could go to Russell Johnston, who is expected to fight the Highlands seat. But he is likely to have some tough opposition from fellow MEP Winnie Ewing, who, it is thought, could find herself fighting three elections next year — for Europe, Westminster and the Scottish assembly.



The symbol of the European Liberal and Democrat Federation (ELD), under which Liberal candidates throughout Europe will fight European Parliament elections.

Up to Smith?

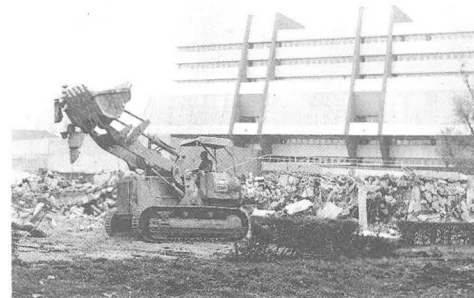
It is now six months since the 'champagne special' — the charter flight laid on by British Airways to get Members to and from Strasbourg — fell foul of Civil Aviation Authority regulations. The rule is that there can be no license to operate charters from Heathrow. But the UK delegation have still not given up the fight to get the service reinstated. An initial appeal by British Airways against the ban was turned

down by the Secretary of State for Trade, Mr Edmund Dell, (who's now gone, of course). And a plea by Members to the Foreign Office to intervene has also fallen on deaf ears.

But undaunted, disgruntled MPs are now taking their case right to top and asking Prime Minister James Callaghan himself to step in. And there's also the new Secretary of State.

Salaries and sites

As the date of European Elections draws near, an increasing number of discerning men (and women) are casting their minds forward to the problems that the new, elected Members will face after June 7. Two of these stand out: where will they live? And what will they be paid?



Death of the Palace of Europe swimming pool in Strasbourg, where new offices are to go up for the elected Parliament.

On the question of domicile, the continuing saga of the seat (Strasbourg, Luxembourg or Brussels) means that it will probably be suitcases and hotels until further notice. The matter of salaries (together with perks and tax system) is still the subject of fevered negotiation and rumour in Brussels, Luxembourg and Strasbourg.

As it happens, the solution to both problems may be very similar. Although the "provisional" agreement on where Parliament shall meet is an inter-governmental one; and although the British Government (see Judd, House of Commons) is against "high salaries" for Euro-Members; nevertheless, the elected European Parliament will control its own Budget. What's more, it will control the administrative Budgets of the other institutions as well, including the Commission and Council. Indeed, the elected Members will have it in their power (through expenditure on rents, removal expenses, etc.) to decide not only where they meet, but also where the other institutions will meet them.

And they will also be able to vote their own salaries.

For the record

A third of all speeches made at EP sessions (January to October) this year have been in English; 18.1% in German, 17.8% in French, 14.9% in Italian, 10% in Dutch and 6.9% in Danish.

K.P.G.